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2013 Proceedings of the Tenth World Congress
of the
Academy for Global Business Advancement (AGBA)

Held at the
King Mongkut's Institute of Technology Ladkrabang
(Thailand)

On
June 15---17, 2013

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Volume 2 of 2
Preface

This volume contains the proceedings of the 2013 Academy for Global Business Advancement (AGBA’s) 10th World Congress held at the King Mongkut's Institute of Technology Ladkrabang (Thailand) on June 15---17, 2013.

Papers selected for presentation at the Congress and for inclusion in these Proceedings have been double-blind peer-reviewed and explore the cutting edge of knowledge and theory in their respective research domains and disciplines.

These proceedings are edited by David McArthur, Utah Valley University (USA), Rajan Varadarajan, Texas A&M University (USA), and Zafar U. Ahmed (Lebanese American University, Lebanon) assisted with patience, diligence, and professionalism by Silvia Lobendahn at Utah Valley University (USA).

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The editors of these Proceedings have tried to balance completeness with the space constraints inherent in a published volume of a global congress with more than 162 papers. Many authors are enthusiastic about their work and in that enthusiasm, some, after their papers were accepted to the conference, did not remember to or respond to repeated messages to submit final drafts for the proceedings whose bodies were 10 pages in length. Thus, many papers in these two volumes have had some sections of text, exhibits, charts, tables, or references omitted or shortened by the editors for space considerations.

Working papers and doctoral student papers have been published in abstract form in latter-part of Volume 2.

Readers who would like to have complete copies (including any omitted elements) of any of the papers in these Proceedings are invited to contact the papers’ authors.
**Special Welcome**

Welcome to the 10th AGBA World Congress!

We would like to take this opportunity to extend a warm welcome to all delegates attending AGBA’s 10th World Congress being held in collaboration with the King Mongkut's Institute of Technology Ladkrabang (Thailand) on June 15---17, 2013.

More than 200 AGBA delegates are participating in a wonderful program that includes more than 100 global delegates hailing from different countries around the world.

The main theme of our conference is “Business and Entrepreneurship Development in a Globalized Era”. Our conference will feature competitive papers and special sessions.

Our conference’s primary goal is to provide a unique global platform to facilitate the exchange of leading-edge ideas for effective advancement of knowledge in business and entrepreneurship; where academics, professionals, consultants, government officials and entrepreneurs from both developed and developing countries are engaged in intellectual discourse for the generation and dissemination of knowledge to facilitate the globalization process for the betterment of humanity. This will be achieved through multidisciplinary presentations and discussions of current business and development issues in emerging and developed countries. Your participation in this great conference is helping us achieve these goals!!!!

We wish you good luck in your presentations and conference deliberations.
Special Acknowledgement

AGBA’s “Global Board of Trustees” would like to recognize the special contribution made by the management team at the MIDAS Communication Ltd, (Thailand) under the dynamic leadership of its Founder, President and CEO (Ms. Karin Lohitnavy) for making this 10th global conference a grand success.

AGBA outsourced the operational side of the conference management for the first time in its history to a nationally acclaimed and well reputed professional event management company (MIDAS Communication Company Ltd, Thailand) to organize its 10th global conference on a professional basis.

MIDAS has done a fabulous job from identifying appropriate sponsors to selecting suitable hotels, from organizing printing of promotional material to producing these proceedings, and from hosting delegates to organizing interesting sightseeing tours.

Hence, while attending your conference, whenever you run into any member of MIDAS Management Team, kindly say “Thank You”.

AGBA Brief:

Academy for Global Business Advancement (AGBA) was established in the American State of Texas as a "Not-for-Profit" organization in 2000. It is proud to boast today a membership of more than 1000 members based in more than 50 countries, that include scholars from reputed academic institutions, corporate leaders, governmental officials, entrepreneurs and consultants based in western and emerging countries.

AGBA, as a global organization, aims to help academics and scholars at business schools across the emerging countries to connect with the western (developed) world for mutual benefit. Such collaboration would accelerate the process of globalization by furnishing ample opportunities to scholars in emerging countries to get recognition, disseminate new knowledge and assert themselves on the global stage.

AGBA’s Vision

To be globally recognized as a leading "not-for-profit" organization dedicated to serve the academic, professional, government, corporate and entrepreneurial sectors worldwide.

AGBA’s Mission

Building on the dynamics of the ongoing globalization process, AGBA is committed to provide a global platform aimed at assisting academics, scholars, professionals, officials, entrepreneurs and consultants of emerging countries to assert themselves on the global stage for recognition, networking and dissemination of knowledge.

AGBA’s Core Business:

- Nurture globally competitive talents; expertise and skills across the emerging countries;
- Arrange apprenticeships for academics, scholars, professionals, officials, entrepreneurs and consultants on the global stage;
- Provide advisory services to upcoming business schools across the world for accreditation by the Association to Advance Collegiate Schools of Business (AACSB);
- Provide advisory services to peers worldwide to obtain “Fulbright Grants” from the US government successfully;
- Offer customized training worldwide;
- Offer professional development programs;
- and Provide “Global Entrepreneurship Development” services.
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- Woodbury School of Business, Utah Valley University, Orem, Utah, USA
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- School of Commerce and Management, Southern Cross University, Australia
- MIDAS Communications Ltd., Bangkok, Thailand
- King Mongkut’s Institute of Technology at Ladkrabang, Bangkok, Thailand

PAST AGBA CONFERENCES

2004  Inaugural World Congress in Delhi, India
This conference was attended by more than 100 local and global delegates. Please visit our website for photos and proceedings.

2005 Second World Congress in Delhi, India
This conference was attended by more than 100 local and global delegates. Please visit our website for photos and proceedings.

2006 Third World Congress in Kuala Lumpur, Malaysia
This conference was held at the Management and Science University (MSU), Kuala Lumpur, Malaysia. It was attended by more than 150 local and global delegates. Please visit our website for photos and proceedings.

2007 Fourth World Congress in Kuala Lumpur, Malaysia
This conference was held at the Universiti Sains Malaysia (USM) in Penang. It was attended by more than 150 local and global delegates. Please visit our website for photos and proceedings.
2008  Fifth World Congress in the Kingdom of Bahrain
This conference was attended by more than 200 local and global delegates. Please visit our website for photos and proceedings.

2009 Sixth World Congress in Kedah, Malaysia
This conference was held at the Universiti Utara Malaysia (UUM), Kedah, Malaysia. It was attended by more than 200 local and global delegates. Please visit our website for photos and proceedings.

2010 Seventh World Congress in Kuala Lumpur, Malaysia
This conference was held at the Graduate School of Management (GSM), Universiti Putra Malaysia (UPM), Malaysia. It was attended by more than 250 local and global delegates. Please visit our website for photos and proceedings.

2011 Eight World Congress in Dalian, China
This conference was held at the Dongbei University of Finance and Economics (DUFCE) in Dalian, China. It was attended by more than 250 local and global delegates. Please visit our website for photos and proceedings.

2012 Ninth World Congress in Ajman (United Arab Emirates)
This conference was held at the Ajman University of Science and Technology (AUST) in Ajman (United Arab Emirates) on March 19---21, 2012. It was attended by more than 300 local and global delegates. Please visit our website for photos and proceedings.

2013 Tenth World Congress in Bangkok (Thailand)
This conference will be held at the King Mongkut’s Institute of Technology at Ladkrabang, Bangkok, Thailand on June 15-17, 2013.

AGBA Publications
AGBA Journals: AGBA’s Two Official Journals Are Published in Collaboration with Inderscience Publishers of UK/Switzerland (www.inderscience.com).

(1) Journal for Global Business Advancement
ISSN (Online): 1746-9678  -  ISSN (Print): 1746-966X

(2) Journal for International Business and Entrepreneurship Development
ISSN (Online): 1747-6763  -  ISSN (Print): 1549-9324

Both of these journals are indexed in:
• Scopus (Elsevier)
• Academic OneFile (Gale)
• Business and Company Resource Center (Gale)
• Expanded Academic ASAP (Gale)
• General BusinessFile ASAP International (Gale)
• General OneFile (Gale)
• Google Scholar
• InfoTrac Custom Journals (Gale)
• Inspec (Institution of Engineering and Technology)
• Scirus (Elsevier)

Both of these journals are also listed in:
• Australian Business Deans Council Journal Rankings List 2012
• Cabell's Directory of Publishing Opportunities (2012)
• Excellence in Research for Australia (ERA): Journal list 2012

AGBA's Regional Chapters

(1) "AGBA – Malaysia Chapter" is Based at the "Management and Science University of Malaysia". Please visit http://www.msu.edu.my for details.

(2) "AGBA – Pakistan Chapter" is Based at the "COMSAT Institute of Information Technology, Islamabad, Pakistan". Please visit http://www.agba.org.pk for details.

AGBA Projects

AGBA is contemplating to launch following additional projects in the foreseeable future in order to assist academic institutions and professional bodies across emerging countries to assert themselves on the global stage:

(1) Launch of a brand new "AGBA Journal" in collaboration with a major global publisher;
(2) Publication of an annual monograph consisting of best papers out of our conference proceedings by a reputed global publisher;
(3) Upgrading of a business school to the global standards in an emerging country;
(4) Launch of a "global doctoral program in global management" jointly offered by 3 different reputed universities based in 3 different continents (North America, Europe and Asia);
(5) Establishment of a "global consulting wing" within AGBA framework;
(6) Establishment of additional "agba chapters" across brics countries (Brazil, Russia, India, China and South Africa) etc.
(7) Selection of a business school for assistance in an emerging country for accreditation by aacsb:
(8) Coaching and mentoring of few selected academics to acquire Fulbright grants, sponsored by the US government;
(9) Development of professional development programs for the training of policy makers on Indian, Chinese, Malaysian, and Brazilian economic miracles; and
(10) Acquisition of grants from global organizations for the pursuance of global research.

**Consulting Worldwide**

Consulting Worldwide

AGBA maintains a roster of more than 1000 members hailing from more than 50 countries, who offer their world-class expertise for consulting globally at a subsidized rate.

Their expertise, skills and competences range from entrepreneurship development to institution building, from AACSB accreditation to establishing new business schools, and from entrepreneurship development to professional development.

If you are interested to engage their services for the pursuance of any project, kindly contact AGBA President/CEO at the following address for details:

Prof. Dr. Zafar U. Ahmed  
BBA (New York), MBA (Texas), Ph.D., (Utah), D. Litt., (India)  
Professor of Marketing  
Founding President/CEO: Academy for Global Business Advancement  
Founding Editor-in-Chief: Journal for Global Business Advancement  
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Editor: Thunderbird International Business Review  
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Assistant Chairperson: AGBA Board of
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Prof. Dr. James P. Johnson,
Rollins College
Winter Park, FL 32789
USA

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<td>Leibniz University Hanover</td>
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<td>Kuwait</td>
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<th>Location</th>
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<tr>
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<td>HAAGA-HELIA University of Applied Sciences, Finland</td>
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<td>Dr. Craig Julian</td>
<td>Southern Cross University, Australia</td>
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<td>Prof. Dr. Philippe Coffre</td>
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2012 Doctoral Dissertation Award
Dr. Chutima Wangbenmad
Graduate School of Management
Universiti Sains Malaysia
Penang

2011 Doctoral Dissertation Award
Dr. Che Aniza Binti Che Wel
Faculty of Economics and Business,
University Kebangsaan Malaysia,
State of Selangor Darul Ehsan
Malaysia

AGBA Membership

Regular Annual Membership Fee: $ 100
Regular Annual Membership Fee for Students: $ 50
Regular Annual Institutional or Corporate Membership Fee: $1000
Regular Institutional or Corporate Membership Fee (LDCs): $500
AGBA Regional Chapter Annual Fee: $1,000
AGBA Sponsor and/or Partner: $1000 (Annual Fee)
AGBA Fellow: Complimentary
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AGBA Resources

AGBA is pleased to offer following online resources to assist its members to augment their professional endeavors to world-class standards.

(1) World Bank Resources:
(2) BBC Resources:
http://www.bbc.co.uk/worldservice/business/review_globbus.shtml
(3) Governmental Resources:
(4) Cultural Information:

(5) Global Videos:
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AGBA offers assistance to its members seeking information about career development as well as job placement.
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Impact of Information Communication Technology (ICT) Globalization of Agricultural Cooperative Marketing in Papua New Guinea

ABSTRACT

ICT has changed the whole world’s agribusinesses into a global agricultural cooperative market with a global economy, which is increasingly reliant on the creative management and distribution of information.

ICT helps the PNG-farmers (as well as other stakeholders in the supply chain), to reduce their costs, increase the prices they receive, and eventually acquire market knowledge that improves supply-chain efficiencies and adjusts supply more closely to changing demand. Despite of these efforts, the existing poor infrastructure of information communication and technology (ICT) presents major constraints which provide a challenge to smallholders, marketers and other players in the fresh produce industry of PNG.

This paper attempts to put together the intellectual intuition/thoughts, purposes and reasons (with case studies) of ICT impact on global agricultural cooperative marketing, to highlight the main ICT issues that need to be improved and implemented throughout the agribusinesses and Entrepreneurship in Papua New Guinea.

Key words: supply chain, case study, smallholder, and customer.

INTRODUCTION

Agriculture cooperative marketing is important to Papua New Guinea (PNG) accounting for 21 per cent of GDP and 17 per cent of total exports (Benediktsson, 1998; Coppel, 2004; Bonney et al, 2009). In produce marketing, communication between different participants such as growers, marketers, wholesalers, retailers, transport providers and end-consumers is seen as a key element (Muto et al, 2009). Telecommunications (telephone and mobile), Internet, broadcasting and other networks systems in regional PNG are used to transmit, store and deliver information among growers, marketers, wholesalers, retailers, transport providers and end-consumers.

The infrastructure of telecommunications in regional PNG is very poor and presents major constraints on the agricultural marketing system (Bonney et al, 2009). The PNG Government, in some way, recognizes the importance ICT of the production and marketing of fresh produce and has placed a lot of emphasis in this area (McGregor & Lutulele, 2004). Despite these efforts, there are a number of constraints to the development of marketing systems that have been identified. These constraints provide a challenge to smallholders, marketers and other players in the fresh produce industry (McGregor et al, 2003). ICT provide a free flow of information and in timely manner between the growers and buyers will help to improve the
marketing system for main urban markets including Mt Hagen, Goroka, Lae, Port Moresby, Kokopo, Madang and Popondetta.

However, the information is not widely distributed, which in some cases results in farmers thinking that middlemen are exploiting them, so they want to do their own marketing (McGregor et al, 2003). Chief Information Officer said, “The fresh produce farmers and traders in the PNG Highlands have not been able to adequately benefit from telecommunication innovations, as there is inadequate network coverage by the service provider (PNG Telekom)”. McGregor et al (2003) claim that considerable amount of scope exists for improvement of ICT infrastructure for agricultural marketing. It includes explaining the benefits of increased labor productivity and reducing high price expectations of the farmers, promoting development of wholesale marketing, and facilitating and encouraging both public and private investments in ICT-marketing infrastructure.

The cell phone telecommunications are slowly improving, the lack of internet services outside the major urban centers (and patchy cell phone reception mean that only the most basic marketing information is possible, even if it were available. Finally, the banking system does not operate outside of the major towns due to lack of ICT services and, with the prevailing lack of law and order, the use of cash is not advisable (Bonney et al, 2009; Birch et al, 2009).

In this article, it has been explored how the use of ICT in agricultural marketing industry, helps the farmers (as well as other stakeholders in the supply chain), to reduce their costs, increase the prices they receive, and eventually acquire market knowledge that improves supply-chain efficiencies and adjusts supply more closely to changing demand.

There is also an intriguing suggestion that farmers’ use of the ICT creates a greater sense of trust with trading partners, presumably because information asymmetries are reduced. Given this context, this research seeks to identify the ICTs’ impact on rural logistics which largely focuses on data obtained from user surveys and case studies, to meet likely future trends.

To explain how the ICT in strengthening agricultural marketing, ICT’s benefits along with their case studies (as evidence), have been described below and these are likely to meet the future requirements of PNG agricultural marketing:

**Variation in information sources for farmers.**

Farmers vary in their awareness of the information they need (as revealed by market research) and in their preference when they come to gain access to information. Often, their information sources outside their direct network have not always been trustworthy, but the situation keeps on changing (Mittal, Gandhi and Tripathi, 2010). According to market research by a private company in Papa New Guinea, farmers’ information preferences are comprise of accurate local weather forecasts, technical information ordered according to the step in the crop cycle, data on the costs of production, and market supply and price information.

These main concerns change during the production cycle—for instance, information of market is of slight interest waiting the beginning of the harvest. Research shows how much farmers start using mobile phones to help in marketing their fresh production in Highland Papa New Guinea and in other countries. For example, work in Bangladesh, China, India, and Vietnam showed that now about 80 percent of farmers own mobile phones (Minten, Reardon,
and Chen n.d.) but only 20 percent farmers in PNG own mobile. They use mobiles to speak to numerous sellers and buyers to set up prices and market demand. It is concluded that the greater access to information appear to help farmers making better decisions.

**Improvement in farmer’s income and build trust with trading partners.**

In Papua New Guinea, farmers may use mobile phones to improve income and build trust with trading partners as farmers are doing in the Philippines. Labonne and Chase (2009) have described the comparison of the impact of mobile phones on farmers of Philippines, who produce a marketable surplus. The study found a small benefit for the farmers benefited considered, as measured by improvements in their expenditure of 11–17%. A specifically interesting finding was that farmers reported improved relationships with trading partners following the achievement of mobile phones. They may consider that the relationship is fairer, because they now can negotiate better terms.

**Price integration, improvement in profits for traders, and reduce consumer prices.**

Mobile phones in Papua New Guinea may bring better price integration, improve profits for traders, and reduce consumer prices as in Niger, Aker (2008) found that mobile phones can decrease search costs by 50 percent compared with personal travel and that mobile phone use increased both sellers’ and customers’ welfare. Agents’ profits increased by 29 percent because they obtained better prices through real-time market research conducted via mobile phone. Mobile phones were also connected with a 3.5 percent decrease in average customer grain prices. Aker also found that the use of communications technology had several benefits. Search costs were considerably lessened, cooperation among market associates improved, and market efficiency improved as traders engaged in the search process themselves rather than being on the other end of a one-way communications system. An average tour to a market which is located at 50 kilometers away in rural Niger can complete round trip in two to four hours, compared to a two-minute call.

**Increased profits among younger owner/managers of farms and smaller agribusinesses with mobile phone use.**

In Papua New Guinea, mobile phone use was linked to increased profits among younger owner/managers of farms and smaller agribusinesses, especially with growing experience in using the technology. When 50 agriculture-based entrepreneurs were interviewed about their perceptions of the impact of mobile phones on their businesses, they reported two overarching benefits: They could draw upon a wider network of people for information (a “wisdom of crowds” effect), and they could obtain information at a greatly increased speed (Shaffril et al, 2009). Other benefits, such as market information, time savings, and technology, were of a lower order (figure.1). The overall impact was an increase in businesses profits, especially after the entrepreneurs had used their mobile phones for more than two years.

**Change farmers’ cropping mix and marketing methods.**

In Papua New Guinea, mobile phones can change farmers’ harvesting and cropping mix and marketing methods in the same way as the farmers in Morocco who found that use of mobile phone resulted in a 21 percent increase in income (Ilahiane, 2007). Another more related finding is that the ICT can modify farmers’ behavior, in a way that they can speak directly with wholesalers or larger-scale middlemen rather than speaking with them indirectly through the smaller intermediaries. Farmers can alter where they sold their crops, switching markets to describe better prices and frequently routing to better and further far-away markets. They can coordinate with local truckers to get better product transport and recognize where to
deliver their products. Some farmers developed a bilingual trade, bringing products back from the market to sell in their own rural communities. An especially important change was that they tried to become more market oriented in their production and they used their new market knowledge to become more market oriented in their production, deviate from low-value production crops, and expand into higher-value enterprises. The knowledge attained from using the mobile phone decreased the apparent levels of risk and assisted them to board their production to definite, identified market opportunities.

**Rural access to telephones raises incomes from farms and other rural businesses.**

In Papa New Guinea, where there is the most of population lives in rural area, they do not have is the most rural country in the world, use of telephone may increase income per capita as it happened in Peru. When Peru privatized its telecommunications industry in the 1990s, the government asked the telecommunications company to install public telephones in 1,526 small rural towns across the nation. After some ago, a study of 1,000 rural households dispersed across towns with and without public telephones carried out ant it was found that there was a positive links between public telephone use and incomes. Telephone use concluded in a 13 percent increase in per capita farm income and a 32 percent lift in nonfarm income (Chong, Galdo, and Torero, 2005).

**Improvement in logistics, decrease in transaction costs.**

The greater the business costs, the smaller the geographical area in which it is possible to market any trade. Without market access, output is low (Kunaka, 2010), and choices for the farming enterprise are inadequate and limited.

Decreasing the transaction costs in the supply chain transports very clear public goods. It can create advantages, particularly for poorer urban customers, by down the costs of food. As noted, field observations show that ICTs, particularly mobile phones in many places like Mt Hagen, Goroka, Lae, Port Moresby, Kokopo, Madang and Popondetta, are transforming how rural logistics function. The significant improvement in logistics can be seen through lower transaction costs, better potential profits, and a smaller amount of expenditure. By training the people on the ability to substitute distance with “space-shrinking technology,” mobile phones enable market mediators to better coordinate product supply and demand, boost existing business networks, assist the assembly of products to reach a critical mass, and enable products to be transport cost-effectively to new markets (Mittal, S., S. Gandhi, and G. Tripathi, 2010).

Figure 3, illustrates how unit costs for transporting makes change depending on distance, quality of roads, and mode of transportation. The key things are: (1) the high cost of head loads and pack animals; (2) the low unit costs, particularly for short distances on bad roads, of intermediate modes of transport such as ox carts, handcarts, and bicycles/trailers; and (3) the greater cost efficiencies of mechanized transport, especially medium-sized trucks, when the distances and the quality of the roads are reasonable.

This lack of information consequences in high transaction costs at each stage in the value chain and suggests little chance to control economies of scale or move swiftly to ease blocks in the supply chain.
CONCLUSION

This paper discusses the impact of ICT on agricultural cooperative marketing in Papua New Guinea, especially by smallholder farmers. The use of ICT in agricultural marketing industry, helps the farmers (as well as other stakeholders in the supply chain), to reduce their costs, increase the prices they receive, and eventually acquire market knowledge that improves supply-chain efficiencies and adjusts supply more closely to changing demand.

Despite of these a considerable amount of scope exists for improvement of ICT infrastructure for agricultural marketing. It includes explaining the benefits of increased labor productivity and reducing high price expectations of the farmers, promoting development of wholesale marketing, and facilitating and encouraging both public and private investments. This research paper uncovers the major problems and proposes strategic approaches to deliver ICT-based agricultural information in a sustainable, effective way to meet the needs of the rural community and that of the government.

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Figure 1: Percent of farmers use mobiles to change information (Minten, Reardon, and Chen n.d.) compared to the percent farmers in PNG.

Figure 2: Commercial Farmers and small Agribusiness Rate the Relative importance of using Mobile phones on a scale of 1 to 4 (very useful), Highlands Papa New Guinea.
Figure 3: Transport Costs for Different Vehicles in Developing Countries (US$ per Ton-Kilometer)
The Effects Of Price Limits On Bursa Malaysia During Crisis

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The Effects Of Price Limits On Bursa Malaysia During Crisis

ABSTRACT

One type of circuit breaker is price limit, which is used in future markets and emerging markets to prevent markets from excessive volatility, market controlling, and crash occurrence in order to enhance the market stability. Researchers have different opinions about the effects of applying the price limit system, and the positive or negative effects of using this system are not yet confirmed. This paper examines the effects of price limits on Bursa Malaysia (previously known as Kuala Lumpur Stock Exchange, KLSE) before and after the 2007-2008 crisis by testing the volatility spillover and trading interference hypotheses. The statistical results do not support the tested hypotheses since smaller volatility is experienced by stockshit category during postlimit days compared to other categories. In addition, the trading volume of stockshit does not increase after price-limit-hits that it leads to understanding the concept that this system does not prevent rational trading on price-limit-hit day.

Keywords: Price Limits, Volatility Spillover, Trading Interference, Trading Volume, Bursa Malaysia

INTRODUCTION

Market regulators set price limit as a literal boundary to restrict daily movements of stock prices within a predetermined range. The principal objective is to prevent severe fluctuations in prices and provide a time-out period for the market to cool off. Hence, the markets will experience less volatility. However, whether or not price limits succeed in reducing volatility, in a meaningful economic sense, is a somewhat unresolved issue (Harris, 1998). As Kim and Yang (2008:2) mention “price limits regulate the magnitude of the change in price that can occur for a given asset during a single trading session”.

Telser (1981) concluded that price limit will provide investors more time for consultation and re-evaluation in market turbulence and the informal limits exist in stock markets since the officers of the exchange believe it is sometimes desirable and necessary to temporarily stop trading. Many researchers consider that panic behavior was effective in increasing fluctuations which led to the crisis in October 1987 (Blume, MacKinaly and Terker, 1989; Greenwald and Stein, 1991). So in the financial markets, stock price limits are recommended to use (Rhee and Chang, 1993). These researchers claim that price limit has prevented price freefall in the crisis, calmed upset and uneasy traders, on top of being effective in reducing the crisis.
Sudden fluctuations of stock price are caused due to the imbalance in buy and sell or agiotage transactions that are not beneficial to shareholders. Therefore, the price limit mechanism is applied in many stock exchanges around the world, including Austria, Belgium, France, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, Spain, Switzerland, Taiwan, and Thailand as well as the U.S. future markets (Roll, 1989; Rhee and Chang, 1993; Rhee, 2000). Some of these markets use a wider price limit band such as Malaysia (30%) while others use narrower limit like Taiwan (3.5%).

One of the negative effects of imposition of price limits is the phenomenon of volatility spillover. This hypothesis says that volatility will increase in the following trading days after the limit moves, since the limit restricts the large price fluctuations on the event day and impede immediate corrections in order imbalance, but then cause distribute over a long period of time span (Kyle, 1988; Lehman, 1989). Kim and Rhee (1997) empirically prove this hypothesis in their study related to the effects of price limits on the Tokyo Stock Exchange. Fama (1989) indicated that if the intervention is created in the process of reaching to actual price, volatility will actually increase. This argumentation is empirically supported by Kuhn, Kurserk, and Locket (1991). Furthermore, Lehmann (1989) argued that imbalances in supply and demand of trading will affect the price to reach their limit and this event causes transactions to transfer to following days. Thus, it may cause volatility to extend over the time and spread out to the subsequent trading days. He also explained since the price limit prevent stock volatility to reach the real price in a day, it create an upward or downward trend to get closer to the real price, and this issue could further lead to an increase in stock price volatility in the long term. In another study, Berkman and Lee (2002) find long-term volatility will be increased and in return, total trading volume will be decreased by the expansion of price limits due to testing of revision of price limit system on the Korean Stock Exchange. Recently, Kim and Yang (2008) examined the effect of price limit system by applying transactions data for developed volatility and information asymmetry hypotheses on the Taiwan Stock exchange and their findings support volatility hypothesis.

Another distinguished issue emerged in price limits is trading interference. This hypothesis examines the behavior of turnover after reaching to the price limits. According to this hypothesis, trading can be interfered by price limits which means if the limits are hit and increase in volume and volatility after a trading halt in comparison to normal days, the liquidity of stock decreases (e.g. Telser, 1981; Lehman, 1989; Lee et al., 1994). It is also expressed that since the market participants prohibit mutually beneficial trades at prices without limit, price limits may inflict additional risks on participation in the market (e.g. Ackert and Hunter, 1994). Lauterbach and Ben-Zion (1993) noted the impact of price limits on stocks liquidity and introduced it as the "obvious cost" for imposition of circuit breakers such as price limit. This subject was also observed in other previous studies by researches such as Fama (1989) and Telser (1989). On the other hand, Lehmann (1989) offered a different interpretation of trading volume. He believed that order imbalances in buying and selling shares and therewith lack of trading will help stock prices to reach their limit. Trading volume is expected to increased by resolving imbalances in supply and demand on the subsequent limit-days. Chou and Wu (1998) found that trading interference is more important in upper limit moves since it can cool off the market when it hits a lower limit without any significant impact on volatility reduction. In another similar study, Cho et al. (2003) found evidence of tendency to hasten toward the upper limits and reduce effects on reduction of stocks volatility. Lin, M. C. (2009) found an asymmetric effect of price limit on trading interference.
This paper examines the effects of price limits on Bursa Malaysia before and after the 2007-2008 crisis through testing volatility spillover and trading interference hypotheses by applying methodology in Kim, K. A., & Rhee, S. (1997). The remains of this article are structured as follows: Section 2 describes the data and methodology; empirical results are presented in Sections 3; The last section (4) gives the conclusions.

DATA AND METHODOLOGY

Data
The data was gathered from Bloomberg and KLSEs’ daily dairy. It covered a period of 25 months from 01/08/2006 to 30/08/2008, which included the period of Global economic crisis. Parallel to the analysis of the effect of price limits on a sample of 30 companies’ stocks prices, the daily closing, opening, low, high, trading volume and number of shares outstanding were gathered.

Methodology
In order to investigate when prices hit their limit, upper and lower limits are considered to happen once the following relationships are established, where the \( H_t \) is the high price in Day \( t \), \( C_{t-1} \) is the closing price in Day \( t-1 \), \( LIMIT_t \) is the maximum allowable upward price movement for each Day \( t \) and \( L_t \) is the low price in Day \( t \).

\[
H_t \geq C_{t-1} + LIMIT_t
\]

\[
L_t \leq C_{t-1} - LIMIT_t
\]

These stocks that came within their limits are represented by stock\(_{hit}\). Two subgroups are also classified on days when prices reach to their limits, stock\(_{0.9}\) and stock\(_{0.8}\). These stocks did not reach the price limits, thus stock\(_{0.90}\) are stocks that experience at least 0.90\(\)\(LIMIT_t\) daily limit. These two samples are used to increase accuracy of study and show that the differences which are observed between stock\(_{hit}\) and stock\(_{0.9}\) are not related to difference that happens in price movement on Day 0.

Table 1 provides a detailed statement about the price-limit-hit occurrences and indicates the number of events for each of the three stock groups in two different conditions, upward and downward, respectively.

"Table 1 goes as here"

As shown in Table 1, if a stock fluctuates 30\%, there will be 76\% probability of positive fluctuation and the proportion for stock\(_{0.90}\) and stock\(_{0.80}\) are 78\% and 77\%, respectively. This Table also indicates that the number of upward returns is greater than the number of downward returns in Kuala Lumpur Stock Exchange during the study period, which shows that the limit impede stock price from experiencing increases rather than decreases.

According to the Kim and Rhee’s study (1997), the sample is minimized to occurrences that happened not in consecutive order for both upward and downward trend. Following their study, the results for upward occurrences reported, since there is lack of time, additional perception and space. Also, they have shown the empirical findings of upwards are similar to downward movements from a qualitative point of view. Therefore, our final sample is as follows:
EMPIRICAL RESULTS

Volatility spillover
In order to examine volatility spillover hypothesis, it will be tried to utilize a 21-day event term which includes 10 days after and 10 days before the limit-hit session, \( t_0 \). Day \( t=0 \) has different meanings for each categories of stocks (stockshits, stocks9% and stocks8%). For example, day \( t=0 \) shows the day that stocks endured a price change of at least 0.90(LIMIT) price movement for Stock0.90, while for stocks8% it illustrates the limit-hit day. Square rate of return is used to measure volatility for each stock in all groups even downward or upward price movements by the following equation, where \( r_{t,j} \) denotes the close-to-close return of stock \( j \) on day \( t \).

\[
V_{t,j} = (r_{t,j})^2
\]  

(3)

After this step, the averages for each 21-day period will be calculated. If we can prove statistically that stockshits has larger volatility compared to other categories during post-limit-hit days, then volatility spillover hypothesis will be confirmed. Based on the method which was chosen by Kim and Rhee (1997), the volatility results are reported just for the upper limit-hit situations since both findings are the same from a qualitative point of view.

Empirical findings for volatility spillover hypothesis
Table 3 is the summary of the test findings. It indicates the average volatility data of price increases for three employed categories. The symbol “<” represents that the right hand volatility value is larger than the left hand value at 0.05 level of significance.

It is clear that all stock categories face their largest level of volatility on the price-limit-hit day (Day 0). In addition, on Day 1, an extremely large fall in volatility of stocks categories could be observed. The average volatility size is reduced even more for stocks0.80 category (from 5.3488878 on Day 0 to 0.4707923 on Day 1). From this result, it cannot be concluded that price limit can effectively reduce the price volatility, since volatility is reduced before reaching its price limit. Nevertheless, it can be concluded that the reduction of volatility on Day 1 is not due to the effect of price limit.

Stockshits volatility did not increase significantly compared to the other groups after reaching the positive 30% limit. Thus, in the Kuala Lumpur Stock Exchange, it is not possible to state if a stock experiences positive 30% in a day, it will consequently experience large volatility in the coming days.

Trading interference
To test this hypothesis, the results of just 10 days in the event period from Day -4 to Day +5 are used since days outside this period will not give additional perception. If the trading volume for stockshits increases the day after the limit-hit day, the hypothesis will be supported. This volume increase will imply severe trading continues, and a detrimental interference to liquidity. Since price limit does not impede other stock subgroups’ trade on Day 0, decline or stability in trading activity will be expected to be observed on the following days. The turnover ratio is applied as a measurement for trading activity. It is calculated as follows,
where TVOL_{t,j} is the trading volume for each stock j on day t and SOUT_{t,j} is the total number of shares outstanding for stock j on Day t.

\[
T_A_{t,j} = \frac{TVOL_{t,j}}{SOUT_{t,j}}
\]

This ratio is calculated for each stock in all groups and averages are calculated for each Day t. A percentage change of this ratio from the day before day t is calculated since the liquidity interference hypothesis is involved in the daily change of trading activity. To test this hypothesis, similar samples of upper limit are used to volatility analysis, and included non consecutive limit- days are chosen.

**Empirical findings for trading interference hypothesis**

The trading interference hypothesis is based on certain circumstances; if a stock reaches its limit in a day, the shareholders will not conduct transactions and thereby price limit will damage the stock’s liquidity. In order to test this hypothesis, the trading activity behavior of stocks_{hit} category must compare with the others. If trading volume of stocks_{hit} increases more than other categories after hitting price limit, the hypothesis will be confirmed. A method similar to the method of volatility spillover is used and the changes of trading volume for 30% group is compared with other groups using Wilcoxon signed-rank test.

The summary of trading activity changes of three employed groups are demonstrated in the Table 4 below. As shown, there is no regular trend in increasing or decreasing of changes, but the only significant case is the largest changes that happened on Day 0, compared to the other days. And, the most noticeable result is the experience of the largest one by stocks_{0.80}. As a conclusion, it can be said that it is not possible to comment with certainty about the liquidity of stocks before and after reaching the 30% limit.

"Table 4 goes about here"

**CONCLUSION**

Since there are different opinions about the effectiveness of the price limit system imposed on stock exchanges, it has been tried to investigate on KLSE price limit system, which is wide in comparison to other stock exchanges, by conducting a nonparametric event study. And to achieve the issue of whether this system impact on stocks prices, trading volumes and volatility of prices.

Therefore, according to the range of daily changes in price movement, three categories of stocks are chosen to test the KLSE price limit system in order to show how volatility levels and trading activity are different. Parallel to this aim, examining the soundness of the price limits effects on KLSE are conducted by testing the volatility spillover and trading interference hypotheses. One of the distinctive features of this study is the analysis of the volatility and trading activity being conducted before and after the crisis period. The following results are substantiated for the three determined categories:

1. Volatility of stocks_{hit} is not greater than the other categories during the post limit days.
2. Trading activity trend of stocks_{hit} does not increase consistently after stocks prices reach the price limits since irregular fluctuations are observed after the price-limit-hit day.
REFERENCES


Fama, E. F. 1989. *Perspectives on October 1987, or, What did we learn from the crash?* : Center for Research in Security Prices, Graduate School of Business, University of Chicago.


LIST OF TABLE
Table 1
Summary statistics

<table>
<thead>
<tr>
<th>Stocks_{hit}</th>
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<th>Stocks_{0.80}</th>
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<td>Upward</td>
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Table 2
Number of final samples

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<tr>
<td>256</td>
<td>196</td>
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Table 3
Volatility spillover, upper limit reaches

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The Effects Of Price Limits On Bursa Malaysia During Crisis

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<td>0.6724907</td>
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Table 4
Trading Interference, upper limit reaches

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<th>Result</th>
<th>Stocks0.80</th>
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<tr>
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<tr>
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The Accessibility of Microfinance for Small Businesses in Mogadishu, Somalia

ABSTRACT

This paper investigated the accessibility of microfinance for small businesses in Mogadishu. Since, the accessibility of microfinance for small businesses considered difficult due to heavy collateral requirements. The main objective of the study was to examine the challenges facing by small businesses in accessing microfinance services in Mogadishu. Purposive sampling technique was employed in selecting the 100 Small businesses that constituted the sample size of the research. To achieve the objectives of this study, data was collected through questionnaire instrument. Data analysis, the researchers employed descriptive analysis also used Statistical Package for the Social Science (SPSS). The main findings of this study identifies that Small businesses in Mogadishu are facing challenges to access loan from MFIs and this results many small business to demise soon or may not be started due to lack of ability to overcome the challenges. Moreover, the findings of this study will be helpful for the academicians, businesses, practitioners, researchers, planners, and policy makers who are involved in the concerned area. The researchers recommended microfinance institution are required to set more flexible, affordable and attractive requirements in financing Small businesses, their role need to be felt by the Small enterprises in terms of growth and development.

Key words: Microfinance institutions, Microfinance, small businesses, Mogadishu.

INTRODUCTION

The microfinance revolution began when Bangladeshi Grameen Bank economist professor Muhammad Yunus first handed over a few dollars to an impoverished basket weaver in 1974. He has won the Nobel Peace Prize. The idea of microfinance has now spread in Latin America, Asia, Eastern Europe, and Africa but the best known micro finance programs come from the Asian, Dr. Yunus began a micro-finance program among women in Bangladesh in 1976, following the wide-spread famine in 1974 (Abdulrahman, 2007). In Africa where the micro-credit movement spread in the 1980s, and where it became stronger in the 1990s is the poorest region in the world, according to the new multidimensional poverty index developed by Oxford University (Hiedhues, 1995). Microfinance means “programme that extend small loans to very poor people for self employment projects that generate income in allowing them to take care of themselves and their families”. The World Bank has recognized microfinance programme as an approach to address income inequalities and poverty. The microfinance scheme has been proven to be successful in many countries in addressing the problems of
poverty. The World Bank has also declared 2005 as the year of microfinance with the aim to expand their poverty eradication campaign. Microfinance refers to as the provision of financial services including savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial institutions (Kopla, 2009).

The purpose of providing micro-loans are to garneting new income project or businesses expansion, the terms and conditions of the micro-loan are normally easy to understand and flexible, also it is provided for short term financing and repayments can be made on a weekly or longer basis, the procedures and processes of loan disbursements are normally fast and easy (Abdurrahman, 2007). Accessing microfinance services has been identified as a key element for SMEs to succeed in their drive to build productive capacity, to compete, to create jobs and to contribute to poverty alleviation in developing countries (Christopher, 2010). Unfortunately, in Mogadishu, the accessibility of microfinance services could be considered difficulty to Small businesses due to the heavy collateral requirement that MFIs may impose. Therefore, this research was conducted the investigation of the accessibility of microfinance to small businesses in Mogadishu. The specific objectives are to: (I) to describe the requirements for Small businesses to access loan from microfinance institutions in Mogadishu. (II) to examine the challenges facing by small businesses in accessing credit from Microfinance institutions in Mogadishu. In other to achieve the above stated objectives, the following research questions are advanced: (I) what are the requirements for Small businesses to access loan from microfinance institutions in Mogadishu? (II) What are challenges facing by small businesses in accessing credit from Microfinance institutions in Mogadishu?

**LITERATURE REVIEW**

**Concepts of micro-finance**

Micro-finance is considered providing financial services to low income groups and poor people, the original focus of micro finance was on the provision micro-credit small loans usually for short periods to finance working capital for small enterprises usually operate by low-income people, however the field of micro-finance has broaden greatly beyond credit only, to include micro-savings, micro insurance, remittances and other payments all of which have a great impact on the lives of the poor (James, 2005). Grameen Bank of Bangladesh, which was founded by 2006 Nobel Peace Laureate Dr. Muhammad Yunus, is the world’s largest and most successful Microfinance institutions; it serves more than seven million clients (Hassan, 2010).

According to Ngehneu & Nimbo (2010), Microfinance is defined as a development tool that grants or provides financial services such as very small credits, savings, micro-leasing, micro-insurance and money transfer to assist the exceptionally poor in expanding or establishing their businesses. Micro finance is considered as the provision of financial services to the low-income groups including the self-employed which has evolved as economic development approach intended to benefit the marginally poor people especially the women (Lan, 2004). The idea of microfinance is based on the concept that poor people’s lack of access to financial services represents a serious obstacle for their economic development, management of daily life and getting resources to realize starting new businesses ideas or expand existing businesses and thereby struggle to improve their economic situation on their own (Zeller & Meyer, 2002). Microfinance is the provision of
small scale financial services to low income clients parts, who have no access to financial services provided by the formal sector (Ledgerwoo, 1999).

**Microfinance and small businesses**

Accessing credit is considered to be an important factor in increasing the development of small businesses, it is thought that credit augment income levels, increases employment and thereby alleviate poverty it is believed that access to credit enables poor people to overcome their liquidity constraints and undertake some investments (Hiedhues, 1995). According to the encyclopedia free online dictionary (2011), access can be defined as, the right to obtain or make use of or take advantage of something (as services or membership). Access to financial services by smallholders is normally seen as one of the constraints limiting their benefits from credit facilities; in most cases the access problem, especially among formal financial institutions, is one created by the institutions mainly through their lending policies; this is obvious in the form of prescribed minimum loan amounts, complicated application procedures and restrictions on credit for specific purposes therefore, small-scale enterprises reliable access to short-term and small amounts of credit is more valuable, and emphasizing it may be more appropriate in credit programmes aimed at such enterprises (Yehuala, 2008).

According to Hossain (1988), the Grameen Bank experience shows that most of the conditions imposed by formal credit institutions like collateral requirements should not actually stand in the way of smallholders and the poor in obtaining credit the poor can use the loans and repay if effective procedures for disbursement, supervision and repayment have been established. According to Diagne & Zeller (2001), argue that lack of access to credit by the poor just below or just above the poverty line may have negative consequences for Small businesses and overall welfare, access to micro-credit further increases small businesses and enables consumption smoothing overtime. With these arguments, microfinance is assumed to improve the welfare of the poor people.

Across developing countries, small enterprises are turning to Microfinance Institutions (MFIs) for an array of financial services; this is because Microfinance is acknowledged as one of the prime strategies to achieve the Millennium Development Goals (MDGs) which are: poverty and hunger reduction, universal primary education, reduction of child mortality, combating diseases, malaria and environmental sustainability, because of access to sustainable financial services enables owners of small businesses to finance income, build assets, and reduce their vulnerability to external shocks (Mahjabeen, 2008). According to Wydick & Kevan (2001), the provision of credit to the poor serves two purposes. First, as borrowed capital is invested in small enterprises, it often results in significant short-term increase in household expenditure and welfare. Secondly, micro enterprises credit encourages economic growth in the informal sector through promoting increase capitalization of business, employment creation, and long-term income growth. Generally the accessibility of a good financial service is considered as one of the engines of economic development, the establishment and expansion of financial service is also one of the instruments to break the vicious circle of poverty (Yehuala, 2008).

The several literatures showed that the microfinance provides financial services to support small businesses, poor people and low income group; and also microfinance becomes a tool for fighting poverty, the main findings show that few numbers of small businesses and poor people access microfinance service. Therefore, the accessibility of microfinance for small businesses has not got adequate research attention in Mogadishu, Somalia. That means there is a gap in literature which needed to be covered by research. Therefore, this study attempts to fill this gap by investigating the situations exist in Mogadishu.
**METHODOLOGY**

This section was focused on the research techniques adopted and used for this study with the aim of achieving the research objectives. Survey research design is used in this study. Survey research design was chosen because the sampled elements and the variables that are being studied are simply being observed as they are without making any attempt to control or manipulate them and this study also was employed quantitative approach to analyze data. Because of this method quantify frequencies in order to describe current conditions, since this study investigates the accessibility of microfinance for small businesses using information gained from the questionnaire. Purposive sampling technique was employed in selecting the 100 Small businesses (respondents) that constituted the sample size of the research. To achieve the objectives of this study, Primary data for the study were gathered by using structured questionnaires because of it are the main method of data collection.

**FINDINGS AND DISCUSSIONS**

This section was highlighted on data analysis, presentation, and interpretation. The data analysis and interpretation were based on the research questions as well as research objectives; the presentation is divided in to three parts. The first part was presented the respondents profile or demographic data, the second part deals with presentation, interpretation, and analysis of the research questions and objectives while, third part presents findings and discussions.

**DEMOGRAPHIC DATA**

This part presents the background information of the respondents who participated in the study. The purpose of this background information was to find out the characteristics of the respondents and show the distribution of the population in the study. Their distribution is established as it following table 1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>58.4</td>
</tr>
<tr>
<td>Female</td>
<td>41.6</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>20.3</td>
</tr>
<tr>
<td>31-40</td>
<td>14.9</td>
</tr>
<tr>
<td>41-50</td>
<td>57.4</td>
</tr>
<tr>
<td>51 above</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>72.3</td>
</tr>
<tr>
<td>Married</td>
<td>27.7</td>
</tr>
</tbody>
</table>
Unmarried

**Qualification**

<table>
<thead>
<tr>
<th>None</th>
<th>25.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>52.5</td>
</tr>
<tr>
<td>High school</td>
<td>15.9</td>
</tr>
<tr>
<td>University level</td>
<td>5.9</td>
</tr>
</tbody>
</table>

**Business Experience**

<table>
<thead>
<tr>
<th>1 year</th>
<th>14.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 year</td>
<td>36.6</td>
</tr>
<tr>
<td>3 year</td>
<td>38.2</td>
</tr>
<tr>
<td>4 year &amp; above</td>
<td>9.9</td>
</tr>
</tbody>
</table>

**Type of Business**

| Electronic shops | 14 |
| Small clothes shops | 46 |
| Charcoal businesses | 19 |
| Others | 21 |

**Gender:** Findings from above table 1 indicate that different categories were involved in the study. 58% of the respondents are male and 42% are female, this is in difference with research undertaken by Ojo (2009) which states women are the most clients to the microfinance institutions. Because, the difference may cause environmental culture.

**Age:** 20% of the respondents are at the age of 20-30; 15% of the respondents are at the age of 31-40, 58% of the respondents are at the age of 41-50, which is the age of the majority of the respondents and the 7% above 51 age.

**Marital status:** Respondents’ material status was married and unmarried or single. 72.0% of the respondents were married and represent that the majority of the respondents are married. 28% of the respondents are no married or single.

**Qualification:** The respondents, 26% have no education at all, 53% hold Elementary education, 15% of the respondents has higher school education and the remaining 6% have University degree.

**Business Experience:** Also the table1 pointed that 18% of respondents have 1 year experience as to the owners of small businesses, 37% have 2 years experience, and the respondents have 3 years experienced with 38% and 10% have above 4 years experience. Therefore, the majority respondents have businesses experiences among between 2-3 years.
Type of Business: 14% of the respondents are engaged in Electronic shops, 46% are engaging Small clothes shops, 19% are engaged in Charcoal business and the remaining 21% are doing other businesses such as Small beverage shops. This shows that majority of respondents are in Small clothes shops.

DATA PRESENTATION AND ANALYSIS

Research objective One
The first objective of this study was to describe the requirements for Small businesses to access loan from microfinance institutions in Mogadishu. To achieve this objective Respondents were subjected to a number of questions to provide answers to research question one mentioned above.

The questions administered to the respondents were aimed at investigating the respondent’s response towards the stated research objective. The questions include: Group lending, Security deposit or guarantor, Accessing microfinance service by small businesses is considered to be highly difficulty, Repayment capacity, Land as security, small businesses able to access loans from microfinance institutions, Accessing microcredit is considered to be an important factor that increases output of small businesses, Accessing microfinance program has been identified as a key element for small businesses to succeed. The results are presented in the following table.

Table 2:

<table>
<thead>
<tr>
<th>No</th>
<th>Scale rating</th>
<th>N. valid</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>requirements for Small businesses to access loan are</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>Individual collateral</td>
<td>100</td>
<td>1.68</td>
<td>.737</td>
<td>Agree</td>
</tr>
<tr>
<td>b</td>
<td>Group lending</td>
<td>100</td>
<td>3.52</td>
<td>.904</td>
<td>Disagree</td>
</tr>
<tr>
<td>c</td>
<td>Land as security</td>
<td>100</td>
<td>3.56</td>
<td>1.217</td>
<td>Disagree</td>
</tr>
<tr>
<td>d</td>
<td>Repayment capacity</td>
<td>100</td>
<td>1.88</td>
<td>.671</td>
<td>Agree</td>
</tr>
<tr>
<td>2</td>
<td>Security deposit or guarantor</td>
<td>100</td>
<td>1.70</td>
<td>.772</td>
<td>Agree</td>
</tr>
<tr>
<td>3</td>
<td>Small businesses able to access loans from microfinance institutions.</td>
<td>100</td>
<td>3.53</td>
<td>1.087</td>
<td>Disagree</td>
</tr>
</tbody>
</table>
The Accessibility of Microfinance for Small Businesses in Mogadishu, Somalia

<table>
<thead>
<tr>
<th></th>
<th>Accessing microcredit is considered to be an important factor that increases output of small businesses.</th>
<th>100</th>
<th>1.66</th>
<th>.831</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Accessing microfinance program has been identified as a key element for small businesses to succeed.</td>
<td>100</td>
<td>1.53</td>
<td>.745</td>
<td>Agree</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>2.38</td>
<td>0.870</td>
<td></td>
<td>Agree</td>
</tr>
</tbody>
</table>

The table 2 shows the respondents asked the requirements for small business to access loan are “Individual collateral” with mean 1.68 and standard deviation was 0.737 in according range scale denotes “agree”, Also asked respondents “Repayment capacity” the mean of this was 1.88 and its standard deviation was 0.671, and as well respondents solicited “Security deposit or guarantor” by means of 1.70 while standard deviation was 0.77. There is small variance in respondents although, a few respondents disagreed but majority respondents were agreed that individual collateral, Repayment capacity, and Security deposit or guarantor are required in order to access loan.

Moreover, the respondents were asked “Accessing microcredit is considered to be an important factor that increases output of small businesses” with mean 1.66 and standard deviation was 0.831 in according range scale this fall under “agree”. The respondent also pointed that “accessing microfinance program is one of the key element for small businesses to succeed” with mean 1.53 and standard deviation was 0.745 this denote respondents agree in regarding range scale. Therefore, the variances among respondents are too little. And majority respondents agreed that accessing microfinance is important to their businesses also they agree that microfinance services is one of the key element that businesses to success them.

On the other hand the respondents disagreed that “small businesses able to access loans from microfinance institutions” by mean of 3.53 and its standard deviation was 1.08 in regarding to range scale this fall under “disagree” that mean majority small businesses not able to access loan because of lack of collateral and security deposit. Respondents were disagreed the possibility of “Group lending” with mean 3.52 and standard deviation 1.52. The respondents also disagreed that requirement of Land as security is to the Small businesses by mean of 3.56 standard deviation was 1.217 this mean majority of the respondents disagree in based of range scale. Group lending and land as security are not required.

Therefore, Table 2 indicates that majority of the respondents agreed that small businesses have to meet some requirement in order to access loan from MFIs. In majority, respondents disagreed that small businesses are able to access microfinance service.

**Research Objective Two**

The second objective of this study was to examine the challenges facing by small businesses in accessing credit from Microfinance institutions in Mogadishu. To achieve these objective Respondents were subjected to a number of questions to provide answers to research question two.
The questions administered to the respondents were aimed at investigating the respondent’s response towards the stated research objective. The questions include: Individual Collateral, Repayment period/time, interest rate asked from borrowers, Group lending, Lack of access to credit by the poor just below or just above the poverty line may have negative consequences for Small businesses; Banks are frequently reluctant to support poor people those want to expand their businesses with a loan, Accessing microfinance service by small businesses is considered difficulty, and Access to financial services by smallholders is normally seen as one of the constraints limiting their benefits from credit facilities, and Micro finance programs include lack of small amounts of capital paid back within a short time frame. The results are presented in the following table.

Table 3

<table>
<thead>
<tr>
<th>No</th>
<th>Scale rated</th>
<th>N. Valid</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Challenges facing by small businesses to access credit from Microfinance institutions are:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Individual Collateral</td>
<td>100</td>
<td>1.81</td>
<td>.720</td>
<td>Agree</td>
</tr>
<tr>
<td>B</td>
<td>Group lending</td>
<td>100</td>
<td>3.51</td>
<td>1.004</td>
<td>disagree</td>
</tr>
<tr>
<td>C</td>
<td>interest rate asked from borrowers</td>
<td>100</td>
<td>3.57</td>
<td>1.057</td>
<td>disagree</td>
</tr>
<tr>
<td>D</td>
<td>Repayment period/time</td>
<td>100</td>
<td>2.37</td>
<td>1.002</td>
<td>Agree</td>
</tr>
<tr>
<td>2</td>
<td>Access to financial services by smallholders is normally seen as one of the constraints limiting their benefits from credit facilities</td>
<td>100</td>
<td>2.21</td>
<td>.902</td>
<td>agree</td>
</tr>
<tr>
<td>3</td>
<td>Lack of access to credit by the poor just below or just above the poverty line may have negative consequences for Small businesses.</td>
<td>100</td>
<td>2.18</td>
<td>.925</td>
<td>agree</td>
</tr>
<tr>
<td>4</td>
<td>Banks are frequently reluctant to support poor people those want to expand their businesses with a loan.</td>
<td>100</td>
<td>1.95</td>
<td>.592</td>
<td>agree</td>
</tr>
<tr>
<td>5</td>
<td>Accessing microfinance service by small businesses is considered to be difficulty</td>
<td>100</td>
<td>2.02</td>
<td>.778</td>
<td>agree</td>
</tr>
<tr>
<td>9</td>
<td>Micro finance programs include lack of small amounts of capital paid back within a short time frame.</td>
<td>100</td>
<td>1.98</td>
<td>.752</td>
<td>agree</td>
</tr>
<tr>
<td></td>
<td>average</td>
<td></td>
<td>2.4</td>
<td>0.8591</td>
<td>Agree</td>
</tr>
</tbody>
</table>

Table 3 shows that majority of the respondents agreed that the challenges small businesses facing to access loan are “individual collateral” with mean 1.81 and standard deviation was 0.720, and “Group lending” with mean 3.51 and its standard deviation was 1.004, in accordance to range scale this under fall “agree”. On the other hand, respondents disagreed only the “interest” by mean of 3.57 and standard deviation was 1.057 under range scale however, majority respondents were disagreed interest as challenge because respondents said they are not asked to pay interest for the loans they receive. Also respondents asked that “Repayment period/time” as challenge facing them with mean of 2.37 and its standard deviation was 1.002 “agree” in according to scale.
Also respondents were asked “Access to financial services by smallholders is normally seen as one of the constraints limiting their benefits from credit facilities” by mean of 2.21 and its standard deviation was 0.902 this falls under “agree” in according to scale of the study. “Lack of access to credit by the poor just below or just above the poverty line may have negative consequences for Small businesses” with mean 2.28 in according to range scale means “agree” and while standard deviation was 0.925 there is little variance, “Banks are frequently reluctant to support poor people those want to expand their businesses with a loan” with mean 2.28 regarding to range scale means agree and while standard deviation was 0.925 there is slight variance among respondents to their perceptions.

Respondents were also asked that “Micro finance programs include lack of small amounts of capital paid back within a short time frame” by mean of 1.98 and its standard deviation was 0.752 this denotes that respondents were agree in regarding to range scale of the study, “Accessing microfinance service by small businesses is considered to be difficulty” they “agreed” that with mean 2.02 and its standard deviation was 0.778. However, majority respondents agreed that accessing microfinance services are difficult.

Thus, Table 3. that majority of the respondents agreed that small businesses are facing challenges to access loan from MFIs. Also respondents agreed that most small businesses are difficult to access loan from microfinance institutions.

FINDINGS

The main findings of this study after data analysis and interpretation, researchers identified that most small business have to meet some requirements so as to be access loan capital from MFIs. Also the researchers describe majority small businesses are not able to access microfinance service.

Also the researchers revealed that Small businesses in Mogadishu are facing challenges to borrow money from MFIs and this results many small businesses to demise soon or may not be started due to lack of ability to overcome the challenges. Due to the above mentioned challenges, small businesses are difficult to access loan from microfinance institutions.

DISCUSSION

The first objective of this study was to describe the requirements for Small businesses to access loan from microfinance institutions in Mogadishu. Data analysis and interpretation revealed following findings under this objective. Based on analysis of chapter four, majority of the respondents reported that the requirements for small business to access loan MFIs are Individual collateral, Repayment capacity, Security deposit or guarantor also reported that respondents. Respondents also described that accessing microcredit is considered one of the important factor that increases output of small businesses. Finally, respondent also pointed that accessing microfinance program is one of the key element for small businesses to succeed and they agree them.

This mean requirement that MFIs imposed to the small businesses cannot meet, and this reduces the beneficiaries of the program like poor people and small businesses. In order to access financial services provided by MFIs need to moderate requirement in order to access their services to small businesses.

According to the information from World Bank sub-branch office, property collateral and rigid lending requirements were not used directly in the disbursement of institutional loans to small businesses. Since the poor people shall not be required to avail any collateral. This
report issued the World Bank pointed that low income groups not required any collateral, because poor people not able these requirements. According to Hossain (1988), the Grameen Bank experience shows that most of the conditions imposed by formal credit institutions like collateral requirements should not actually stand in the way of smallholders and the poor in obtaining credit the poor can use the loans and repay if effective procedures for disbursement, supervision and repayment have been established.

The findings is line with Provident & Zacharia (2008), state that majority of the poor people and small businesses do not access microfinance services loans because they lack guarantors, assets, businesses, salaried employment, savings account in banks, ability to make pre-loan weekly deposit on special savings account which are required as collaterals.

Therefore, the findings is in line with Ojo (2009) that states Microcredit is a component of microfinance and is the extension of small loans to small businesses, who are too poor to qualify for traditional bank loans. As well Ojo stated that MFIs provide the lending with some requirements that small business must meet. Thus due this requirements, small business in Mogadishu cannot meet the requirements to access loans such as Security deposit or guarantor and individual collateral.

The second objective of this study was to examine the challenges facing by small businesses in accessing credit from Microfinance institutions in Mogadishu. Data analysis and interpretation revealed following findings under this objective. Based on analysis of chapter four, majority of respondents reported that that the challenges small business face to access loan MFIs are Lack of access to credit by the poor just below or just above the poverty line may have negative consequences for Small businesses, Banks are frequently reluctant to support poor people those want to expand their businesses with a loan, Micro finance programs include lack of small amounts of capital paid back within a short time frame, Access to financial services by smallholders is normally seen as one of the constraints limiting their benefits from credit facilities, Repayment period/time, Group lending. On the other hand, respondents were disagreed only the “interest” as challenges because respondents said they were not asked to pay interest for the loans they receives. Respondents agreed the individual collateral as a challenge that small businesses face.

As of the interpretation of these findings, researchers identified that the challenges facing small business to access loan from MFIs is existing and have effect on the entrepreneurs’ willingness to borrow money from MFIs. Therefore the findings of this study are in line with Ojo (2009) that states small business are very zealous to have money borrowed from MFIs if there is no rigid challenges and requirements. Also respondents reported that accessing microfinance service by small businesses is considered of the constraints that small businesses faced. That is why the accessing of these services consider as difficult.

**CONCLUSIONS**

This study investigated the accessibility of microfinance for small businesses in Mogadishu. It was intended to describe the requirements for Small businesses to access loan from microfinance institutions and to examine the challenges facing by small businesses in accessing microfinance services small and medium sized enterprises in Mogadishu.

This was in relation to the difficulty of access and challenges have to loan from financial institutions, such as MFIs, constitute a great setback to small businesses in Mogadishu. The results obtained in this study showed that the requirements for small business to access loan MFIs are Individual collateral, Repayment capacity, Security deposit or guarantor.
The finding showed how small businesses in Mogadishu face some requirements to have an access to borrow money from Microfinance institutions. Also the findings revealed that the requirements hinder the possibility of borrowing money from microfinance institutions so as to start, run or expand small businesses. It is because of the fact that small business owners cannot meet the requirements set by the Microfinance institutions.

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The Interdependence between Lebanese Higher Academic Institutions’ Goals and Its Faculty Members’ Commitment

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ABSTRACT

Organizational commitment continues to be one of the most commonly researched subjects as it has substantial effects on job performance, turnover, and consequently on organizational performance. This study delineates the notion of faculty members’ organizational commitment in the Lebanese higher education sector, and how faculty members can exert more commitment and devotion towards their academic institutions. It is attested that committed faculty members show enormous work motivation and loyalty, hence this study will decrypt the nexus between the organizational strategic goals and how it is echoing on the faculty members’ commitment.

Keywords: Job satisfaction, Lebanon, Job performance, Organizational commitment, Affective commitment, normative commitment, Continuance commitment.

INTRODUCTION

During the past twenty years, the academic sector in Lebanon has been through enormous development. Since the last two decades, the higher education sector in Lebanon has been through massive growth and campuses penetration; never the less a dilemma emerged on the surface: are the faculty members showing an effective organizational commitment towards the academic institution they are working in?

It is depicted that committed faculty members show enormous work motivation and loyalty (Harshbarger, 1989). Nevertheless, no previous studies have covered the Lebanese faculty members’ subject in relevance to their organizational commitment. The primary objective of this paper is to link organizational commitment as an organizational behavior factor to Lebanese university professors’ commitment. In addition, this paper tackles the need of the organizations as academic institutions to emphasize faculty’s organizational commitment and the focal requirement of effective, motivated faculty members.

This paper is divided into sections that address the themes and functions of organizational commitment. Before exploring further in the notion of organizational commitment, the component of organizational commitment and how it can be applied and implemented, this paper will present a brief background of the Lebanese religious, cultural, demographic, and academic environment.

LITERATURE REVIEW
Background about Lebanon

Lebanon, a “bridge between the East and the West”, “ground of Islamic - Christian dialogue”, and “Crossroads of civilizations” are some of many jargons that indicate the multicultural variety of the Lebanese society.

As stated by the Lebanese constitution, Lebanon is the only non-Muslim country of the twenty-two Arab countries. Consequently, Lebanon is considered as a “Bi-religious” reality. Each of the Muslim and Christian communities, which form the Lebanese religious body are divided into sub-communities. In addition, French and English are the two official languages in Lebanon; hence they standardize two cultures in Lebanon; the French and the Anglo-Saxon respectively.

Constitutionally, there is no official religion in Lebanon; eighteen “historical” religious sects are officially recognized in Lebanon, where the community law plays an essential role in the Lebanese constitution. These eighteen religions share different beliefs, traditions, and national patriotism perspectives, in which the religious affiliation reflects the political diversity.

Therefore the Lebanese compatriots, being from different religions, have preserved different sub-communities and have passed through different historical paths. The Greek-Orthodoxies are considered as the inheritors of the Byzantine Empire, the Sunnites as the depositaries of the Arab Sunnites empires (Omayyad, Abbasside and Ottoman). Therefore, those two communities are the successors of the Muslim and Christian Oriental empires. The other communities are considered as persecuted minorities in the Orient by those same empires, and have established connections with both the Occident (Druzes with Maronites) and the Muslim empires outside the Arab Sunnite world as the Shiites with the Persians.

As for the cultural diversity, Lebanon has a unique characteristic within the Arab World, as it is influenced by the French and Anglo-Saxon culture (Western Individualism) and the Orient culture (Collectivism). In addition to the domestic Lebanese community, a factor has to be taken in consideration: the Lebanese immigrants living abroad in United States, Canada, Australia, Brazil, and Africa. These immigrants found an enormous source of influence, skills, and cultural differences to their native country upon their return to Lebanon from their diaspora.

Besides, in regards to the higher education sector, there is only one public university in Lebanon, the Lebanese University. As for the private sector; there are forty-one private universities and institutions, several of which deliver a grandeur academic quality and the most prestigious education in the region, of which several are internationally recognized (Ministry of Higher Education, 2012). The Lebanese population counts four million people (CIA, 2012). Hence, if we set a mathematical calculation with respect to the Lebanese population, we will infer that for every 96000 people in Lebanon there will exist one university to offer educational services. Consequently, Lebanon is rated from the highest rate of education per capita (World Bank, 2009). Even more, according to the United Nations Development Program the Lebanese public expenditure on education is 1.8 percent of GDP. (UNDP, 2011).

The concept that commitment is essential for the apprehension of organizational and professional goals mainly in the academic institutions organizations has remained
unexploited by researchers. Thus, in order to understand the nature of faculty members’ organizational commitment, we have to take in consideration all of the aforementioned factors in the Lebanese geopolitical volatility such as religion, educational degrees demand, political affiliation, cultural diversity, communities, and access to abroad western higher education degrees. Multi-demographical key variables and organizational variables, which will be discussed later play a critical role in sustaining the universities faculties’ organizational commitment; never the less, the universities are error prone when it comes to just aggregating quantitative faculty members rather than qualitative faculty members. Hence, do the academic institutions offer the right training and development program to kindle faculty members’ motivation and commitment? Consequently, all these tasks depend on an effective human resource management strategy that should be designed tested and implemented in academic institutions.

Organizational Commitment
The term “Lebanese Paradox” is often heard as to verify this endless search for the Lebanese cultural identity. Hence, antecedent research investigated how the Lebanese paradox identity as an individual labor asset varies by organizational productivity, job satisfaction, employee self-development, and organizational commitment.

In today’s contemporary business environment, firms confirm that individuals are their inimitable assets and employees should be considered as an endowment from the labor market to every single firm. Here, theorists had inferred that organizations are structured by three main paradigms: (1) organizations are social systems, which activities are ruled by social work laws and psychological laws; (2) organizations are formed based on the common interests, through which management and employees work in collaboration to achieve organizational objectives and individuals goals respectively; (3) and organizations endeavor to recruit and maintain good employees through ethical and ineffable stable job environment (Davis & Newstrom, 2007).

Organizations prosperity depends on having a solid and secure talented workforce, which can add value to the organizations operations and structure. Therefore, to conquer these priorities, organizations had renovated the role of an effective human resource management strategy. Human resource management functions in the business operations had ebbed and flowed over the 1960’s and 1970’s, personnel department in organizations were often observed as the health and happiness crews (Decenzo & Robbins, 2010) specialized in planning picnics, scheduling vacation, enrolling workers for health care coverage, and planning retirement parties. Today’s human resource strategy mission is to attract, train, develop, and retain employees who fit in a congruent business environment to achieve productivity, labor proficiency, job satisfaction, in addition to job commitment.

Many researchers had concluded that organizational commitment has continued to be a subject of attention from the time when it was introduced in the early 1950s to the field of organizational behavior (Baruch, 1998; Aryee & Heng, 1990; Meyer & Allen, 1990). Organizational commitment can lean into enriched performance, organizational efficiency, low turnover and low absenteeism. (Meyer & Allen, 1997; Mowday, 1998).

There exists a wide selection of literature related to antecedents and consequences of organizational commitment. Lack of organizational commitment has been linked to such epidemic barren behaviors, such as tardiness, absenteeism and turnover. Furthermore, organizational commitment has been also associated with increased productivity and
organizational effectiveness (Buitendach & de Witte, 2005); employees will show better commitment if they are self-satisfied with their work. On the other hand unsatisfied workers with negative attitude will eventually either drop out from the organization or propagate a harmful atmosphere in which it might lead to an organizational cultural decadence.

Consequently, firms’ endeavor in the current business environment is to mitigate the loss of human asset, and to sustain the employees’ organizational loyalty; in return, employees need the right intrinsic and extrinsic restitution. For this purpose, organizational commitment is extensively illustrated in the management and behavioral sciences literature as a major factor in the connection between individuals and organizations exchange relationship.

**Components of Organizational Commitment**

Mowday and colleagues (1982) defined the concept of organizational commitment as “…the relative strength of an individual’s identification with and involvement in a particular organization” Reichers (1985) made a distinction between two schools of thought: Psychological (or attitudinal) and Behavioral commitment. Consequently, Allen and Meyer refer to this as Affective and Continuance commitment respectively. Even more, the concept of organizational commitment was more illustrated by Meyer & Allen (1997) as different from other organizational behavior functions such as job satisfaction, occupational commitment, job involvement, career salience, work group attachment.

Definition of Organizational Commitment is to consist of three components:

a. **Affective Commitment**: is generated as the outcome of accumulated an employee experience that satisfies the employee’s need to feel physically and psychologically comfortable in the organization. Affective Commitment, which was best presented by Porter and his Colleagues (Mowday, Steers & Porter, 1979) inferred that affective commitment is positively related to organizational citizenship behavior; which is defined as behavior that goes beyond what is expected on the basis of the formal employment contract.

b. **Continuance Commitment**: can be concluded as the cost-based commitment, in which employees become aware of the costs that are related of leaving the organization such as pension benefits and seniority. Thus employees who have solid continuance commitment to an organization will evolve within the organization because they believe they have to do so. Fearing the loss of retirement benefits, pension, and seniority is foreseen as a mechanism for developing continuance commitment that in return can be related to Hofstede uncertainty avoidance theory of cultural dimensions.

c. **Normative Commitment**: which states that employees become committed to the organization because they believe it is the moral or right thing to do (Allen & Meyer, 1990; Scholl, 1981). Normative Commitment is observed as an employee ought to stay with an organization if that firm has invested resources in developing, training, and enriching the employee qualification. Consequently the employee will feel he ought to stay with the organization as a moral restitution for the debt.

**Variables associated with the components of organizational commitment**
In this paper, it is noticed that organizational commitment literature inferred an enormous list of demographical variables that are associated with commitment. Those variables include personal characteristics such as age, seniority, gender, status, and educational level. (Thornhill, Lewis & Saunders, 1996)

In addition to the demographical condition associated with organizational commitment, there exists the bond between organizational commitment and job satisfaction. We cannot tackle the subject of organizational commitment without mentioning job satisfaction as it has a tremendous effect on employees’ commitment. Even though the classical theories of organizational behavior state that job satisfaction is antecedent to organizational commitment (Bagozzi, 1980; Mathieu & Hamel, 1989), other researchers believe the opposite (Bateman & Strasser, 1984; Wong, Hui & Law, 1995).

To elaborate more in job satisfaction and how it is linked to organizational commitment, job satisfaction is considered as an attitudinal variable measuring the level to which employees like their jobs and the diverse features of their jobs (Spector, 1997; Stamps, 1997). Job satisfaction is linked to higher job performance, enhanced motivation, and lower rates of absenteeism (Begley & Czajka, 1993; Chiu, 2000). In order to understand job satisfaction, it is important to comprehend what motivate people at work; satisfaction has to do with organizational variables such as the content of the job itself. This is related to the following characteristics: skills variety, job autonomy, task identity, task significance, and feedback.

Consequently, linking organizational commitment to job satisfaction with such demographical factors such as age, gender, status, educational level, seniority, and religion can be considered as a cause–effect relation. Furthermore, there exist organizational and job characteristics that are stipulated by some theorists where it may lead to organizational commitment and job satisfaction at work. Among the organizational variables are autonomy of job, feedback, and role stress (Steers & Braunstein, 1976; Steers, 1977). In addition, there exist the leadership style participation in decision-making (Morris & Sherman, 1981; Eisenberger & Huntington, 1986), affiliation, absenteeism, turnover (Stumpf & Hartman, 1984), and the will to stay (Steers, 1977; DeCotiis & Summers, 1987). Hence, all these aforementioned factors play a subsequent element in studying job satisfaction and in return will lead to organizational commitment.

Figure 1: Faculty Members’ Organizational Commitment Framework


**Faculty Members’ Commitment**

The concept of faculty commitment in the academic institution has been a phenomenon of ongoing interest to researchers. Reichheld (1996) and Pfeffer (1998) concurred that organizations that practice a policy of increasing employee commitment can achieve a competitive advantage over other organizations that disregard such strategy. Therefore, we can conclude that with a fattened commitment strategy implemented by academic institution, faculty members are satisfied within their organization. Hence, they will demonstrate devotion towards the organization. As fulfilled employees tend to stay with an organization, the latter will save expenses on recruiting and training new employees as loyal employees retain within the organization.

As mentioned earlier, the primary goal of this paper is to understand the mechanism of Lebanese faculty members’ commitment to the academic institutional goals and enhancing job performance. Lebanese faculty members employed by academic institutions from different fields can show enormous commitment depending on different demographical and cultural variables mentioned before in this paper. Furthermore, the academic institutions can enhance employees’ organizational commitment based on different organizational factors by designing a clear job analysis, autonomy of the job, job enrichment, job engagement, and offering training and development programs.

Thus, critical researches questions shall be raised regarding the Lebanese faculty commitment and include the following points of inquiry:

1- Can such a commitment be correlated to academic institutional strategic goals?

2- Can faculty members’ commitment be linked to an effective job analysis, designating the right job description and job specification?

3- Is faculty members’ commitment influenced by various personal and demographic variables, such as gender, religion, educational level, and age?

4- Is faculty members’ organizational commitment influenced by various job characteristics and institutional qualities such as job enrichment, job enlargement, skill variety, task identity, task significance, autonomy, self-achievement, feedback, role stress relationships and participation in decision-making?

5- What is the relationship between organizational commitment and job satisfaction with respect to job performance?

Many theorists have studied and researched the subject of faculty commitment. Harshbarger (1989) has clarified factors that differentiated highly commitment from less commitment faculty members. Hence, Harshbarger has inferred that faculty commitment is influenced by jobs autonomy. Moreover, faculty members who perceived congruence between their personal values and goals and the institutional ones reported higher level of commitment, while faculty members who felt incongruence between their values and goals contrasted by the values of their institution reported lower levels of commitment. (Harshbarger, 1989)

In order to correlate the Lebanese faculty commitment to Harshbarger’s observation, it is surmise that the objective between achieving marketing and financial organizational goals tend to deteriorate faculty’s commitment; contrasted with enriching and enhancing faculty’s own academic primacies through job autonomy, research, and task significance. Almost forty
percent of the Lebanese private universities and institution has been established since the 1990’s. Therefore, this has led that these institutions’ strategic goals are toward quantitative focus rather than qualitative focus of students’ count, and more into market penetration through diffusely organized campuses in Lebanon and the region. Thus, faculty members’ commitment will vary widely between different organizational commitments mentioned before as affective commitment, continuance commitment, and normative commitment. A fading training and development program, enriching job characteristics, and effective reward system will lead faculty members into a materialistic system of restitution, especially with such a massive number of universities in Lebanon rather than an effective commitment based on normative commitment.

Moreover, faculty commitment tends to increase when its members perceive that the institution is offering a supportive intellectual environment and an affective remuneration system, (Neuman & Neuman, 1990) which is the case of many Lebanese faculty members. Hence, this can be linked to Allen and Meyer normative and continuance organizational commitment. Consequently, it can be associated to the Lebanese faculty members’ normative commitment and continuance commitment where with such an academic strategy, faculty members’ job satisfaction can be enhanced and lead to academic commitment.

Therefore, faculty members will be in a dilemma between the organizational short-term and long-term strategic goals. To focus on enriching the caliber of the current institutions’ faculty asset, academic institutions need administrational agility and human resource innovation, which in return will enhance commitment of faculties perceiving institutions offering such a culture. Never the less, institutions showing an interest in marketing penetration and qualitative count of students’ enrollment as strategic goals might alienate the faculty members’ commitment and loyalty due to the different employment opportunities by various academic institution with encouraging restitutions, teaching in different universities for multi number of courses.

Through the aforementioned observation of commitment, it is fundamental to clarify the relationship between individuals and organizations. The diagram below summarizes the concept of individuals’ and organizations’ mutual relationship and the arbitrating link of the Exchange relationship between the two polar ends.

Figure 2: Individuals and Organizations Exchange Relationship

Consequently, this bipolar relationship involves on one end, the group whose priority is conquering individual needs, and on the other end the organizations target to sustain and accomplish organizational objective in which a win-win situation shall be conquered through mediating exchange link. (Argyris, 1957)
CONCLUSION

Even though, the above-mentioned observations offer such a vivid picture regarding symptoms of Lebanese faculty members’ organizational commitment. A remarkable subject such as the Lebanese faculty members’ commitment needs much more research and study to acquire relevant literature covering the Lebanese current academic sector.

This paper reflects critical importance to both the faculty members and the academic institutions. Hence, with such a higher education academic sector magnitude in Lebanon, universities must apply a pervasive motivating employee culture strategy. Therefore, it is noticed that the success of such universities depend on innovative human resource strategy that invest in committed, mercurial faculty members who can adapt and maneuver with respect to the organizational strategic goals.

References

The Interdependence between Lebanese Higher Academic Institutions’ Goals and Its Faculty Members’ Commitment

The Effect of Product Design on Technology Switching Decision by Medical Imaging Users: The Case of Lebanon

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ABSTRACT

The literature demonstrates that the long-term success of firms depends on their maintaining consumer satisfaction because a satisfied customer repurchases from the same firm. Retaining customer satisfaction, however, requires that firms continually develop their product features to reflect changing consumers’ preferences, especially in the high-technology field where consumers prefer to have advanced technology to sustain a competitive position. As a result, the product itself could cause consumer switching if the product features that are important to consumers do not embrace new technology. This paper presents a theoretical framework that explores brand switching of high-technology products. The framework components were selected through an intense review of the literature. This study is important because most of the extant literature on brand switching focuses on consumers in highly competitive markets, while there is little understanding of the antecedents of switching in business markets, especially in markets for high-technology products.

Keywords: brand switching, high technology products, product design, switching decision, Lebanon.

INTRODUCTION

The long-term success of firms depends partly on retaining their customers because satisfied customers are likely to repurchase from the same supplier, thus decreasing customer recruitment costs for the supplier (Mittal et al., 2005). Retaining user satisfaction, however, requires that firms continually improve their product features to meet changing preferences, especially in the high-technology fields, where access to the latest features can help users sustain a competitive position (Pae and Hyun, 2006). Brand switching is critical because it can reduce the market share of a firm and make it expensive to gain back customers (Zins, 2001). It is essential, therefore, for product managers of high technology devices to determine the antecedents that underpin brand switching, so that they can define the appropriate product features.

The literature reports substantial research that explores brand switching. However, most of it focuses on mass-market consumer goods where switching costs are generally low (Low and Johnston, 2006; Wathne et al., 2001). However, there is a paucity of knowledge about this behavior for high technology, where switching costs are high. Variables used to explain this behavior can be classified under three major categories: marketplace characteristics,
interpersonal relationships, and consumer characteristics. However, the influence of product design on consumer switching behavior is rarely discussed (Al-kwifi, 2011), and because of the resulting lack of knowledge we have little understanding of the consequences for theory and practical implication. This research aims to explore further the influence of product design on switching behavior for high technology medical imaging products, with users facing numerous implications and significant costs at each step of the purchasing process.

The product design concept is widely used in product innovation and marketing literature. The product innovation literature emphasizes the importance of product design features in achieving high market performance (Chang and Hsu, 2005), and the user-oriented product design for optimal combination of product features (Lai et al., 2006). The marketing literature explains the need to take consumer preferences into consideration to create a successful product design (Srinivasan et al., 1997), and the influence of product design on consumer choice (Fuente and Guillen, 2005; Bloch, 1995). In previous studies, product design has been used to refer to product features, characteristics, and functionalities.

The resource based view (RBV) of the firm argues that firms possess resources that are heterogeneously distributed across firms (Wernerfelt, 1984), and that the differences in resources persist over time. These resources are valuable and unique for each firm and lead to the creation of competitive advantage. However, the RBV does not adequately explain how firms achieve competitive advantage in conditions of rapid and unpredictable change. Therefore, the dynamic capabilities theory has emerged to explain how firms respond to highly dynamic environments to maintain competitive advantage (Teece et al., 1997). Previous research on dynamic capabilities shows that timely responsiveness and flexible product innovation, coupled with management capability, are essential to coordinate and redeploy internal and external competences effectively and to deliver marketable products that successfully meet buyers’ demands (Eisenhardt and Martin, 2000).

If the previously adopted technology by a buying organization is slow in meeting its strategy to secure a competitive advantage, the organization will try to obtain a new technology that helps it achieve its objectives efficiently and effectively. Hogan and Armstrong (2001) show that technology switching to a different supplier means replacing the old resource with a more valuable one to achieve a competitive advantage. Wang and Ahmed (2007) indicate that maintaining a competitive advantage requires renewing and reconfiguring resources and capabilities in response to technological changes in the external environment. This argument shows that switching to a better technology to renew the internal capabilities and preserve high organizational performance can be explained by the dynamic capabilities theory.

**LITERATURE REVIEW**

When consumers switch from one product to another, they are clearly indicating either that the product is no longer satisfying their needs or that another product being offered by a competing firm is more attractive (Xavier and Ypsilanti, 2008). Consumer switching means that customers abandon one service provider or business supplier for another (Garland, 2002). Most research has shown that customer retention plays a vital role in both increasing a firm’s revenues and reducing costs. Peters (1987) shows that it is more profitable to retain a customer than to attract a new one; that acquiring a new customer costs five times as much as retaining an existing one. According to Bolton and Lemon (1999), existing customers have a greater usage of a firm’s services or products than would new customers, a fact that automatically increases market share and hence increases firm revenue.
In addition, continuing customers are less price-sensitive than new customers would be (Keaveney, 1995), and are less expensive to serve (Ganesh et al., 2000). Continuing customers also have a greater tendency to generate positive word-of-mouth comments on a firm’s products and services and a higher tendency to resist the persuasive arguments of suppliers (Dick and Basu, 1995). A positive word-of-mouth attracts new customers and reduces the costs of attracting them by other means (Keaveney and Parthasarathy, 2001), constituting a major cost-cutter for the firm. In addition, loss of an existing customer may generate negative word-of-mouth comments or damage a firm’s good reputation or even a firm’s brand image – all leading, perhaps, to a reduction in the firm’s future chances of acquiring new customers or to an increase in the costs of doing so (Lopez et al., 2006). For those reasons, it is vital that a firm understand the reasons behind the switching decisions of its clients – whether those clients be consumers or businesses – in order to build a successful buyer-seller relationship.

**Switching Catalysts in Buyer-Seller Relationship**

A switching catalyst is a factor that leads consumers to dissolve a relationship with an existing supplier. Literature studies have continually studied the reasons that make dissatisfied customers switch their service providers (Stewart, 1998; Colgate and Hedge, 2001). According to Antón et al. (2007), consumers can be motivated to switch suppliers for the following reasons: poor quality of a supplier’s product or service; a perception of low commitment to or interest in the consumer by an organization; a perceived unfair price; and a serious disagreement. However, it is worth noting that certain factors such as unfair price and a conflicting incident have a greater effect on the switching action than poor quality and low commitment. Being knowledgeable about alternatives available in the market strengthens the switching intention if quality is poor; similarly, the more highly involved consumers are more likely to switch when they perceive that the organization’s commitment to the consumer has deteriorated.

In a study on the buying practices of telecommunications consumers, Xavier and Ypsilanti (2008) revealed that consumers’ awareness of alternative providers of services is of primary importance, being a major catalyst in the switching behavior of consumers. In a study on Chinese bank customers, Clemes et al. (2010) found seven key factors that influence the switching behavior of consumers: switching costs, price, service quality, reputation of service provider, effective advertising competition, distance away from service provider, and involuntary switching such as moving houses or changing jobs.

Several studies have also been conducted to study the effect of switching barriers on reducing a dissatisfied consumer’s desire to leave an existing service provider (Jones et al., 2000, 2002; Burnham et al., 2003), making them continue to purchase from their existing supplier. Dissatisfied consumers may decide to stay with an existing service provider due to high switching costs (Gronhaug and Gilly, 1991; Kim et al., 2006). Similarly, Valenzuela, F. (2010) concludes that the emergence of “punitive switching barriers,” such as creating high exit fees, plays a significant role in preventing dissatisfied customers from switching to another service provider.

According to Jones et al. (2002), switching costs can be segmented according to the following: (1) lost performance costs, referring to the perception regarding the existing benefits that might be lost upon switching; (2) uncertainty costs, referring to the perception that the switching will induce lower performance; (3) pre-switching search and evaluation
costs, referring to the time and effort spent to gather information pertaining to the switching; (4) post switching behavioral and cognitive costs, referring to the time and effort spent on learning the new product or service; (5) set-up costs, referring to the time, effort and money given to the new supplier to implement the change; and (6) sunk costs, referring to the perception of lost investment and costs already incurred in the existing relationship. Jones et al. (2002) found that lost performance costs is the factor that influences switching the most.

Switching barriers studied by various researchers also include the following: effect of availability and attractiveness of alternatives (Bendapudi and Berry, 1997); relationships between the buyers and sellers (Colgate and Danaher, 2000); inertia (White and Yanamandram, 2004); service quality (Bell et al., 2005); and service recovery (Durvasula et al., 2000). According to White and Yanamandram (2007), increasing the switching costs and reducing the consumers’ perception of the attractiveness of alternatives could be crucial elements in creating switching barriers for an existing supplier.

In the business to consumer services industry, a study by Valenzuala (2010) on retail banking customers revealed a total of five factors of importance for measuring switching barriers. Three of the factors – organizational credibility, value congruency, and relational value – are associated with positive or reward-based switching barriers; and two – difficulties of switching and lack of attractive alternatives – are associated with negative or punitive switching barriers. In addition, Barry et al. (2008) have proved that relationship quality (applying mostly to business-to-business relationships) is a major barrier to consumers’ ability to switch from one supplier to another. Relationship quality can be attained through building value over time; promoting buyer confidence; and striving to exceed customer expectations. Upon building such a relationship, one creates switching costs that play a huge role in prohibiting businesses from switching suppliers.

Bell et al. (2005) have concluded that when consumers have expertise in their field of interest, they are better at evaluating different products and have a higher tendency to switch to those that yield higher proceeds. According to Yen et al. (2011), perception of a supplier firm, willingness to customize for buyer, and effective communication provided by the supplier, play a significant role in building trust between the supplier and the buyer and, hence, increases switching costs. Although the research conducted on the B2B relationships is much less extensive than that conducted on B2C relationships (Lam et al., 2004), several of the barriers that apply to B2C can be applied also to B2B relationships (Durvasula et al., 1999).

The Role of Product Design as a Switching Catalyst
As already discussed, researchers have continuously studied the reasons – whether they be related to the marketplace (alternatives in the market, switching costs…) or to the relationship between the buyer and the seller (relationship quality, trust…) or even to the characteristics of the buyer himself (inertia, expertise…) – why consumers switch from one product to another, regardless of whether those consumers are individuals or businesses. However, little emphasis has been placed on the role of product design in the switching process (Al-kwifi, 2011).

Although “product design” is an engineering concept that refers to the processes involved in implementation and to the effects of those processes on the final outcomes, from a marketing perspective it refers to the innovative part that is included in the “making of” the final product or service, which strives to add value to the end-consumer. According to Strandvik et
al. (2012), suppliers should strive to fully comprehend the “value generating processes” of their consumers so that they can better understand the logic on the perceptions of value drivers, which in turn enables suppliers to create what is perceived by consumers as an “innovative – valuable product/service.” From a broader perspective, consumers are usually confronted by various competing products in the marketplace, each product having unique features. However, if design initiatives of products are not implemented effectively from the start, then those products will not appeal to consumers, thereby forcing the consumers to switch to products that have implemented the product design concepts.

From a B2C perspective, some researchers studied the effect of product design attributes on the switching decisions of the consumers. For example, Bansal et al. (2005) studied the “attractiveness of alternatives”; Van Trijp et al. (1996) studied the “perceived differences between brands”; Bayus (1991) studied “product value”; Na et al. (2008) studied “product design attributes versus brand equity”; and Jianping and Murray (2010) studied product attributes in terms of “form and function” and explored how they affect the switching behavior of consumers. From a B2B perspective, a limited number of marketing studies have placed emphasis on the role of product design: Mazumdar (1993) studied the importance of “value engineering,” which is based on offering the attributes that satisfy the needs of the consumers in the most efficient and effective way possible; and Al-kwifi (2011) studied the influence of “product features and product variety” on buyer switching behavior.

**Theoretical Model Of Buyer Switching Of High-Technology Products**

Although research on product design has focused mostly on innovative initiatives to make products more appealing to consumers, the effect of product design on switching behavior has been rarely mentioned (Al-kwifi, 2011). In this research, we discuss product design’s role in the switching process between brands. The description of “product design” used in this research is similar to the design studied by Al-kwifi (2011), who characterizes product design by product features and performance.

In this study, we adapted a model similar to that used by Al-kwifi (2011), which was used to study the switching behavior of lead users of Magnetic Resonance Imaging industry. In his model, Al-kwifi (2011) used a comprehensive model (with eleven variables) to capture the unique situation that reflects the lead user’s case. In our study, however, we use a simplified model (with six variables) to study the case of general users of high-technology medical imaging products. The simplified model was adapted using information gathered by interviewing many technology users.

**Research Model and Hypotheses**

*Product features.* Product features and their performance are considered the most important aspects in building a buyer’s competitive advantage (Al-kwifi, 2011). And given that high technology markets, such as that for medical imaging devices, are constantly changing, buyers are continuously evaluating the features and performance of their existing products and assessing whether other products with wider features and performance are able to improve their market position and help them gain a competitive advantage (Al-kwifi, 2013). For this reason, the availability of products with wider features and high performance can trigger switching.

Generally, product features provide unique capabilities that make buyers bear the switching costs and their consequences, granting higher pay-offs. Certain product features become attractive only when they contribute to high performance to differentiate them from other
products on the market (Thompson et al., 2005); however, because technology is changing rapidly and buyers’ needs are difficult to predict, determining what are the attractive features in high technology products becomes a challenging task for suppliers (Krieg, 2004). A product design that incorporates a wider range of features that yield high performance is expected to increase buyers’ incentives to switch.

H1: Wider product features linked to high performance increase the probability of switching.

*Product service.* Product service is vital to ensure that the high technology equipment will run without interruption. If an interruption occurs, it must be resolved efficiently to prevent expensive downtime and shifting schedules. Since medical equipment is complex and usually contains multiple advanced features, an engineering specialist is needed to fix malfunctioning equipment and calibrate it after each service. Generally, medical technology users are concerned about the delay in getting the specialist from the supplier’s main office and the time needed to fix a sudden break, so most users prefer to use a nearby service center that can provide quick on-site support. The importance of this variable is stressed in previous research (Al-kwifi, 2013; Athaide et al., 1996). Without appropriate product service, a technology cannot function competitively; therefore, the offer of reliable service increases incentives to switch to a new technology.

H2: The likelihood of switching to a brand is positively associated with the reliability of its product service

*Technology Incompatibility.* Previous studies have shown that technology incompatibility is a major reason why buyers do not switch from their existing suppliers (Low and Johnston, 2006). Hence, once buyers purchase a certain item from a specific supplier, they prefer to continuously purchase all the added features and software from that supplier, especially when a standard product design is not available in the industry. In such cases, it is not practical to request attractive features or applications from other suppliers unless the entire product is ordered. Studies have shown this incompatibility to be a major barrier to switching to attractive products, in particular for high technology products, where larger capital costs are coupled with the replacement process (Heide and Weiss, 1995).

In this study, costs associated with overcoming technology incompatibility of high technology products are exceptionally high, which could prevent buyers from switching to a new supplier. However, if buyers are able to meet the costs of replacing the product, then technology incompatibility does not represent a switching barrier.

H3: Technology incompatibility decreases the probability of switching.

*Relationship Incompatibility.* Buyers and suppliers often develop rigid relationships that promote benefits for both parties. The stronger the relationship between the buyer and the seller, the more difficult it is for the buyer to sever a relationship with the existing supplier (Valenzuela, 2010; Barry et al., 2008), because the relationship with the new supplier might not be as strong and as beneficial as the existing one.

If the relationship changes, however, the buyer has to develop new practices and procedures to fit the new relationship requirements with a potential supplier (Heide and John, 1992). Occasionally, the entire set of working and personal-interorganizational relationships need to be rebuilt with the new supplier to make the new environment efficient and productive.
(Weiss and Heide, 1993). Establishing such new relationships with new suppliers requires intense engagement so as to understand the needs of each side and guide each to greater benefits for both partners. Research in marketing shows that a long supplier-consumer relationship imposes strong pressure to stay with the same supplier to maintain the accumulative value of this relationship (Wathne et al., 2001; Price and Arnould, 1999), and therefore, an established relationship often creates a strong barrier to switching.

H4: Relationship incompatibility decreases the probability of switching.

Price. Price is a critical factor that encourages switching (Clemes et al., 2010; Antón et al., 2007). When a buyer perceives that he or she is being offered an unfair price or that there are alternatives in the market with a lower price, then the buyer is tempted to switch. Product price is a key element in the total switching costs (Jones et al., 2002). Suppliers have considerable control over this variable; when sellers lower the price, buyers realize the economic value of switching (Kranton, 1996). Sometimes a supplier can spread the price over a certain period, giving buyers some relief from bearing the large costs all at one time.

H5: Lower prices increase the probability of switching.

Support of top management. The purchasing process at the organizational buying level is more complicated than that at the consumer level because of the difference in organizational structure and the number of individuals involved in decision making (Bunn, 1993). In general, buyers adopt various policies to reach decisions based on different factors: importance of purchase, uncertainty, extensiveness of choice set, and perceived buyer power (Bunn, 1993). Heide and Weiss (1995) found that a formalization process restricts a buyer’s ability to switch, because the limiting procedures make the process of collecting information and analyzing it tedious. They discovered, however, that a centralization process has no impact on switching, because top management will switch only if doing so improves the organization’s competitive advantage. Therefore, flexible organizational procedures usually facilitate the switching process.

H6: Flexible internal buying procedures increase the probability of switching.

**RESEARCH METHODOLOGY**

Previously, Al-Kwifi (2011) studied the role of product design on switching decisions for capital intensive technologies (MRI scanner), where the selected sample represented lead users who use this technology in research and clinical activities, and are spread globally across various research centers. Our study is similar to that study, but it focuses on a specific geographical region – Lebanon – by targeting users of different medical imaging disciplines such as MRI, X-ray, ultrasound, CT scan, and Pet scan.

The initial survey was created then verified by industry experts, academic researchers, and individuals who are knowledgeable in the purchasing process. Then the survey was integrated online and the web address was given to various hospitals, medical centers, clinics, and potential users of medical imaging technology.

Once the data collection is complete, data will be analyzed using SSPS to check for non-response bias, variable validity, and factor analysis. Since the dependent variable, “switching,” is a binary variable, logistic regression will be used to examine the influence of
dependent variables at once. In other words, the impact of one variable can be assessed while controlling for the effect of all other variables in the model.

CONCLUSION

Since there is no universal model in the literature that describes or predicts brand switching behavior. Each study adopts different independent variables to explain this behavior based on the industry or product under investigation. Our research is expected to contribute a model that will explain the switching behavior of users of high technology medical products. This model will clarify our understanding of brand switching in a context where successful product design plays a significant role despite the high switching cost.

Reference


Environmental Forces and Entrepreneurial Behavior of Small-scale Individual Entrepreneurs at the Border Towns of Kedah and Perlis

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Environmental Forces and Entrepreneurial Behavior of Small-scale Individual Entrepreneurs at the Border Towns of Kedah and Perlis

ABSTRACT

This paper presents the findings on the relationship between demographic and environment factors with entrepreneurial behavior of small-scale business operators at the border towns of Kedah and Perlis in Malaysia. The research is a cross-sectional study and a survey method is used. Data from 143 Malay Small-Scale Individual Entrepreneurs (SIEs) were analyzed using multiple regression analysis. The result of this study reveals that level of education has a significant relationship with locus of control. The result also shows that there is a negative significant relationship between nationality and the need for achievement and locus of control. With regard to the environment, there is a positive relationship between predictable environment and entrepreneurial behavior and, intensity of competition only shows support with the need for achievement.

Keywords: Entrepreneurial behavior; Predictable Environment; Intensity of competition

BACKGROUND OF THE STUDY

Academic research in small business is relatively recent (Shepherd & Wiklund, 2005) and the importance of small and micro-businesses is widely acknowledged (Reijonen, 2008). Scholars are now recognizing that small businesses are essential for entrepreneurial activity, innovation and job creation. According to Azmat and Samaratunge (2009), SIEs form the bulk of informal sector – who range from petty traders to personal service workers like small street vendors, barbers and owners of small shops, and their number keeps on increasing. Hashim (2003) said that, to Malays, those people who are involved in the business, be it small, large or medium are called “entrepreneurs”, particularly among those who had operated their own businesses. Since the term entrepreneur is associated with the ownership status, thus, members of the business that obtain a license and commercialize its own leases to others are also called entrepreneurs. It is obvious that the entrepreneurial behavior of the Malay SIEs has already existed as the nature of entrepreneurship embedded in their routine activities. They provide valued goods and services to local community as well as to the local and international tourists. At the same time, they also create employment opportunities to the people within the area (Azmat & Samaratunge, 2009; Reijonen, 2008; Rejab, 1983).
The previous studies on small business, in Malaysia and other countries, among others, focused mainly on the problems faced by the entrepreneurs in conducting and running their businesses such as; financial and family problems, lack of management skill and experience (Abdullah, Hamali, Deen, Saban, & Abdurahman, 2009; Aziz, 2006; Hosseini & McElwee, 2011; Mukhari & Chu, 2010; Reijonen, 2008). Even though there are barriers and severe resistance in handling their businesses, entrepreneurship is still identified as the key business activity which is most likely to lead to the successful economic change for the Malay SIEs. Therefore, it is of the interest of the researcher to understand how these gaps or barriers to entrepreneurial progress in the Malay SIEs can be overcome through their behavior. This is because, it is important to examine the environmental factors as well as their behavior that make them continue to live and stay in the business despite the fact that they are facing various problems, such as financial and family problems.

Research Objectives
1. To examine the relationship between demographic factors and entrepreneurial behavior.
2. To examine the relationship between environment and entrepreneurial behavior.

LITERATURE REVIEW

Entrepreneur Demographic Factors
The term gender from previous research approved to be an influence factor to entrepreneurial behavior and entrepreneurial performance outcome. Most frequently, males are perceived as ambitious, confident and practical, while females are more preferably described as affectionate, sympathetic and considerate (Ward & Williams, 1982). Age also received significant research attention. It is expected that older entrepreneurs will state higher preferences for each criteria because as they grow older, the possibility of gaining higher academic qualification, more experience, and better decision making as well as possessing more competencies compared to younger respondents (Poole & Jenkins, 1998).

A study by Kristiansen and Indarti (2004) on entrepreneurial intention among Indonesian and Norwegian university students found that Norwegian students who were older than 25, had higher scores compared to those who were younger. However, there were no differences found from Indonesian students. They concluded that, entrepreneurial intention was not significantly influenced by age in both countries. In this study, the age of entrepreneurs is categorized into two: (1) Less than 25 years old and, (2) More than 25 years old. Therefore, those of more than 25 years old are expected to score the highest preferences for each criterion compared to the younger entrepreneurs (Kristiansen & Indarti, 2004).

A study by Zhao et al. (2005) suggested that efforts taken to increase entrepreneurial activity that were focused on individual level might indeed be worthwhile. Even though in their study gender was not related to entrepreneurial behavior, it was directly related to entrepreneurial intentions such that men were reported higher intentions to become entrepreneurs than women. A study by Khanka (2009) on the entrepreneurial performance in a less developed region of Assam in India, has found that gender does not matter in the entrepreneurial performance. However, Khanka (2009) has found that married entrepreneurs perform better than their unmarried counterparts. This is because marriage is related to maturity of the entrepreneurs, and maturity enables entrepreneurs to cope better with business problems and thus perform better. Marriage creates obligation and responsibilities to raise one’s need for more income or higher performance. A study by Clercq, Menzies, Diochon and Gasse (2009) has shown that age has a positive relationship with goal commitment in which older nascent
entrepreneurs exhibit higher levels of goal commitment than their younger counterparts. However, gender and educational levels have no significant relationship.

A study by Kariv (2010) on the role of management strategies in business performance, on a Canadian sample of 115 entrepreneurs and an Israeli sample of 118 entrepreneurs, has found that educational level and past managerial experience emerged as significant, with both having a positive effect on business performance. Educational level and past experience emerged as significant suggesting that these have a central role in determining business performance. However, age, gender and nationality were insignificant in affecting business performance. Nevertheless, Bartos (1989) on her studies about the demographic and attitudinal changes among women, claimed that there are more women in the workplace today than the previous generation and women are forming businesses at a rapid rate (Lambing & Kuehl, 1997). A high proportion of these working women came from the traditional target group of housewives at home. According to Bartos (1989) and Sloane (1999), the reason why some women work is due to sheer economic necessity.

**Environment Factors**

Environment is a natural feature of a place and the general situation the entrepreneurs are in. According to Dess and Beard (1984) the border town environment is indicated by dynamic environment and hostile environment. According to Stam, Gibcus, Telussa and Garnsey (2008), dynamic environment is characterized by the rate of change and innovation in the industry. Allen (1999) defined dynamic environment as the degree of certainty or uncertainty in the environment, as well as the stability or instability of the industry. According to Covin and Slevin (1989), uncertain environments have been characterized as unstable industry settings with intense competition combined with harsh overwhelming business climates which lack exploitable opportunities, but a stable and certain environment is otherwise. It seems that the kind of position faced by the Bumiputera Malay SIEs in Malaysia has more predictable environment or a more certain surroundings as compared to the uncertain environment faced by the Thai Malay SIEs at home which leads them to enter the Malaysian markets. Eventually, their future is still vague. For example, these Thai Malay SIEs in Padang Besar, will have to go back to their home country at any time if the state government of Perlis do not allow them to conduct their business here.

Hostile environment, on the other hand measures the complexity in the environment in which the business operates, such as the number of suppliers, customers, competitors and government agencies the entrepreneur depends on within the industry. Miller and Friesen (1982) defined hostile environment as threat to the firm posed by the macro environmental pressure and intensity of competition. For instance, at the border, those entrepreneurs from Thailand come to Malaysia daily to operate their business as well as supplying goods to local businesses (Sayuthi, 2000). While carting their goods, they always face intricacy on documentation with the authorities especially the Customs and Immigration Departments. Moreover, the bazaar is busier during the weekend or during school holidays, which shows the intensity of competition among the entrepreneurs to win for customers as well. This environment that Malay SIEs are facing at the border explains the kind of entrepreneurial behavior such as entrepreneurial self-efficacy, need for achievement and locus of control required among them to succeed in their business.

Therefore, the frantic environment at the border town (Fadahunsi & Rosa, 2002; Shen, 2003) characterized by dynamism and hostility, may be both a threat and opportunity (Yeoh, 1994) to the entrepreneurs. Hence, high self-efficacy entrepreneurs in this business environment, who face constant problems and frustration daily, may be more likely to increase effort and
Persist on the task which, in future, produces successful outcomes. Thus, they are more likely to believe that they can affect and overcome the obstacles from the environment and perform well (Bandura, 1977; Stajkovic & Luthans, 1998). A study by Lee, Johnson, Gahring and Lee (2008) on the effects of environmental hostility on independent retailers has found that there was a significant interaction between retailer’s perception of the hostility of their business environment and customer patronage of local stores. Retailers who perceived their business environment was high in hostility and experienced low customer patronage emphasized a merchandized strategy. However, retailers who experienced high customer patronage of their stores perceived their business environment as low in hostility. Lee et al., (2008) has argued that it was customer patronage of local stores that influenced retailers’ perception of the hostility of the business environment, and neither customer patronage nor retailer’s perception of the hostility of the business environment directly influenced emphasis on a business strategy.

**Entrepreneurial Behavior**

Behavior associated with entrepreneurship based on the previous studies are aggressive, achievement oriented, have locus of control, are independent, and have tenacity, persistence and perseverance (Kuratko & Welsch, 1994; Longenecker, et al., 2000). According to Longenecker et al. (2000), entrepreneurs with high need for achievement are those who like to compete with some standard of excellence and prefer to be personally responsible for their own tasks. Entrepreneurial self-efficacy, on the other hand, according to McGee, Peterson, Mueller and Sequeira (2009), is conceptualized as a construct that measures a person’s belief in their ability to successfully launch an entrepreneurial venture. They argued that entrepreneurial self-efficacy is particularly useful since it incorporates personality as well as environmental factors, and is thought to be a strong predictor of entrepreneurial intentions and action (Boyd & Vozikis, 1994).

Chen et al. (1998) defines entrepreneurial self-efficacy as the strength of a person’s belief that he or she is capable of successfully performing the various roles and tasks of entrepreneurship (Chen, et al., 1998), or the roles and tasks of an entrepreneur (Boyd & Vozikis, 1994). Reviews on the development of entrepreneurial characteristics such as need for achievement, internal locus of control, risk-taking and innovation (Johnson, 1990; McClelland, 1987; Ndubisi, 2007; Sirec & Mocnik, 2010) and entrepreneurial self-efficacy (Boyd & Vozikis, 1994; Chen, et al., 1998; Luthans & Ibrayeva, 2006) have been recognized as highly associated with entrepreneurial behavior. Nevertheless, as pointed out by Boyd and Vozikis (1994) it is crucial to make a distinction between entrepreneurial self-efficacy and the concept of locus of control, as well as need for achievement.

According to McClelland (1987), needs for achievement is defined as someone who would prefer being personally responsible for a performance result, because only under such conditions could he or she feel the satisfaction from doing something better. Needs for achievement is also defined as the motivation to excel and to achieve a goal to a set of standard (Sirec & Mocnik, 2010) and to strive to succeed (Robbins & DeCenzo, 2004). On the other hand, locus of control is the personality attribute that measures the degree to which people believe that they are master of their own fate (Robbins & DeCenzo, 2004), thus, resulting in the acceptance of personal responsibility for the outcomes of his or her abilities and expertise, rather than attributing the cause of events to serendipity, luck, or chance (Sirec & Mocnik, 2010).
The previous study by Boyd and Vozikis (1994), has argued that locus of control is a generalized construct that covers a variety of situations, such as the perception that rewards are contingent on an individual’s own behavior, while self-efficacy is task and situation specific (Gist, 1987). Thus, individuals may exhibit a strong locus of control in general, but may have low self-efficacy with regard to a specific task (Bandura, 1977). Boyd and Vozikis (1994) have also distinguished the difference between the concept of self-efficacy and the characteristics of need for achievement. They further stressed that self-efficacy is often confused with the belief that effort will lead to desired performance. Furthermore, Boyd and Vozikis (1994) consider self-efficacy to be a broader concept than the belief that effort will lead to desired performance, and thus encompasses other factors such as mood and coping abilities under stress (Gist, 1987; Gist & Mitchell, 1992).

Therefore, the researcher has grouped together the concept of entrepreneurial self-efficacy, needs for achievement and locus of control into one variable since they are considered as the entrepreneurial behavior and that they are also related in terms of characteristics, traits and the behavioral aspects of the entrepreneurs.

**Hypothesis Development**

H1: There is a significant difference between entrepreneurs’ demographic factors and entrepreneurial behavior.

H2: The environment influences entrepreneurial behavior.

**RESEARCH DESIGN AND METHODOLOGY**

The population of this study consists of 360 individual entrepreneurs located at Bukit Kayu Hitam and Padang Besar. The sampling frame is drawn from the list of business owners registered with *Majlis Daerah Kubang Pasu* (MDKP) and *Majlis Perbandaran Kangar*.

Twenty five items are used to measure entrepreneurial behavior variable. The development of questionnaire for the measurement of entrepreneurial behavior is adopted from the work of Sirec and Mocnik (2010) and Chen et al. (1998). Respondents were asked to rate the extent to which they perceived each construct in the scale of 1 to 5. The higher the scale (5), the stronger they agree with the statement. This entrepreneurial self-efficacy measurement had been used by Sirec and Mocnik (2010), with the Cronbach alpha reliability coefficient for questionnaire 0.57, indicating lower rate of acceptable internal consistency. The measurement for the other variables, need for achievement and locus of control had been used in a number of studies, including that of Luthans and Ibrayeva (2006), in which the Cronbach alpha reliability coefficient for questionnaire for need for achievement was 0.88 while the Cronbach alpha for locus of control was 0.80, indicating highly acceptable internal consistency.

In this study, data was collected within the period of three months that is between the month of December 2010 and February 2011. To solicit the responses from the Thai Malay SIEs, the researcher decided to use a trained interviewer to collect data. A lady, who is known to the community of Thai Malay businesses in Padang Besar was engaged and trained to assist the researcher. The same method was used by Gima, Li and Luca (2006) in Shenzen, China. This method of on-site data collection provides the key to the right respondents, correct use and understanding of terms and to get better response rate (Gima, et al., 2006).
Almost all the 360 entrepreneurs were approached by the researcher. A total of 143 responses were received. The response rate was about 39.72% which can be considered as good. The other 107 respondents were reluctant to participate. They hide and sometimes chased the researcher away from their premises. Some of them thought that the researcher was part of the government enforcement authority and were suspicious about the study. Some simply does not want to participate without giving any reason.

### The Findings

#### Table 4.0 Profile of Respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>Descriptions</th>
<th>Frequencies</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place</td>
<td>Padang Besar, Perlis</td>
<td>106</td>
<td>74.1</td>
</tr>
<tr>
<td></td>
<td>Bukit Kayu Hitam, Kedah</td>
<td>37</td>
<td>25.9</td>
</tr>
<tr>
<td>Age</td>
<td>Less than 25 years old</td>
<td>50</td>
<td>35.0</td>
</tr>
<tr>
<td></td>
<td>More than 25 years old</td>
<td>93</td>
<td>65.0</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>87</td>
<td>60.8</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>56</td>
<td>39.2</td>
</tr>
<tr>
<td>Nationality</td>
<td>Malaysian</td>
<td>70</td>
<td>49.0</td>
</tr>
<tr>
<td></td>
<td>Thailand</td>
<td>73</td>
<td>51.0</td>
</tr>
<tr>
<td>Marital status</td>
<td>Not married</td>
<td>34</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>109</td>
<td>76.2</td>
</tr>
<tr>
<td>Level of Education</td>
<td>Tertiary education</td>
<td>38</td>
<td>26.6</td>
</tr>
<tr>
<td></td>
<td>Secondary education</td>
<td>105</td>
<td>73.4</td>
</tr>
</tbody>
</table>

#### Table 4.1 Factor and Reliability Analysis on Entrepreneurial Behavior

<table>
<thead>
<tr>
<th>Name</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Eigen-value</th>
<th>% variance</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: Need for</td>
<td>I like the job in which I don't have to answer to anyone.</td>
<td>.73</td>
<td>6.00</td>
<td>37.52</td>
<td>.84</td>
</tr>
<tr>
<td>Achievement</td>
<td>I push myself, and feel real satisfaction when my work is among the best there is.</td>
<td>.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I judge my work by considering whether it meets the minimum requirements for the task.</td>
<td>.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am driven to ever-greater efforts by an unquenched ambition.</td>
<td>.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I spend more time thinking about my goals than my past accomplishments.</td>
<td>.74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Great achievement is not a substitute for anything in life.</td>
<td>.61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 2: Locus of control</td>
<td>I am ultimately responsible for my own business success.</td>
<td>.82</td>
<td>2.07</td>
<td>12.92</td>
<td>.84</td>
</tr>
<tr>
<td></td>
<td>I can control most situations in which I find myself.</td>
<td>.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am usually able to protect my personal interest.</td>
<td>.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>My life is determined by my own</td>
<td>.80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Environmental Forces and Entrepreneurial Behavior of Small-scale Individual Entrepreneurs at the Border Towns of Kedah and Perlis

<table>
<thead>
<tr>
<th>Name</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Eigen-value</th>
<th>% variance</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 3: Entrepreneurial self-efficacy</td>
<td>I feel self-confident when I am with very successful business people. My “knack of dealing with people” has enabled me to create many of my business opportunities. I accept the opinions of others. I feel comfortable when I have complete responsibility to do my work.</td>
<td>.81</td>
<td>1.55</td>
<td>9.71</td>
<td>.83</td>
</tr>
</tbody>
</table>

Table 4.2 Descriptive Statistics of Entrepreneurial Behavior

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean*</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial self-efficacy</td>
<td>3.05</td>
<td>.87</td>
</tr>
<tr>
<td>Need for achievement</td>
<td>4.09</td>
<td>.73</td>
</tr>
<tr>
<td>Locus of control</td>
<td>4.08</td>
<td>.73</td>
</tr>
</tbody>
</table>

Note: *A 5 point Likert type scale is used (1 = Strongly Disagree 5 = Strongly Agree)
The mean value for the need for achievement that is 4.09 while the mean value for locus of control which is 4.08 also reflects that the respondents have agreed on the entrepreneurial behavior components within themselves.

Table 4.3 Pearson Correlation Analysis of Main Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Predictable environment</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Intensity of competition</td>
<td>.40**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Entrepreneurial self-efficacy</td>
<td>.27**</td>
<td>.10</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Need for achievement</td>
<td>.66**</td>
<td>.39**</td>
<td>.36**</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Locus of control</td>
<td>.57**</td>
<td>.28**</td>
<td>.33**</td>
<td>.57**</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Note: N = 143, **p< .01 (2-tailed), *p< .05 (2-tailed)
It is observed that predictable environment correlated significantly to intensity of competition ($r=.40$, $p< 0.01$), to entrepreneurial self-efficacy ($r=.27$, $p< 0.01$), to need for achievement ($r=.66$, $p< 0.01$), and to locus of control ($r=.57$, $p< 0.01$). The multicollinearity is not a problem as all the coefficient $r$ values are 0.66 ($p< 0.01$) and below.
Hypothesis Testing and Regression Analysis
Relationship between Demographic and Environment with Entrepreneurial Behavior

Table Error! No text of specified style in document..2 Regression Result for Entrepreneurial Self-Efficacy

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (male = 1)</td>
<td>-.05</td>
</tr>
<tr>
<td>Nationality (Thailand = 1)</td>
<td>.13</td>
</tr>
<tr>
<td>Level of education (secondary education = 1)</td>
<td>.01</td>
</tr>
<tr>
<td>Predictable environment</td>
<td></td>
</tr>
<tr>
<td>Intensity of competition</td>
<td>.03</td>
</tr>
<tr>
<td>R²</td>
<td>.09</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>.06</td>
</tr>
<tr>
<td>R² Change</td>
<td>.09</td>
</tr>
<tr>
<td>F-value</td>
<td>2.85* (p-value = .02)</td>
</tr>
</tbody>
</table>

Note: N = 143; **p<.01; *p<.05 Demographic variables were dummy coded.

The regression model is statistically significant at .05 levels with R² of .09, indicating that 9% of the variance in entrepreneurial self-efficacy can be explained by the independent variables. Hypothesis H2a predicted a positive relationship between predictable environment and entrepreneurial self-efficacy. The beta value shows a significant relationship between predictable environment and entrepreneurial self-efficacy (β=.24, p<.01), thus H2a is supported.

Table Error! No text of specified style in document..3 Regression Result for Need for Achievement

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (male = 1)</td>
<td>-.10</td>
</tr>
<tr>
<td>Nationality (Thailand = 1)</td>
<td></td>
</tr>
<tr>
<td>Level of education (secondary education = 1)</td>
<td>.06</td>
</tr>
<tr>
<td>Predictable environment</td>
<td></td>
</tr>
<tr>
<td>Intensity of competition</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.53</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>.51</td>
</tr>
<tr>
<td>R² Change</td>
<td>.53</td>
</tr>
<tr>
<td>F-value</td>
<td>30.57** (p-value = .00)</td>
</tr>
</tbody>
</table>

Note: N = 142; ***p<.10; **p<.01 Demographic variables were dummy coded.
The regression model is statistically significant at .01 levels with \( R^2 \) of .53, indicating that 53% of the variance in need for achievement can be explained by the independent variables. Hypothesis H1e predicted a significant difference between entrepreneurs’ nationality and need for achievement. The beta value shows a significant negative relationship between nationality and need for achievement (\( \beta = -.12, p < .10 \)). Therefore H1e is supported. Hypothesis H2c predicted a positive relationship between predictable environment and need for achievement. The beta value shows a significant relationship between predictable environment and need for achievement (\( \beta = .66, p < .01 \)), thus H2c is supported. Hypothesis H2d predicted a positive relationship between intensity of competition and need for achievement. The beta value shows a significant relationship between intensity of competition and need for achievement (\( \beta = .18, p < .01 \)), thus H2d is supported.

### Table

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (male = 1)</td>
<td>-.06</td>
</tr>
<tr>
<td>Nationality (Thailand = 1)</td>
<td>-.15* (p-value = .04)</td>
</tr>
<tr>
<td>Level of education (secondary education = 1)</td>
<td>.13*** (p-value = .06)</td>
</tr>
<tr>
<td>Predictable environment</td>
<td>.59** (p-value = .00)</td>
</tr>
<tr>
<td>Intensity of competition</td>
<td>.09</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>.39</td>
</tr>
<tr>
<td>Adj. ( R^2 )</td>
<td>.37</td>
</tr>
<tr>
<td>( R^2 ) Change</td>
<td>.39</td>
</tr>
<tr>
<td>F-value</td>
<td>17.50** (p-value = .00)</td>
</tr>
</tbody>
</table>

Note:  \( N = 141; ***p< .10; **p< .01; *p< .05 \) Demographic variables were dummy coded.

The regression model is statistically significant at .01 levels with \( R^2 \) of .39, indicating that 39% of the variance in locus of control can be explained by the independent variables. Hypothesis H1h predicted a significant difference between entrepreneur’s nationality and locus of control. The beta value shows a significant negative relationship between nationality and locus of control (\( \beta = -.15, p < .05 \)). Therefore H1h is supported. Hypothesis H1i predicted a significant difference between entrepreneur’s level of education and locus of control. The beta value shows a significant relationship between level of education and locus of control (\( \beta = .13, p < .10 \)). Therefore H1i is supported. Hypothesis H2e predicted a positive relationship between predictable environment and locus of control. The beta value shows a significant relationship between predictable environment and locus of control (\( \beta = .59, p < .01 \)), thus H2e is supported.

### Discussion

**Demographic Factors and Entrepreneurial Behavior**

Result of this study reveals that there is a negative significant relationship between nationality and need for achievement. The result also shows a negative significant relationship between nationality and locus of control. The negative relationship means that Bumiputera Malay SIEs have stronger need for achievement and locus of control than the Thai Malay SIEs. The result is consistent with the study by Boissin et al. (2009). One possible explanation regarding the above mentioned result is that within the Malay SIEs, there are hope and concern that they are able to sustain their enterprising spirit and drive, as well as the energy required in establishing a business while managing and making it grow.
bigger in the future. This also means that, regardless where the Malay SIEs come from, whether they are Malaysian or Thais, they are motivated to excel and perform well in their business.

The result of the study also reveals that there is a positive significant relationship between level of education and locus of control. This is consistent with a study by Kariv (2010) which found that education level have a positive effect on business performance. In this study, 73.4% of the entrepreneurs have only secondary and primary education and this shows that regardless of having whether university or college education, they are really motivated to show that they are able to control their business.

**Environmental Forces and Entrepreneurial Behavior**

*Entrepreneurial Self-efficacy*

The result of this study reveals a significant relationship between predictable environment and entrepreneurial self-efficacy. However, the result shows no significant relationship between intensity of competition and entrepreneurial self-efficacy. This finding is different from the findings by Luthans and Ibrayeva (2006) who found no support for the relationship between the environmental forces with entrepreneurial self-efficacy. The findings in this study show that the predictable environment within the border town of Bukit Kayu Hitam and Padang Besar has an impact on entrepreneurial self-efficacy. One possible explanation is that these entrepreneurs are able to foresee the taste and preference of their customers. In addition to that, they are also able to predict the demand from the consumers which will make them increase their self-belief that they will succeed in their business. However, the intensity of competition through the product quality within the suppliers, customers and competitors has no effect towards their self-efficacy. For instance, each entrepreneur seems to sell the same products from Thailand of the same quality which probably depicts that they are not bothered to compete among themselves.

*Need for Achievement*

The result of analysis shows a significant and positive relationship between environmental forces with need for achievement. This finding is consistent with Lee et al. (2008). One possible explanation is that the Malay SIEs perceive the business environment that they are facing at the border as having an impact on their need to achieve better results in the future. As they have understood customers taste and preference and also manage to predict customers demand, plus at the same time they are able to compete among themselves, therefore, these elements of intensity of competition and predictable environment would provide them with the need to achieve better results in their business. This also means that the entrepreneurs should not ignore the importance of competition in order to satisfy the need for achievement and locus of control. Due to this, the impact on the environment would also increase entrepreneurs’ control of their business.

*Locus of Control*

There is also a mixed result on the relationship between environmental forces and locus of control. The result shows that there is a positive relationship between predictable environment and locus of control, but no significant relationship between intensity of competition and locus of control. In the same parallel, the Malay SIEs perceive that they are not much concerned with the competition among themselves which has no effect on their locus of control. However, their locus of control increases as they face the certainty and
uncertainty of the demand and consumer taste within their business environment at the border.

REFERENCES


Environmental Forces and Entrepreneurial Behavior of Small-scale Individual Entrepreneurs at the Border Towns of Kedah and Perlis


Workplace Spirituality: The Case of University Business Schools

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Workplace Spirituality: The Case of University Business Schools

ABSTRACT

The purpose of this paper is to bring to light a new interdisciplinary way of thinking about spirituality, the workplace and higher education. This is done by reviewing spirituality in the work literature to see first what spirituality and workplace spirituality mean and their influence on work; what happens when spirituality or religion is forsaken; and to give reasons for the recent rise in interest in spirituality which is making its way into every area of our personal and professional life. Second, and blending naturally with spirituality, the aim of education is discussed with reference to business schools and their mission. The overall purpose of this study is to show how spirituality lies at the heart of education and how incorporating spirituality in business schools is not an alien concept. It is to show that the mission of higher education, itself spiritual in nature, can pave a new road to workplace spirituality and business school education.

Keywords: Spirituality; religion; workplace; higher education; business schools; workplace spirituality (WPS).

INTRODUCTION

Reading about spirituality and working in a business school appear like two concepts that are disjoined and foreign to one another. This could not be farther away from the truth! Spirituality which influences people on a personal, organizational and community level cannot be ignored in business education. Spirituality which enhances employee well-being and quality of life creates a sense of purpose, meaning, interconnectedness and community.

The management and organization literature have made a shortcut in understanding workplace spirituality and more particularly when applied to a university setting. The literature speaks of workplace spirituality in organizations. It also speaks of education and its purpose; however it seems to have collapsed spirituality and a university setting to some functional features or dimensions which have neglected the essence or raison d’etre of universities. Therefore this paper is aimed at bringing to light new questions and issues regarding workplace spirituality in a university setting. We do not dismiss earlier work but try to do justice to them by extending the reach of management research on workplace spirituality and higher education. We build in this paper on the most authoritative works out with management studies and in the home discipline of research on spirituality as well as higher education. Done in two stages, an interdisciplinary epistemology will try to raise the
typical question of each of these constructs (spirituality/workplace/education). Firstly, we will develop the concepts and associated issues regardless of management research. Secondly, we will cross this with workplace research’s typical questions and concerns. In conclusion, we set to show that the essence of a university mission and the aim of education fall under a spiritual dimension which by nature should be incorporated in business schools. Business schools are not about teaching students to become materialistic in nature and profit seekers for the sake of profit, but rather responsible citizens of humanity who work to serve, help and provide others with a better life. Once existence becomes centered on the individual, the whole purpose of our creation, education and work dissipate. The potency of these concerns and definitions for organization and management research are both academic and managerial in scope and will aim at contributing to both higher education institutions and the corporate workplace.

Defining spirituality

Defining spirituality remains one of the main challenges in this new field of study. “Spirit comes from the Latin word “spiritus” or “spiritualis” meaning ‘breathing, breath, air or wind (Merriam-Webster). Spiritus is defined as “an animating or vital principle held to give life to physical organisms” (Merriam-Webster). This means the spirit is the life force that keeps us alive and breathing (Garcia-Zamor, 2003). The most important conception of the soul is its internal animating principle; “it is that which moves it and makes it live, to such an extent that when it withdraws itself, life ceases or is suspended” (Durkheim, 1961, p.84).

Many definitions have appeared in the last decade without a widely accepted definition or example. Spirituality has been defined as our inner consciousness (Guillory, 2000, Rama, 2002), a process of enlightenment (Barnett et al., 2000, p.563), a specific form of work feeling that energizes action (Dehler and Welsh, 1994), “a world view plus a path” (Cavanagh et al.,2001, p.6), an “access to the scared force that impels” (Nash and McLennon, 2001, p.17), the “unique inner search for the fullest personal development through participation into transcendent mystery” (Delbecq, 1999, p.345), knowing our deepest selves with heart knowledge (Conger, 1994) and “the basic feeling of being connected with one’s complete self, others and the entire universe” (Mitroff and Denton, 1999, p.83).

Moreover, Swami Rama defines spirituality as “that which helps us to discipline our thoughts, speech, and actions; that which leads us toward the center of consciousness, and thereby helps to unfold our inner potentials” Swami Rama (2002). So how is this spirituality making way into our workplace? And what does it imply? And what role can religion or the lack of it play at work?

Workplace spirituality. What kind of role does religion play in people’s work ethics and what happens when customs and Faith weaken? How can societies hold on to their integrity and coherence when traditional social and religious ties are forsaken? The relationship between work, religion, and spiritual life is not novel to social science. A study of such a relationship was “foundational to the social theorizing” (Case & Gosling, 2010, p.258) of Weber and Durkheim. This research invokes social theorists and references their work as an introduction to WPS for the purpose of giving more legacy, depth and valor.

Some proponents of WPS appear to be treating spirituality as yet another unharnessed resource; this does not do it justice first for its own worth and second for its credibility among skeptics who see it as a commodification of spirituality for material gains. Therefore, it is imperative to trace the relation back to broader social theories that give recent contributions a headrest within two prominent works of the last century.
The Influence of Religion on Work
The influence of religion has long played a dominant role in every aspect of one’s life. Every behavior and every deed was seen through the lens of Heaven. “The corporation was a religious organization” (Durkheim, 1933) where people worked with a sense of obligation, a duty set forth by God. Hard work was but a manifested form of worship; a “calling” that stood against any kind of idleness displayed irrespective of how wealthy a person was. Labor was “performed as if it were an absolute end in itself” (Weber, 1958, p.63).

“A man does not “by nature” wish to earn more and more money, but simply to live as he is accustomed to live and earn as much as is necessary for that purpose” (Weber, 1958, p.60). There is a maximum of happiness which cannot be surpassed for nothing holds more doubt than the idea that individual happiness will increase with human advances and social progress (Durkheim, 1933). The only exception to that is in spiritual functions (Durkheim, 1933). It is those people who view their duty as one of the highest and most moral human activity, those who take pride in their work and are committed and loyal to their occupation, who were able to transcend daily problems. The religious significance people hold to their duty makes them abide by moral codes that free them from material ends. It is within their life of discipline that they become free. For the essence of freedom is not in succumbing to every desire but in obeying Laws. Living a life for God gives a freedom and purpose beyond any material gain.

When religion is forsaken. Religion that gives the conscience a role in pious character building makes those who reject it feel empty. Those who abandon such a spirit look for wholeness in their work alone. They become desolate, unsatisfied and in search for more. Work is not about accumulating wealth but the “attainment of it as a fruit of labour in a calling” is “a sign of God’s blessing” (Weber, 1958, p.172). The security wealth brings should not stop people from working; wealth does not exempt anyone from the Command by God to work. Resting with wealth and falling into the “danger of relaxation” will stray people from the righteous life. “On earth man must “do the works of Him, who sent him, as long as it is yet day” (Weber, 1958, p.157). Human life is relatively short and thus wasting time with leisure, luxury, trivial talk and extra sleep is a ‘moral condemnation’ as well as the deadliest of sins. Time “is infinitely valuable because every hour is lost to labor for the glory of God.” Inactive meditation or contemplation are valueless; “For it is less pleasing to God than active performance of His will in a calling” (Weber, 1958, p. 158).

All religions call on their members to act responsibly and ethically in the work sphere. They stress “the urgency of worldly problems such as the accumulation of wealth and power by a few and deprivation experienced by those at the other end of the socioeconomic scale. They urge their members to address these inequalities through the workplace…” (Caddell & Davidson, 1994, p.137). Members who see religion as integral to their identity are more likely to think of their work as a “calling” to build a more just and equal world. Having a more holistic view of life, their Faith is manifested in everything they do. Work becomes a sacred duty, a way to serve God. Work that becomes more meaningful will increase the commitment and productivity of employees (Paloutzian et al., 2003; Reave, 2005). The Protestant work ethics can be extended to other religions as well. Contrary to what Weber believed, such work ethics could very well be part of other belief systems. Recently, Arslan (2001) made the point that even an atheist can inherit Protestant work ethics from his or her pious protestant family; Let alone other religions.

Islam’s view on work ethics is not that different from the Protestant and Catholic views (Zulfikar, 2012, p.490; Ali, 2001; Uygur, 2009; Arslan, 2000). The main source of Islamic Work Ethic, the Quran and the Prophet Muhammad’s sayings, give Muslims guidelines to
follow in their family and work lives. But in Islam, virtue is not attributed to work as an end in itself but rather as a means to reaching God’s approval. Work according to Islam is “at an equal level as worship” (Zulfikar, 2012, p.501). Hard work is praised while idleness, waste of time and money scolded. “Work in Islam is considered a virtue in light of man’s needs and the necessity to establish equilibrium in one’s individual and social life (Ali, 2001, p. 576).

Weber’s Protestant work ethics discussed earlier was found to be internalized among practicing Muslims. According to the research done by Arslan (2001) and later supported by Zulfikar (2012), pious Muslim managers endorsed higher Protestant work ethics values in comparison to British Protestants (Arslan, 2001) and American Protestants and Catholics (Zulfiqar, 2012). Islamic work ethics included most of the “Protestant work ethics characteristics” (Arslan, 2000, p.18). An explanation to this is the fact that the pious Muslims were practicing their religion in all aspects of their life. They did not leave their Faith at home but rather carried religious values into the workplace as well. Turkish Muslims who visited Europe call the “work ethics values of these countries ‘Islamic’ without hesitation” (Uygur, 2009, p.219).

Thus, for ethical behavior to be self-managed and sustained, it needs to stem from deeply held values. Values provide a motive for sincere ethical behavior. A person who knows legitimacy (halal) from sin (haram), righteousness and honesty can transfer these values to his or her work life.

In this light, religious culture can be very pertinent to business practices. Abiding by religious laws and internalizing religious values has a direct influence on business practices. Although secular people may appear to have similar values, they are easier taught and followed in a religious environment; furthermore, they may be religious values but stripped from their origin (Zulfikar, 2012); covered with a secular appeal that pretends to take ownership, values are accepted without an earnest appeal to understand where they came from.

**THE INTEREST IN SPIRITUALITY**

The sudden rise in interest that surrounds the notion of “spirituality” is itself a phenomenon. Management researchers and practitioners in the last two decades have taken a dramatic and increasing interest in “spirituality at work” (Gibbons, 2000; Hicks, 2002; Conger, 1994; Gotsis and kortezi, 2008; Mitroff and Denton, 1999; Duchon and Plowman, 2005; Ashmos and Duchon, 2000; Marques, 2007; Cavanagh and Bandsuch, 2002; Benefiel, 2003; Giacolone and Jurkiewicz, 2003, 2010). Interest in workplace spirituality has infused curiosity beyond the capacity to keep up both theoretically and methodologically (Giacolone and Jurkiewicz, 2010).

This growing interest is obvious with the substantial number of professional presentations, books, journal articles and conferences committed to the subject. Some of these books on spirituality and work have been among best sellers, such as *A Spiritual Audit of Corporate America* (Mitroff and Denton, 1999), *Liberating the Corporate Soul* (Barnett, 1998), *Spirit at Work* (Conger, 1994), *The Souls of a Business: Managing for Profit and the Common Good* (Chappel, 1993) and *Leading with Soul* (Bolman and Deal,1995).

In addition, universities have started to offer courses on spirituality at work. For example, a course offered at Santa Clara University discusses important issues as a calling; “listening to the inner voice in the midst of turbulent business environments; the need for self-integration; discernment and senior business leadership; approaches to prayer and meditation; challenges
of leadership power; the spiritual challenges of wealth vs. poverty of spirit; contemplative practices; and the mystery of suffering. Towards the end of the course, the group organizes a weekend retreat together. Among the same path, business schools such as Stanford, Wharton, University of Wisconsin and the University of Maryland are stressing service learning. Undergraduates and graduates have to do service work for the underprivileged in the community. Such work leaves a profound positive impact on the students especially in the reflection of the experience itself (Cavanagh, 1999, p187). Spirituality which begins at home and finds its way naturally to our ‘academic home’ leaves us wondering about the recent interest in WPS.

FACTORS BEHIND THE INTEREST IN WORKPLACE SPIRITUALITY

In which context has spirituality in the workplace risen? Why the sudden surge? The first factor can be the aging of baby boomers from the 1960’s who have already reached their middle age crisis; they are asking questions such as ‘what have I done with my life?’ ‘What can I still do’? ‘What is my purpose?’ ‘Have I achieved it?’ A second factor that may explain the interest in spirituality in the workplace is the feeling of insecurity workers are having; this is due to high lay-offs, downsizing and the additional demand for working hours. This insecurity gives reason for one to ponder and reflect (Neal, 1997). In addition, workers are expected to work in an environment where commercial values prevail in a culture of materialism; where uncertain environments carry with them ambiguity and more responsibilities. This new reality in the workplace has left people feeling alienated and disconnected with their work and social lives. People again start asking questions concerning reasons behind their work, why they do what they do.

To solve this problem, organizations need to open their eyes and see more clearly that they are neglecting a major part of their constituencies’ existence. Steven Covey’s 8th habit is to find your voice and inspire others to find theirs through spiritual intelligence (Covey, 2004). A third factor in this rising interest in spirituality has to do with the breakdown or decline of community. Before, when an individual was faced with life changing events such as divorce, death, loss of a job etc., it was natural to reach out for the religious community, or the family for support. Local communities and social groups used to provide connectedness (Conger 1994); Nowadays, in light of the melting down of traditional support systems such as the church or family (Leigh, 1997), “workplaces have replaced them as primary sources of community for many people” (Karakas, 2010 p.98). In response, organizations are starting to join together employee’s “work life” and “personal life” (Geh & Tan, 2009, p.293). Unlike the past, emotional and spiritual lives are making their way into the work environment.

A model of spirituality in organizations includes three levels: the individual (inner life, meaning at work, sense of community), the work-unit level (work unit as community, and positive work-unit values) and the organizational level (organizational values) (Ashmos &Duchon, 2000; Mitroff&Denton, 1999). Kouzes and Posner (2003, p.69-70) exemplify this search for meaning with the following set of existential questions:

- What do I stand for? What do I believe in? Why?
- What is the meaning of the work I am doing? Where does this lead me to?
- Is there a reason for my existence and the organization’s?
- What brings me suffering? What makes me weep and wail? Why?
- What am I passionate about? Why? What keeps me awake at night? Why?
Paloutzian et al. (2003) assert that work takes on a new flavor when it is seen as a calling, a sacred duty, and an opportunity to serve God or simply a higher purpose. The value of incorporating spirituality in the workplace lies in addressing all the human needs of employees. The need for self-actualization becomes the need for a spiritual dimension. Employees who view their work as a ‘sacred vocation’ see their work differently from those who see it as a means to pay bills. Work will be seen as an ‘extension of one’s purpose rather than only a means to an end (Zinnbauer et al., 1999). Individuals, who perceive their work settings as a place where they can freely express beliefs and religious identity are perceived to have better workplace attitudes and behaviors; in brief, religion at work has shown positive results (Kutcher et al. 2010).

How can this spirituality be incorporated in an organization? How can notions of spiritual practice, discipline and wisdom be integrated in a secular organization? (Case & Gosling, 2010). What place can spirituality fill and how can it be incorporated meaningfully into a work setting that does not utter the word “spirituality”? First, a strong organizational culture is needed; one that values diversity respects all beliefs and serves as a community of shared principles. With a strong sense of purpose, employees can build open and trustful relations at work. The organization which serves as a community makes every employee feel like a member. Employees appreciate it when their organization respects and embraces others spiritual values even if they themselves are not spiritual. This is because human kind is joined together by shared moral codes. Kutcher et al. (2010) affirm that there are many common values among people with different faiths. These include empathy, servant-orientation and community. In an organization where spirituality is embraced, “values and mission statements are not forgotten documents but are engaged through a continuing process of reflection. The ongoing engagement with missions and values, supported by the organization’s spiritual efforts, can impel organizations to re-conceptualize their orientation to their mission” (Geh & Tan, 2009 p.296).

Second, for spirituality to be incorporated in an organization, effort must be placed to help employees find time for reflection, silence, meditation and prayer (Duerr, 2004). Organizations should focus on employee empowerment and spiritual development. In reality, “there may be not only a human case, but also a business case, for accepting and encouraging the expression of faith and religion at work” (p.335). Third, incorporating spirituality falls into fulfilling your ‘spirit’ at work.

**SPIRITUALITY IN EDUCATION**

Incorporating spirituality in all subjects of learning can help achieve the central aim of education. Foucault (1986) asserts that the purpose behind education is first a ‘perfecting of the soul’. “To know how to perfect one’s soul with the help of reason is a rule equally necessary for all men” (Foucault, 1986, p.48). Foucault (1986) as Kant before him believes everyone must study philosophy; it is never too early or too late to contemplate about life and rediscover the basic principles of a rational human conduct. He speaks of the cultivation of the self that leads to a wisdom; a wisdom that drives virtues into action. “The care of the self appears therefore as intrinsically linked to a “soul service (p.54).”

Foucault (1986) argues that in education or in philosophy, humans seek improvement and perfecting of the soul.“Educating oneself and taking care of oneself are interconnected activities” (p.55). Schools must not be a place where students come just to acquire knowledge useful for a career or a reputation before going out to society and deriving an advantage from
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“...The school should be thought of as a dispensary for the soul” (p.55). Education is implied to be holistic in nature. Foucault (1986) gives the example of medicine and how it was conceived long ago not as just an intervention relying on remedies and treatments; rather, it was supposed to define knowledge and rules as “a way of living, a reflective mode of relation to oneself, to one’s body, to food, to wakefulness and sleep, to the various activities, and to the environment” (p.100). Medicine thus was expected to propose a ‘voluntary and rational structure of conduct’.

So which values should be founded, embraced and spread in education? What purpose should the curriculum encompass and towards what end? What moral standard should rule over teaching and learning? When we talk about values, it is not those that are based on desire and interest but rather those of ‘objective worth’ (Phenix, 1961, p.5)? It is vital to note that any earnest concern about what’s right and wrong rests on the fact that “there are objective standards of worth upon which universal agreement is in principle possible” (p.5).

Phenix (1961) speaks about a ‘moral enterprise.’ He asks why people are so far from common understanding of what’s good and so slow in serving the right. He answers first by blaming it on ignorance that can be remedied with research and education; second he blames the “boundless depth and richness of reality” (p.6). An education is not for accumulating information but rather it is in learning to learn and being ready to meet new demands and making choices ‘imaginatively’. And lastly, people disagree on good and evil mostly because of the human tendency towards ‘self-centeredness,’ a selfishness entrenched in a philosophy where “values are reduced to interests, desires, or wants, and in which all notions of objective good and right are rejected” (p.6).

To remedy this main case of moral failure and confusion, education should embrace its central aim of transforming people from pleasing themselves to serving the common good. It is the transformation of people from the life of self-centered desire to that of “devoted service of excellence” (p.8). According to Phenix (1961) what Saint Augustine meant by his ‘ethical prescription’: “Love God and do as you please” (p.9) is that “a person who is really devoted to the good experiences no conflict between desire and duty, for his wants have been transformed to accord with the supreme object of devotion” (p.9).

To this end, educational policy and criteria should entail subordinating economic interests to criteria of worth. Reality holds that an economic outlook is dominating all phases of our life, even our education. When knowledge starts to be considered a commodity to be accumulated and consumed, and when intelligence is viewed as a mere tool for gain and interest, than there is a problem. The goal of life that has become materialistic starts to include an education that is organized around serving such purposes (Phenix, 1961).

On the other side of the spectrum, organizing education around a meaningful goal and purpose will validate the very aim of any educational institution. Education is not a neutral enterprise but rather one that is permeated with “convictions about what is important to know and become” (p.18). The curriculum is not mere lessons to be learned and courses to pass but rather a scheme of values, ideals or life goals that are mediated through the subjects of study.

Phenix (1961) asserts that ‘Religious faith’ is prevalent whenever material goods are treated as “a trust to be administered for the right rather than a treasure to be grasped…” (p.251).Redirecting life from finite attachment and acquisitions to the active love of serving others and doing ‘good’ is an important goal in life. To achieve this change is “the supreme end of all teaching and learning” where the sovereign test for all education becomes “whether
or not it is religious—that is, whether or not it tends towards conversion of the person to unconditional commitment to truth and light” (p.243). This supreme purpose unites all other lesser aims of education. Lastly, Phenix (1961) ends his discourse on the aim of education by stating that the central task of education is “religious conversion” (p.242). This does not mean commitment to one religion over the other; rather what is meant is “the inner transformation of purpose and motive from self-regarding irreligion and the idolatrous service of limited goods to reverent service of the most high” (p.242).

Along the same thoughts and when probed about the purpose of a university, Kamuf (1997) asserts as Derrida (2004) that it is an institution with a ‘destination’; It is a plurality of co-existing “interests” that complement one another within the larger, overriding interest of universitas” (p.143).… Agreement must be sought on the “ideals, mission, purpose, and character of the academy” (p.143)—that’s what the university means.

In light of all of the above, it becomes clear that the aim of education, its essence, purpose and ideals are in coherence with the concept of workplace spirituality. Incorporating or reviving spirituality in education helps in achieving its centrally positioned moral purpose. For this reason, it becomes essential to discourse how education institutions see their purpose through their mission; how they understand and claim that aim; and whether the underlying truth which gave the university its name can be revealed?

**Missions of business schools.** The mission of business schools has long been an area of debate. What is the purpose of business schools? What should be taught and apprehended from a curriculum that assumes to make students ready for the business world? And when developed and formed, what kind of challenge does the mission face in order to bring it to life? “To what degree do the words used reflect the institution’s own values and daily practices” (Firmin & Gilson, 2010, p.67)? How is, what is happening on a daily basis a reflection of the mission? Mission should be matched with actual practices (Firmin & Gilson, 2010, p.67).

The purpose of business schools is not separate from the founding university. Similar values should make their way into all different disciplines. They should find a way to unite their differences under one truth. An example is Chapman University which offers an “Organizational leadership program” that includes courses such as “Leading from within” and “Spirituality in the workplace” (Bradley & Kauanui, 2003, p.448). The passion present in teaching such courses is key in starting a cognitive revolution that will echo in the corporate world.

**CONCLUSION**

“The divided soul of a corporate decision-maker has been taught by the divided soul of a teacher” (Bradley & Kauanui, 2003, p.449).

Spirituality is not a term used to describe a detached intangible concept outside of the human being. It is not a term which describes an unachievable state of being; it is not far-fetched nor a dream in a land of illusions. It is a truth manifested in the mere fact that we are alive, a foil that gleams at all worldly materialistic ends. Spirituality is an inner feeling incepted from the moment of creation. It is the driving force which energizes people to question and find meaning in every aspect of their life. Stemming from a personal level, its light glows in every interaction and within every setting.
This paper aims at evoking thought and feelings towards transforming our academic system and re incorporating spirituality as the center of universities. A university’s mission lies in a spiritual sphere of reference. Neglecting the essence of why universities started is the same as neglecting the purpose behind our very existence. Therefore, it is pertinent to understand that incorporating spirituality in business schools goes hand in hand with the aim of education, the underlying reason behind work and the spiritual drive born with us. Although research has shown that there is a great “disparity between the level of spirituality being practiced in the corporate workplace and what is being practiced on our campuses” (Bradley & Kauanui, 2003, p.462), social transformation starts in the mind of students who receive not only cognitive but also emotional and spiritual stimulation; and because future corporate officers, managers, business and scientific leaders come from universities, “if they do not learn how to be spiritual, leading an undivided life, in their university courses, the chances are excellent that they will not learn it in the corporate workplace” (Bradley & Kauanui, 2003, p.461).

Finally we should not forget that before Darwin and others led to a split between religious traditions and the curriculum, most higher academic settings in the eighteenth and nineteenth centuries, “such as Yale, Harvard and Notre Dame, were founded by Protestant and Roman Catholic religious communities…where “education fit with the aims of religion”” (Bradley & Kauanui, 2003, p.462).

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Determinants of Foreign Direct Investment in Iran: Assessing the Standard Factors

Abstract

This paper examines the determinants of Foreign Direct Investment (FDI) to the Islamic Republic of Iran based on those which have been successful in attracting FDI to Malaysia since the early 1980s. Results of multiple regression analysis showed that none of the determinants under the study except for government expenditure is significant in affecting the flow of FDI in the case of Iran. The study argues that one needs to look at Iran from a different perspective of FDI as the country is an outlier in the global economy due to international sanctions.

Keywords: Foreign Direct Investment, Iran, Malaysia, Determinants of FDI, Business Environment

INTRODUCTION

Economic development is one of the major concerns of a state for which it depends primarily on Foreign Direct Investment (FDI). FDI has become the global economic lifeline as well as the central factor for national economic productivity. Even the highly developed economies rely heavily on FDI. Even though the current global financial crisis has affected the flow negatively since 2007, the figure still stood at $1.5 trillion in 2011. No doubt, trade liberalization under the World Trade Organization (WTO) has ushered the growth of FDI inflow, and all economies have entered the race of attracting higher FDI inflow each year. According to the United Nations Conference on Trade and Development (UNCTAD), Iran’s FDI for 2010 was $3.6 billion despite international sanctions. But this is well below the expectation of the government which needs $300 billion in FDI to achieve its 2010-2015 economic development plan, and $1.3 trillion in the form of foreign investment to meet $3.7 trillion Vision 2025 (2005-2025) development plan. Iran in 2002 adopted “Foreign Investment Promotion and Protection Act” (FIPPA), under which major policy changes have been introduced. Despite such efforts overall performance of the country with regard to attracting foreign direct investment has not been satisfactory. This situation warrants an
analysis of the factors responsible for unsatisfactory record of foreign investment. This study aims to examine whether the popular factors that determine FDI inflows are as significant as in the case of Iran. In so doing it compares Iran’s case with that of Malaysia.

**LITERATURE REVIEW**

Recent studies on FDI in Malaysia have identified a number of factors that have attracted FDI which include good infrastructure (Ang 2008; Karimi and Yusof 2005; Rasiah & Chandran 2011; Shahrudin et. al 2010; Yol & Ngie 2009; Zubair 2004); stable exchange rate (Ruiz 2005) and bigger market size (Hooi 2006; Wong 2005).

On FDI to Iran, Abou Alfazl and Mahmoudi’s (2006) study found that FDI depended on a number of factors such as capital recovery rate, political rights, infrastructures, corruption and bureaucratic red tape, human capital, inflation, exchange and tax rate, and market expansion. Jafarnejad et al. (2009) in their structural equation modelling (SEM) found that business factors promote FDI most and the oil factor proved to have a negative impact on the FDI inflows to Iran. Safdari and Mehrizi (2011) have found that government’s public expenditure is associated with negative impact on FDI. Sarfaraz (2007) and Karbassi et al. (2007) have shown that political and cultural factors tend to show detrimental attitude to FDI in Iran.

What remains to see is whether and in what ways the standard determinants of FDI apply to Iran. This study has taken Malaysia as a model for comparative analysis. Two particular factors justify adoption of Malaysia as reference point for assessing Iran’s FDI. These are: first, approximate market size, and second, different general environment. Iran’s market size, defined in terms of GDP structure, is closest to that of Malaysia ($928.9 billion (2011 est.) and $447 billion (2011 est.) respectively). In terms of per capita GDP both countries come nearest as well ($12,200 (2011 est.) and $15,600 (2011 est.)). Secondly, different general environment which, in contrast to Malaysia, puts Iran in a general environment that perceived to be different in terms of political, legal, economic and social environment. In Doing Business 2012, Iran is ranked 144th out of 183 economies, while Malaysia is ranked 18th. These two contrasting characteristics can show whether GDP and market factors equally influence FDI in Iran and Malaysia, and whether business environments makes any impacts on FDI inflows. The basic question that this research attempts to investigate is - are the factors that determine FDI inflows into Malaysia as significant for Iran?

**ANALYTICAL FRAMEWORK**

This research is based on Idris Jajri’s (2008) work - *Foreign Direct Investment and Economic Growth A Simultaneous Model*, which examined the influence of FDI on Malaysia’s economic growth during 1970-2003. Idris developed the following model:

$$ FDI_t = \beta_0 + \beta_1 \Delta GDP_t + \beta_2 \Delta EXP_t + \beta_3 EXC_t + \beta_4 DEV_t + \beta_5 CAB_t + \beta_6 CF_t $$

Where, $FDI$ = foreign direct investment inflows into Malaysia (US $millions)

$\Delta GDP$ = change in real GDP – 2000 prices (RM millions)

$\Delta EXP$ = growth of exports

$EXC$ = exchange rate RM=US$1

$DEV$ = public development expenditure (RM millions)
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CAB = current account balance (RM millions)

CF = capital outflow from Malaysia (RM millions)

The analysis found that a strong market and macroeconomic stability encourages foreign investment in Malaysia while current account balance and capital flight discourage foreign investment.

The present research is to test the significance of the FDI determinants in Iran compared to Malaysia. Based on Idris, we have developed the following model with some modifications:

\[ FDI_t = \beta_0 + \beta_1 \Delta GDP_t + \beta_2 \Delta EXP_t + \beta_3 EXC_t + \beta_4 DEV_t + \beta_5 BOP_t \]

Where,

- \( FDI \) = foreign direct investment inflows into Iran (US$ millions)
- \( \Delta GDP \) = change in real GDP – 1990 prices (US$)
- \( \Delta EXP \) = Exports of Goods and Services (Annual % Change)
- \( EXC \) = exchange rate (ratio)
- \( DEV \) = General Government Final consumption expenditure (constant 1990 prices) (US$)
- \( BOP \) = Balance of Payments: Current Account (US$ millions)

We proceed with the following assumptions on the relationships between the dependant and independent variables that:

1. All independent variables have positive relationship with the dependent variable.
2. None of the independent variables is significant in the case of Iran assuming political and economic sanctions persist during the period under study.

In terms of testing, Excel and SPSS multiple linear regression analysis is used instead of simultaneous regression analysis. And for convenience, the term ‘balance of payment’ is used instead of ‘current account balance.’ Besides, due to unavailability of some statistical data on Iran, the following changes were adjusted:

a. The time series were adjusted to cover the period from 1978-2007 instead of 1970-2003 to overcome missing data;

b. Change in real GDP in the case of Iran is based on the prices of the year 1990;
   c. ‘Public development expenditure’ is replaced with ‘general government final consumption expenditure’;
   d. Due to unavailability of data on the same or a similar variable, capital outflow was omitted from the model in our study.

**DATA SOURCE**

The time series dataset including data on FDI, GDP, % change in export, exchange rate, government expenditure, and balance of payment over the 1978 – 2007 period was obtained from the Statistical, Economic and Social Research and Training Center for the Islamic Countries (SESRIC), a subsidiary of the Organization of Islamic Conference, and the World Bank online Database. All these data are available online.

**Testing and Regression Results:**

1. **Correlation Regression**

From the Regression Statistics table we can infer the following:
Determinants of Foreign Direct Investment in Iran: Assessing the Standard Factors

a. Adjusted R square (the adjusted coefficient of determinants for multiple regression analysis) = 0.56 indicating that we have accounted for almost 56% of the variability within the variables specified in the model. We are left with 44% residuals variability.

b. Standard error is very high = 195.894, which means that about 68% of residuals will be within ± US$195.894 million.

2. Multicollinearity Test:
Using Excel to find the correlation matrix for the independent variables, the following matrix is generated:

From tables 1 and 2, we can find that none of the correlations among the independent variables exceeds -.70 or .70 (as a general rule), so we do not suspect problems with multicollinearity. The largest correlation among the independent variables is 0.69 between balance of Payment and Rate of exchange.

3. Global Test (Model Significance):
Running the regression analysis we found the following results from the ANOVA Table:

In general, in regression analysis if the F significance is .05 or less, then the model is considered significant. Looking at the F significance value= 9.50954E-05 <.05, we can conclude that the model is significant. In other words, there is only a .0000951 in a 100 chance that there really is not a relationship between FDI and the other independent variables.

To confirm this conclusion, we have conducted the hypothesis testing for testing the multiple regression models as the following:

Step 1: state null hypothesis and alternative hypothesis.
H0: β1= β2= β3= β 4= β 5 = 0
H1: at least one of β ≠0

Step 2: α= 0.05

Step 3: Test Statistics F= MSR/MSE= 8.517158829 (from ANOVA table)
Step 4: establish critical value of F based on F-table:
\[ F_{0.05, 5, 24} = 2.62 \]
Step 5: make the decision

From the figure, the computed F value in step 3 lies in the rejection region, therefore, the null hypothesis that all multiple regression coefficients are zero is rejected. This means that some of the independent variables do have the ability to explain the variation in the dependent variable.

4. Individual Variables Significance Test:
The significance of the individual independent variables in the model was determined using the absolute value of t. as a general rule, if the absolute value of t is greater than 2, we
conclude that the variable is significant in the model; otherwise it is not significant and can be eliminated.

(Test Result, Table 4 (Significance Test) to be placed here)

From the Significance Test (table 4), we can analyze the following:

1. First variable: exports of goods and services:
   \[|t| = |-1.716504644| = 1.716504644 < 2\]
   Then this variable is insignificant to the model and can be eliminated

2. Second variable: balance of payment:
   \[|t| = 0.02166315 < 2\]
   Then this variable is insignificant to the model and can be eliminated

3. Third variable: rate of exchange:
   \[|t| = 1.427889731 < 2\]
   Then this variable is insignificant to the model and can be eliminated

4. Fourth variable: change in GDP:
   \[|t| = 1.050540405 < 2\]
   Then this variable is insignificant to the model and can be eliminated

5. Fifth variable: General Government Final Consumption Expenditures
   \[|t| = 2.525949639 > 2\]
   Then this variable is significant to the model.

Applying the P-value, which tells how confident we can be that each individual variable has some correlation with the dependent variable, check also reveals the same results as we can find that P-value is greater than \(\alpha = 0.05\) for the first four independent variables indicating their insignificance to the model, while p-value for the last independent variable General Government Final Consumption Expenditures is less than \(\alpha = 0.05\) indicating its significance to the model.

To optimize our model, insignificant independent variables were dropped from the model one by one while observing the adjusted R squared for any increase indicating a better model. In order to decide on which variable to drop first, we looked at the absolute value of the t stat and dropped the one with the lowest value. This process was repeated four times as the following:

1. First Round: Dropping balance of payment (t stat =0.02166315) and running the regression, we found the following:
   (Table 5 (adjusted regression 1) to be placed here)
   (Test Table 6 (adjusted regression 1) to be placed here)

   From the regression tables 5 and 6, we can see that adjusted R squared has improved from 0.564471666 to 0.581885 indicating an improvement in the model.

2. Second Round: Dropping Change in GDP (t stat =1.071978233) and running the regression again, we found the following:
   (Test Table 7 (adjusted regression 2) to be placed here)
Determinants of Foreign Direct Investment in Iran: Assessing the Standard Factors

From the regression tables 7 and 8, we can see that adjusted R squared was decreased from 0.581885 to 0.579486 indicating no improvement in the model.

3. Third Round: Dropping Exchange rate (t stat =1.62732169) from the First round and running the regression again, we found the following:

Table 9 (adjusted regression 3)

From the regression tables 9 and 10, we can see that adjusted R squared was decreased again from 0.581885 to 0.555379713 indicating no improvement in the model.

4. Fourth Round: Dropping Exports variable (t stat =1.781465443) from the First round and running the regression again, we found the following:

Table 11 (adjusted regression 4)

From the regression tables 11 and 12, we can see that adjusted R squared was decreased again from 0.581885 to 0.546929871 indicating no improvement in the model.

Based on these rounds, we can conclude that the best model is the one resulted from the First round even though the F significance is still less than $\alpha$ at 2, 71E-05

Consequently, our optimum model would look like:

$$ FDI_t = \beta_0 + \beta_1 \Delta GDP_t + \beta_2 \Delta EXP_t + \beta_3 EXC_t + \beta_4 DEV_t $$

ANALYSIS OF RESULTS AND CONCLUSIONS

Results from the multiple regressions to test the relationship between various factors and FDI show that exports in goods and services, rate of exchange, balance of payment and change in GDP are found to be statistically insignificant. The only independent variable that is statistically significant is General Government Final Consumption Expenditures.

While the other independent variables have positive impact regardless of their significance, the exports in goods and services have a negative impact on FDI. The estimate implies that an increase in the exports of goods and services by 1% point leads to a 2.9% point decrease in the FDI. This means that as exports improves in Iran, FDI is driven away. The negative sign of the exports was unexpected and is inexplicable as it contradicts the economic logic; however the variable is not significant. Therefore the hypothesis of positive relationship between exports and FDI is not well supported by the data.

As expected, other variables have positive influence on FDI, although not significant. The regression results indicate a positive relationship between FDI and exchange rate, which also confirms the literature that argues that exchange rates are expected to affect FDI inflows.
because they affect a firm’s cash flow, expected profitability and the attractiveness of domestic assets to foreign investors. Thus, as exchange rate increases, the higher the FDI. Based on the analysis, we can say that as the exchange rate increases by 1%, FDI increases by 0.024%.

The hypothesis of insignificance of relationship between changes in GDP and FDI is also supported in this study. This is opposite to the Malaysian case which keeps focusing on promoting economic growth as one of the reasons to attract inward FDI. This means that this relationship is not applicable to Iran; and regardless of the economic growth, investors are not attracted to locate their investments in Iran. Statistically, we can say that an increase in the change in GDP by US$ 1 leads to a US$ 8.5769E-09 increase in the FDI. This is almost zero effect which is supported by the fact that this variable is insignificant to the model.

Furthermore, the finding also supports that there is no significant relationship between balance of payment which indicates a country's status in international trade and FDI which is expected in the case of Iran having hostile political situation. Although the analysis proved that dropping this variable improves the model, we can say that the initial regression analysis showed that a US$ 1 increase in balance of payments leads to almost zero (0.000151647) increase in FDI.

Finally, the only significant variable is general government final consumption expenditures which is positively related to FDI. However, its effect on FDI is very limited as a US$ 1 increase in general government final consumption expenditures lead to almost zero (6.47621E-08) increase in FDI. This finding however is against that of Safdari and Mehrizi (2011) who found a negative correlation between FDI and government public expenditure.

Regarding the second assumption that none of the independent variables is significant in the case of Iran assuming political and economic sanctions persist during the period under study, it can be argued that since the other indicators do not show significant relationship with FDI, then the second assumption is apparently correct. It is probably the ‘different general environment’ in Iran that creates barriers for FDI inflow. Whether this is true or not requires further investigation.

In conclusion, the only factor that has some significance is the general government final consumption expenditure. This suggests that FDI inflow to Iran is neither caused by the common factors existed in Malaysia, nor did they play any role in preventing FDI inflow to Iran. Rather, it is the ‘different general environment’ in Iran that negatively influences FDI inflow.

REFERENCES

Test Result, Table 1 (Correlation)

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<tr>
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<td>R Square</td>
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<tr>
<td>Adjusted R Square</td>
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<td>Standard Error</td>
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Test Result, Table 2 (Multicollinearity Test)

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<th>Government Expenditures</th>
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Test Result, Table 3 (ANOVA)

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Global Test Result Graph 1
### Determinants of Foreign Direct Investment in Iran: Assessing the Standard Factors

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<td>Rate of Exchange: Period Average</td>
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<td>Change in GDP</td>
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<td>General Government Final Consumption Expenditures (Constant 1990 Prices)</td>
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### Table 5 (adjusted regression)

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<td>Standard Error</td>
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<td>Observations</td>
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Determinants of Foreign Direct Investment in Iran: Assessing the Standard Factors

Test Table 6 (adjusted regression 1)

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<th>P-value</th>
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<td>1.6369</td>
<td>1.78146</td>
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<td>7.9984</td>
<td>1.07197</td>
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<td>2.5E-08</td>
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<td>General Government Final Consumption Expenditures (Constant 1990 Prices)</td>
<td>6.5E-08</td>
<td>2.1775</td>
<td>2.98678</td>
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Test Table 7 (adjusted regression 2)

Regression Statistics

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Test Table 8 (adjusted regression 2)

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Table 9 (adjusted regression 3)

\[ \text{Regression Statistics} \]

- Multiple R: 0.775483665
- R Square: 0.601374915
- Adjusted R Square: 0.555379713
- Standard Error: 197.9281497
- Observations: 30
Table 10 (adjusted regression 3)

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Table 12 (adjusted regression 4)

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Entrepreneurial Client-Centred Learning: State-of-the-art of the use of Case as a Teaching Andagogy in Malaysia

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Zurina Kefeli
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Entrepreneurial Client-Centred Learning: State-of-the-art of the use of Case as a Teaching Andagogy in Malaysia

ABSTRACT

Entrepreneurs whether they are fresh or experienced need training continuously. Amongst the many methods, client-centred learning, has been favoured and in demand. The choice of such Andagogy or more commonly referred to as “client-centred learning” (SCL) amongst higher education institutions (HEIs) in Malaysia has picked up. This paper shares the research findings of one of the four SCL methodology being propagated, that of ‘the use of case method in teaching and learning’. This research paper reports the number of staff wanting to be trained, trainers needed and case writers required to meet the Ministry’s expectation. Of the 90 HEIs identified, 184 useable questionnaires were analysed. It was concluded that only 10% of trainers in HEIs had formal training in the use of cases while only about 5% had the confidence to write good cases for training purposes. The Higher education ministry will have its training schedule full for the next 10 years.

Keywords: student-centred learning, pedagogy, andagogy, case teaching, case writing

INTRODUCTION

Today’s restless citizens of the Y-generation, no longer welcome the one-way pedagogic method of knowledge transfer. The anagogic (art of teaching adults) method has migrated towards many newer approaches such as outcome-based, student-centred, on-line, virtual, and they no longer are taught but coached and facilitated. They acquire knowledge when they feel like, and if it fits well to their dynamic daily schedule. Academics try to fulfil these expectations and concurrently are introducing new anagogic methods wherever possible.

The Higher Education Leadership Academy (AKEPT) the training arm of the Ministry of Education was established to take a leadership role in increasing the number of qualified trainers amongst the higher education institutions (HEIs) academic staff. Amongst the many modules that it has developed, four student-centred learning (SCL) methodologies, namely problem-based (PBL), project-oriented problem based (POPBL), modular approach and case teaching. On the 9th December 2011 massive funds were disbursed through AKEPT to embark on 15 different research topics related to enhancing teaching and learning. The use of cases in teaching and learning being one of the SCL topics is the focus of this paper.

THE USE OF CASES IN TEACHING AND LEARNING

The legal and medical training institutions were probably the earlier users of cases to assist them in their teaching and learning. The social science trainers followed suit with the Harvard Business School probably utilising the use of cases extensively in its training.
programmes. Cases act as their ‘laboratories’ to simulate the business environment where decisions are made. Its relevance is no longer questioned but its confinement to the business and social science field is. However recent development has cited the use of cases in other fields as well such as engineering, pure sciences and even in the teaching of languages and fine arts.

With this background AKEPT embarked on this research to do a scenario study in Malaysia on the extent of case usage in teaching and learning by HEIs trainers.

Specifically the objectives were to:

a. The extent of the use of student-centred learning methodology in teaching and learning in HEIs,
b. To focus on the use of cases in teaching and learning,
c. The extent of training required for HEIs in the use of cases,
d. The availability of qualified trainers to train lecturers in the use of cases in teaching and learning in their respective HEIs,
e. The availability of suitable local cases for the above purposes,
f. The availability of qualified trainers in the art of research and writing cases for training purposes amongst the HEIs.

**LITERATURE REVIEW**

The term SCL has been associated with many other teaching terminologies such as self-directed, experiential and even flexible learning (Bernard 1999, Taylor 2000) and thus could mean differently in different context. Fundamentally, SCL has shifted the focus of knowledge acquisition from that of the “all-authoritative know-all” teacher to the students as the one who wants and willing to acquire the required knowledge (Roger, 1983). The teachers’ role is now more towards providing the right atmosphere for the students to be willing to learn after appreciating that they are the ones to benefit from the transaction (Simon 1999). O’ Sullivan (2003) mentioned Hayward (1905) and Dewey (1956) as the possible pioneers in SCL, and today it is widely mentioned in the education literature. In their summary of the literature on SCL, Lea et al (2003) listed several characteristics of SCL such as learning process that is active and deep, students are given more responsibility and accountability, learner gets more autonomy and the learner-student relationship must be interdependent, with mutual respect as well as to practise an approach that is reflexive in nature. There are various kinds of SCL methods being practised (Gibbs 1995, O’Neill, McMahon et al 2005) although AKEPT is focusing on just four methods namely PBL, POPBL, using cases in training and modular teaching.

Probably the first workshop on writing cases for training purposes in Malaysia was conducted by Professor Martin Lawrence in 1985, a Fulbright scholar attached to UKM. It was funded by The German Conrad Adeneur, and with MIM as the co-partner. After a few workshop series, the trainees formed the Case Writers Association of Malaysia (CWAM) and have been active in the dissemination of skills in using cases for teaching, research, writing and publication (CWAM 2010).

**THE POPULATION AND SAMPLE**

The target population covers all the HEIs, as shown in Table 1,
Table 1: The population and sampling frame.

<table>
<thead>
<tr>
<th>INSTITUTIONS</th>
<th>NUMBER SELECTED</th>
<th>TOTAL QUESTIONNAIRE DISTRIBUTED</th>
<th>USABLE Q'AIRE RETURNED</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPTA (public)</td>
<td>20</td>
<td>200</td>
<td>71</td>
</tr>
<tr>
<td>IPTS (private)</td>
<td>20/37</td>
<td>100</td>
<td>14</td>
</tr>
<tr>
<td>POLYTECHNICS</td>
<td>30</td>
<td>164</td>
<td>97</td>
</tr>
<tr>
<td>COMM. COLLG.</td>
<td>20/81</td>
<td>40</td>
<td>14</td>
</tr>
</tbody>
</table>

**Questionnaire:**
It was a 1-page length questionnaire printed in both the Malay and English languages. To avoid the technical details of case teaching (as in case research, writing and publications) simple questions were constructed to gather the basic data on the practise of case teaching in the higher institutions. A copy of the said questionnaire is as in attachment A. It underwent a short pretesting amongst lecturers in a local university before being distributed.

**Sampling.**
Table 1 shows the sampling frame. There were 4 groups of higher institutions, and all were selectively sampled except for the Polytechnics. Four to ten questionnaires were sent to each institutions either through the Deputy Vice Chancellor’s or Director’s office to be distributed to their respective staff (50% to administrative academic heads and the other 50% randomly to the staff). The details are as shown in Table 1. Some of the information sought requires the respondents to be aware of what are happenings in their respective departments and institutions. Thus when distributing the questionnaire through the help of contacts in the respective institutions, these needs were stated. But since the number was quite large and depending on the circumstances in each institution, the intended target respondents were not fully met and is discussed in the analysis section.

Overall, the number of questionnaire was distributed as planned and sent to the various institutions and was dependent on how these were further distributed within the HEIs. Some were returned to us through the institutions whilst others were sent direct back to us as each was accompanied by a self address envelope.

**FINDINGS**

**Descriptive Analysis**
After a 30-day grace period, the returned questionnaires were analysed and tabulated and a descriptive analysis done according to the objectives of the research. From the questionnaire (as shown in attachment A), the first set of questions was on the respondents profile.

**Respondents profile:**
Information gathered on gender, age and levels of education of the respondents were analysed but were found to have no bearing on the stock taking exercise that was intended. The training exposures required to use cases in teaching, the skills needed to conduct them effectively, research done on data collection in case and finally to write them as cases to be used for training purposes, have got no relation with the respondents profile. Thus this analysis of three data is not relevant to this paper.
The original intention of soliciting information related to the profile of the respondents (gender, age and qualifications) was to analyse the possibilities of them having correlation with the use of SCL generally and the use of cases in their teaching specifically. But during the follow-up interviews/discussion with some of the respondents and the department heads, such attempts were not supported. Most of the opinion received were similar where they explained that the use of SCL in their respective classes were rarely dependent on their age, qualification or gender but rather on the experience, exposure and training that they had undergone as well as the willingness to use it during the teachings. Another significant factor is the course itself whether it is appropriate for SCL application (especially availability of the relevant cases), and whether the course outline has specifically indicate the need for the use of SCL pedagogy and for which particular week as required in the course content detail as required by the quality standards of the MQAs.

Unfortunately, the short questionnaire of this study did not cover such aspects of the study which is later recognised as significant and therefore is the shortcoming of this study.

**Use of SCL in Teaching:**
Information on some aspects of SCL were also solicited from the respondents and shown in Table 4. The intention was to get a better idea about SCL from the respondents.

**Knowledge about SCL:**
Respondents were asked about their level of understanding on SCL and this is shown in Table 4. The respondents from the IPTAs and IPTSs showed a high percentage at level 3 of understanding. On the other hand the majority respondents from the polytechnics and community colleges showed the majority were at level 2 (intermediate) understanding.

A direct conclusion from these results would be to note that the polytechnics’ and community colleges are not yet fully exposed to SCL pedagogy and there is thus a need to get them into such training programme.

---

**TABLE 2: Respondents age group**

<table>
<thead>
<tr>
<th>AGE OF RESPONDENTS</th>
<th>IPTAs</th>
<th>IPTSs</th>
<th>POLYs</th>
<th>COMM COL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>0</td>
<td>3</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>31-40</td>
<td>13</td>
<td>5</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>41-50</td>
<td>31</td>
<td>4</td>
<td>39</td>
<td>2</td>
</tr>
<tr>
<td>&gt;51</td>
<td>27</td>
<td>2</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

**TABLE 3: Highest qualification of respondents**

<table>
<thead>
<tr>
<th>HIGHEST QUALIFICATIONS OF RESPONDENTS</th>
<th>IPTAs (71)</th>
<th>IPTSs(14)</th>
<th>POLYs (97)</th>
<th>COMM COL (14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhDs</td>
<td>63 (88%)</td>
<td>10 (83%)</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Masters</td>
<td>7</td>
<td>4</td>
<td>60 (62%)</td>
<td>5</td>
</tr>
<tr>
<td>Degrees</td>
<td>1</td>
<td>0</td>
<td>34</td>
<td>8 (57%)</td>
</tr>
<tr>
<td>Diplomas</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

The original intention of soliciting information related to the profile of the respondents (gender, age and qualifications) was to analyse the possibilities of them having correlation with the use of SCL generally and the use of cases in their teaching specifically. But during the follow-up interviews/discussion with some of the respondents and the department heads, such attempts were not supported. Most of the opinion received were similar where they explained that the use of SCL in their respective classes were rarely dependent on their age, qualification or gender but rather on the experience, exposure and training that they had undergone as well as the willingness to use it during the teachings. Another significant factor is the course itself whether it is appropriate for SCL application (especially availability of the relevant cases), and whether the course outline has specifically indicate the need for the use of SCL pedagogy and for which particular week as required in the course content detail as required by the quality standards of the MQAs.

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TABLE 4: Information related to SCL

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>LEVEL OF UNDERSTANDING OF SCL</th>
<th>STUDENT CENTERED LEARNING (SCL)</th>
<th>TOTAL HOURS PER WEEK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>IPTA Is=20; Usable Q’aire = 71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>6</td>
<td>22</td>
<td>43</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>7 %</td>
<td>33 %</td>
<td>60 %</td>
</tr>
<tr>
<td>IPTS Is=20; Usable Q’aire = 14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>20 %</td>
<td>30 %</td>
<td>50 %</td>
</tr>
<tr>
<td>POL Y Is=30; Useable Q’aire = 97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>15</td>
<td>57</td>
<td>25</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>15 %</td>
<td>59 %</td>
<td>26 %</td>
</tr>
<tr>
<td>COM Is=20; Useable Q’aire = 14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>4</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>29 %</td>
<td>43 %</td>
<td>29 %</td>
</tr>
</tbody>
</table>

The academic staff needs to know about SCL as well as to know when to apply the three basic pedagogy namely problem and project-based learning and using cases in teaching. In fact this should be in the contents of the basic staff orientation or induction programmes.

**Frequency of using SCL pedagogy:**
Each respondent was asked to indicate the average amount of hours per week that one would spent in conducting the respective courses employing some form of SCL pedagogy. In addition, having indicated the hours used, they were also requested to allocate the % of time used for project-oriented base learning (POBL), problem based learning (PBL) and case-based learning (CBL).

Generally, the range of answers received was quite wide. It ranges from zero to as high as 18 hours per week allocated for SCL approaches.
From the data gathered, the polytechnics had the largest average hours using SCL pedagogy in their training. On average they spent about 12 hours a week using SCL and that 43% was on problem-base learning, 37% on project oriented base learning and 20% on case-based. As for the other three institutions (IPTA, IPTS and Comm Col), the hours spent per week on SCL were quite low, ranging from 2 to 4 hours. A caution is necessary here as the average figure need to be interpreted carefully. Some respondents gave a “0” answer meaning that SCL was not practiced due to “yet to be trained to use SCL” or that the subject matter taught is not compatible with SCL or could not see “the applicability of SCL in their respective courses taught”. Such courses mentioned were language courses, pure sciences (as in physics, pure mathematics), accounting, geography, philosophy and bank management. Of course SCL enthusiasts will counter these and will be able to come up with an SCL approach that is suited to their respective courses.

Nevertheless the time spent of less than 4 hours per week is considered small. The way SCL is being promoted today probably justify a 50-70% time spent using the SCL approach. So perhaps the three main components of SCL need to be aggressively promoted by the relevant personnel and authorities.

**Use of cases in teaching:**

Between the three components of SCL, using cases in teaching seemed to get the lowest usage in terms of hours spent per week. Although amongst the IPTAs, case usage gets almost an equivalent time allocation (33%). It is expected for Polytechnics and community colleges to have a high percentage of time allocated for PoBL and PBL because of the type of courses that they conduct which are more appropriate. But the use of cases can be a good alternative if they know how.

During the follow-up discussions with some respondents, the small number of suitable local cases that are readily available cropped up regularly. This could be an important reason why using cases is not that popular. The issue of not having enough appropriate local cases can be traced further back into the low activity of research using the case method and still lesser number able to convert the data and rewrite the text in the form of a training document. The latter’s final product will then be the case material for training. To achieve this is not an easy task and is easier said than done. This will be deliberated later.

Thus the overall findings on the use of SCL amongst the higher institutions varied from an average percent from 6 to 29% with the community colleges and polytechnics higher than the IPTAs and IPSs. But they spent more time on adopting the project-oriented and problem based learning rather than case-based.

**Usage of Case in Teaching:**

The next set of questions was to solicit a bit more detail information on the hours spent per week in the use of case in teaching in their respective courses, departments and institutions. The administrative position of the respondents was expected to be at least as department heads but unfortunately, from the received questionnaires more than half were not. Thus the validity of the information on the % usage of cases for the department and institutions received for this category of questions is questionable. They also varied widely from zero to 100 percent (the latter questionnaire rejected if the current usage reported had not even reached 20%). Table 5 shows the summary of these analysis.
TABLE 5: Current and expected use of cases.

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>USING CASES IN TEACHING</th>
<th>USING CASES IN CONDUCTING OWN COURSES (%)</th>
<th>USING CASES IN DEPARTMENT’S COURSES</th>
<th>USING CASES IN INSTITUTION’S PROGRAMMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPTA Is=20; Usable Q’aire = 71</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>10.7</td>
<td>30.7</td>
<td>20.43</td>
<td>24.6</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>16%</td>
<td>45%</td>
<td>32%</td>
<td>44%</td>
</tr>
<tr>
<td>IPTS Is=20; 14 Usable Q’aire =</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.4</td>
<td>3.7</td>
<td>2.7</td>
<td>3.8</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>20%</td>
<td>31%</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>POLY Is=30; Useable Q’aire =97</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>9.46</td>
<td>15.35</td>
<td>12.64</td>
<td>13.50</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>16%</td>
<td>22%</td>
<td>18%</td>
<td>23%</td>
</tr>
<tr>
<td>COM Is=20; Useable Q’aire =14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.5</td>
<td>1.45</td>
<td>0.4</td>
<td>0.8</td>
</tr>
<tr>
<td>AVERAGE AND %</td>
<td>6%</td>
<td>18%</td>
<td>8%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Respondent’s own course:
The majority had a small % of time allocated for the use of cases (except for IPTAs where it averaged about 33%). They ranged from zero to 11 hours per week when compared to allocation for PoBL and PBL (ranged from zero to 10 hours per week). When asked for the expected time allocation for using case in 2015, a few of the respondents continued giving zero % allocation. They foresee no increase for case usage in the near future. This could be the inappropriateness of using cases for their respective subject matter, absence of suitable local case and even that they believe that they are not yet trained to use cases. As for the other respondents the majority would expect to see an increase in the % use of cases in their teachings.

Using cases in their respective departments:
The head of department would be the appropriate person to respond to this question and the information regarded as reliable. But since the number of department heads that participated
was not high, the data gathered will be analysed at face value. The majority however believed
that the % usage will be increased by 2015

Using cases in their respective institutions:
Similarly an estimate of the current and expected usage of cases in their respective
institutions would require someone holding a management position and as most of the
respondents were not in this position, then the data’s reliability is questionable. Nevertheless
a reasonable general conclusion is that all of them expect the % usage of cases will be
increased by 2015 but no one reported a 0 % usage in 2015.

Thus from the four categories of answers, with some minor exception, the majority reported
that it is envisaged there will be an expected increase in the use of cases in teaching whether
in their own respective courses, the departments or the institution as a whole. What this
probably implies is that if the whole HEIs want to realise this expectation, believing that the
increase in the use of cases will lead to better quality teaching which is in line with the
overall government intention of making the country an academic hub in South East Asia, then
the case teaching support system need to be in place. This will be discussed further in the
following section.

Critical Questions on Trainers Availability
The next set of questions is regarded as the critical questions that will help give a clearer
picture of the scenario related to the TOT module for case teaching. Only two sets of
questions will be discussed in this section. The main interest of the survey was to get an
indication of the needs for training that are related to the use of cases in teaching and writing.
The data in table 6 are not condensed further as averaging the four types of HEIs is not
logical because of the diverse nature of the said institutions.

TABLE 6: Response on training needs

<table>
<thead>
<tr>
<th>NO.</th>
<th>INSTITUTION</th>
<th>NEED FOR TRAINING IN USING &amp; WRITING CASES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number of trainers in your</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dept</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPTA</td>
<td>Is = 20; useable Q’aire = 71</td>
<td>TOTAL</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AVERAGE OR %</td>
</tr>
<tr>
<td>IPTS</td>
<td>N=20; useable Q’aire = 14</td>
<td>TOTAL</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AVERAGE OR %</td>
</tr>
<tr>
<td>POLY</td>
<td>N=30; useable Q’aire = 97</td>
<td>TOTAL</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AVERAGE OR %</td>
</tr>
<tr>
<td>COM</td>
<td>N=20; useable Q’aire = 14</td>
<td>TOTAL</td>
</tr>
</tbody>
</table>
Entrepreneurial Client-Centred Learning: State-of-the-art of the use of Case as a Teaching Andagogy in Malaysia

But what is obvious is that the number of staff needed to be trained is quite high and the need for exposure and to be acquainted as well as to be an expertise in the area is quite challenging. To generalise is not appropriate but the need for training in the use of cases is very obvious amongst IPTAs and Polytechnics. These are estimates from averaging the respondents. But the answers ranged from “not related”, “not able to estimate” to a 100% necessity for the staff to be trained in the use of cases in teaching. If the respondents were heads of department or Deans, (as originally expected), then the estimates of staff required for training would be more meaningful. But the questionnaires that were returned do come from various staff levels and their responses therefore were quite questionable to be representative for the department.

**Number of staff needed for the training:**
Table 6 shows that the community colleges had the lowest number of staff needed for training. Almost half responded that case writing and teaching is something that is not related to their training activities and in fact they also indicated the non-relevancy of student centred learning (SCL) in their activities! This is quite a surprise as SCL is a pedagogical mode and looks like a fair % are not aware of this development. As for the other groups of higher institutions, the average number of staff averaged between 19-29 and 54-105 per department and institution respectively. The majority believed that a high percentage should be trained in the art of using cases in teaching, although some did give a zero number as a response. If the absolute number is to consider than an average range between 47-100 staff per institution are estimated to be trained. This number justifies a structured training programme need to be established for the Ministry to peruse.

**Number of experts in teaching cases:**
The number of experts or those that have the knowledge and expertise to teach other staff in the art of using cases in teaching in their respective departments and institutions were solicited to assist in the training of other staff that requires them. As indicated in Table 7, the average number of staff available for training in the use of cases in teaching ranges from 1-3 amongst the departments and only 1-4 amongst the institutions. This is glaringly very low and a challenge for the Ministry to consider undertaking if SCL is to be propagated and the % use of case study in teaching is to be increased.

### TABLE 7: Response on availability of trainers

<table>
<thead>
<tr>
<th>NO.</th>
<th>INSTITUTION</th>
<th>NUMBER OF STAFF CAPABLE OF TRAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>the use of cases in teaching in your</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dept</td>
</tr>
<tr>
<td>IPTA</td>
<td>N=20; useable Q'aire = 71</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>98</td>
</tr>
</tbody>
</table>

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Number of experts in writing cases:
The number of experts available and identified is much lower, averaging from none to only 2 per department, and zero to 3 per institution. The number identified here is glaringly small and reflects and urgent need to address the issue appropriately (Laurence and Zainal, 2010). If the country generally and Ministry specifically wants to play a leadership role as an regional education hub then amongst others, the SCL mode of delivery need to be well developed and practised, and case study teaching and writing to be part of the pedagogical academic system implemented (Zainal, 2009).

DISCUSSION

If all the HEIs are to be considered, it will total up to 168. If each is to be supported by an average of 100 academic trainers and 25% of them need to be trained in the use of cases as their pedagogy skills, then we have an estimated figure of a staggering 4000 that need to be trained (25% of 100(20+37+31+81))! Remove the community colleges as they probably prefer problem and project-oriented based learning, then we are left with 2,000 potential staff to be trained. Even if the polytechnics are taken out (which should not be) then the number is reduced to 1000. And with this number to be trained, AKEPT or any training institution that is given this responsibility will have a daunting task of training them in a short time period. This is 25% of the trainers. But should not all trainers be exposed to the use of cases as part of their teaching skills? Thus AKEPT cannot undertake this direct responsibility to train but instead go for the training of trainers for each HEIs.

The TOT model should cover three levels (beginner, intermediate and advance levels) and each HEIs will identify about 5-10 staff who will be the future trainers in their respective institutions for their own trainers. These trainers will undergo the three levels within a certain period, to start of with using case effectively in teaching (Level 1), followed by ability to evaluate and do case research and finally to be able to write the cases as training material and publication. Once successful in publishing their cases, then they are qualified to be a trainer for their respective HEIs in case usage, case research and writing.

SUMMARY AND CONCLUDING REMARKS
Student-centred learning is what the young generation of today is looking forward to. Malaysia is still far behind in getting the local materials ready the training trend. Worse still although the idea and trend has been recognised the number of available trainers is far from satisfactory and this cannot be allowed to develop at the current rate. AKEPT need to be more dynamic and proactive and developing the three levels of training modules are appreciated and the follow-ups need to be done aggressively. Case teaching requires a depository of quality local cases to be made easily available and teaching trainers the use is just half the battle. The other half which is tougher is to make them do research and write good cases for training purposes. This is probably the bigger battle. HEIs and perhaps the higher authorities might want to think of ways making this a desired activities amongst the trainers.

[questionnaire in Malay language can be made available through request.]

References


ATTACHMENT A: (the English version of the questionnaire).

<p>| SURVEY TO STUDY THE EXTENT OF CASE USAGE AND IN TEACHING AND LEARNING AMONGST HEIs IN MALAYSIA. |
|---|---|---|
| <strong>1</strong> | Name of Institution |  |
| <strong>2</strong> | <strong>Respondent's profile</strong> | <strong>a. highest qualification (please circle)</strong> | <strong>Diploma; Adv Dip; Degree; Masters; PhD.</strong> |
| <strong>3</strong> | <strong>my appointment:</strong> | <strong>Teacher ( ); Trainer ( ); Lecture ( ); Assoc prof ( );</strong> |
| | please select by putting an 'X' | <strong>Manager ( ); supervisor ( ); Researcher ( ); Professor ( );</strong> |
| <strong>4</strong> | <strong>My teaching load (hours per week)</strong> | <strong>total hours per week</strong> | ............hours |
| <strong>5</strong> | <strong>The 'Students-centred Learning&quot; (SCL) term</strong> | <strong>level of understanding of SCL (circle 1=low, 2=medium or 3=high)</strong> | 1 2 3 <strong>hours using SCL per week</strong> | ............hours |
| | | a. project based | ............% |
| | | b. problem based | ............% |
| | | c. use cases | ............% |
| <strong>6</strong> | <strong>Using of cases in Teaching</strong> | <strong>current (2012)</strong> | <strong>by 2015</strong> |
| | % of time using cases in my course | ............ | ............% |
| | % of time using cases in my program (estimated) | ............ | ............% |
| | % of time using cases in my institution (estimated) | ............ | ............% |
| <strong>7</strong> | <strong>Training needs for the use of cases:</strong> | <strong>Myself yes / no</strong> | <strong>number of staff that need the training</strong> |
| | academic staff in my program | yes / no | ............ |
| | academic staff | yes / no | ............ |</p>
<table>
<thead>
<tr>
<th></th>
<th>in my Institution</th>
<th></th>
<th>estimated number of staff that need the training</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td><strong>Training needs for the writing of cases:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Myself yes / no</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>academic staff in my program yes / no</td>
<td></td>
<td>...........</td>
</tr>
<tr>
<td></td>
<td>academic staff in my Institution yes / no</td>
<td></td>
<td>...........</td>
</tr>
<tr>
<td>9</td>
<td><strong>Available expertise in my Institution</strong></td>
<td></td>
<td>staff available to train the writing of cases</td>
</tr>
<tr>
<td></td>
<td>my Department ......(number)</td>
<td></td>
<td>......(number)</td>
</tr>
<tr>
<td></td>
<td>my Institution ......(number)</td>
<td></td>
<td>......(number)</td>
</tr>
</tbody>
</table>
Motivation and Success Factors of Successful SMEs: A Study on Malaysian Entrepreneurial Business Owners in the Northern State of Malaysia

Abstract

By the year 2020, Malaysia is expected to be a fully developed nation with balanced aspects of lives. Vision 2020 was planned with nine (9) challenges in bringing the vision into a reality. One of them is about establishing a prosperous society within an economy that is fully competitive, dynamic, robust and resilient. Of such, to bring prosperity to the Malaysian economy, various projects had been kicked-off and one of them with regards to entrepreneurship in Malaysia as this particular economic area is one of the main factors in bringing up the Gross Domestic Product (GDP) of Malaysia. This study was done to determine the motivation and success factors of successful entrepreneurs conducted in the state of Kedah, a northern state in Malaysia. Sixty successful entrepreneurs were interviewed and a multiple regression and descriptive data were obtained from the research. Motivation factors such as to increase income, to be one’s own boss, to prove that they can do it ranked the top three motivational factors and were found to significantly influence entrepreneurial success while success factors like hard work, good marketing, good customer service were the top three factors in influencing success of entrepreneurs but it was not significant in influencing the success of entrepreneurs.

KEY WORDS: entrepreneur, entrepreneurship, motivation, success, strategy, Malaysia

Introduction

By the year 2020, Malaysia aimed to become a fully developed nation with balanced aspects of lives. Planned and introduced by the fourth Malaysian Prime Minister, Tun Dr. Mahathir bin Mohammad on February 28 year 1991, the vision was carried along by the fifth and now the sixth Malaysian Prime Minister, Najib bin Tun Razak. The Vision 2020 was planned, introduced and kicked-off during the Sixth Malaysia Plan. In this ideal way of managing and uplifting the nation, nine (9) challenges were listed and one of them was the challenge to establish a prosperous society with an economy that is fully competitive, dynamic, robust and resilient. Malaysia by the year 2020 will be able to provide her own necessities without depending on others. Among the necessities would be her own industries in providing her people employments that would bring food to the table of her people (Vision 2020).

In addition, the fourth Malaysian Prime Minister also emphasized the importance of increasing the Growth Domestic Product (GDP) for at least 7% each year in achieving the Vision 2020. By increasing the GDP to 7% annually, for the duration of 1990 to 2020 (30-years-duration), the GDP of the country would be multiplied as of from RM115 billion in 1990 to RM920 billion in 2020 (Wikipedia, 2013).
As the nation gets closer to the targeted year, Malaysia has made her way through various challenges. Transformed from a nation which was dependable only on her natural resources like rubber, palm oil, timber and tins to an industrialised country which now have high technologies plants spreading over the country. PROTON, Perodua and Air Asia are just a few names of the giant entrepreneurs in Malaysia.

It is true that these giant entrepreneurs bring along economic growth to the nation but how about small and medium entrepreneurs’ contributions? What are the factors that motivate and are defined as success factors which will make these entrepreneurs sustain and competitive? This paper aimed to study the motivation and success factors of the small business entrepreneurs in Kedah, a Northern state in Peninsular Malaysia.

**Background of the Study**

**Malaysia GDP Performance:** For the year 2010, twenty (20) years after the flag-off Vision 2020, the following GDP growth was recorded by the Department of Statistics Malaysia. Each and every state of Malaysia showed positive increment especially states which had manufacturing and services as their main economic sources. Due to that, undoubtedly the state of Selangor took the highest point whilst Sabah being the lowest.

<table>
<thead>
<tr>
<th>State</th>
<th>GDP Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selangor</td>
<td>10.8</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>10.0</td>
</tr>
<tr>
<td>Johor</td>
<td>9.3</td>
</tr>
<tr>
<td>Wilayah Persekutuan Kuala Lumpur</td>
<td>9.2</td>
</tr>
<tr>
<td>Wilayah Persekutuan Labuan</td>
<td>6.0</td>
</tr>
<tr>
<td>Perak</td>
<td>5.7</td>
</tr>
<tr>
<td>Melaka</td>
<td>5.6</td>
</tr>
<tr>
<td>Perlis</td>
<td>5.4</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>5.3</td>
</tr>
<tr>
<td>Sarawak</td>
<td>4.5</td>
</tr>
<tr>
<td>Pahang</td>
<td>4.5</td>
</tr>
<tr>
<td>Kedah</td>
<td>4.4</td>
</tr>
<tr>
<td>Terengganu</td>
<td>4.3</td>
</tr>
<tr>
<td>Kelantan</td>
<td>4.1</td>
</tr>
<tr>
<td>Sabah</td>
<td>2.4</td>
</tr>
</tbody>
</table>

**Table 1: GDP Growth by State, 2010**

**Source:** GDP by State Department of Statistics, Malaysia 2010

**Entrepreneurship:** Being an entrepreneur is not just a matter of owning a business. Rather, an entrepreneur is a person who has an attitude of taking risks and grabbing what is seen as the impossible into something desirable through opportunities. These transformations would later open up more opportunities for others to venture (Curator, 2009). Besides these attitudes, an entrepreneur also has been said as having the desires for independence/autonomy, family security, self-fulfilment and growth, financial gain, as well as opportunity recognition (Chu et al; 2011). But the ultimate aim is to be their own boss, pursue their own ideas and pursue financial rewards (Barringer & Ireland, 2012). Thus, in sum, entrepreneurship can be summarized as someone who takes risks in transforming the impossible into emerging market through opportunities that later set the path for others to venture.

**Motivation:** Motivation is generally defined as achieving a goal, a target or desired means that later keeps oneself continuously working towards it. It can also be described as a pushing factor and motivation can be either conscious or unconscious. Historically, the word was said to be coined back in the late 19th century, a motivated person will perform a task or duty willingly as long as the desired goal achieved (Cherry, 2013).
**Success Factors:** To achieve success means achieving or accomplishing the positive, favourable, accepted goal or target. The term can also be described as the good factors overcoming the bad. The accomplishment or achievement can be wealth, position, higher level of status or winning a good situation (Oxford Dictionaries & Dictionary.com, 2013). Thus, when describing the success factors, it can be concluded that success factors are elements that create and later inspired a person to achieve or accomplished positive, favourable and accepted goal or target in oneself.

**Entrepreneurship in Malaysia:** As recorded, entrepreneurship in Malaysia had started historically since the time of the Malacca Sultanate or may be way back before that. This means either doing business gigantically like Sime Darby which is already known as a conglomerate or becoming giant entrepreneurs like PROTON, Perodua, and Air Asia or to become small and medium businesses owners. The small and medium businesses owners or the SMEs will be the main focus for this particular review of the study.

**SME:** In categorizing SMEs, National SME Development Council’s chaired by the Prime Minister of Malaysia was used as a guideline. Each category of SME was defined through a study done in October 2005 that involved 523,132 establishments or entrepreneurs (Aris, 2007). Two (2) main criteria used in determining the categories which were based on the number of full-time employees and the second criteria based on annual sales turnover were:

| Table 2: Definition of SMEs (Number of Full-time Employees) |
|-----------------|------------|----------|
| Category        | Micro     | Small    | Medium  |
| Manufacturing   | 5 > x     | 5 ≤ x ≤ 50 | 51 ≤ x ≤ 150 |
| Services        | 5 > x     | 5 ≤ x ≤ 19 | 20 ≤ x ≤ 50 |
| Agriculture     | 5 > x     | 5 ≤ x ≤ 19 | 20 ≤ x ≤ 50 |

The National SME Development Council had decided that an establishment is classified as SME should one of the criteria in either Table 1 or Table 2 was met.

**Economic Performance in Kedah:** With GDP growth of 4.4 per cent (4.4%) in the year 2010 and the state of Kedah also shared the same types of economic activities like other states. It had agriculture, mining and quarrying, manufacturing, construction, services and import duties. The percentage distribution of these economic activities for the year 2010 is illustrated in Table 4.

| Table 3: Definition of SMEs (Annual Sales Turnover- (RM)) |
|-----------------|------------|----------|
| Category        | Micro     | Small    | Medium  |
| Manufacturing   | 250,000 ≤ x > 10Million | 250,000 ≤ x > 10Million | 10Million ≤ x ≥ 25Million |
| Services        | 200,000 ≤ x > 1Million | 200,000 ≤ x > 1Million | 1Million ≤ x ≥ 5Million |
| Agriculture     | 200,000 ≤ x > 1Million | 200,000 ≤ x > 1Million | 1Million ≤ x ≥ 5Million |
Source: Department of Statistics, Malaysia

As shown in the table above, services sector took more than half of overall Kedah’s GDP growth for the year 2010 and manufacturing took more than fifty per cent (50%) for the other portion of Kedah economy. Comparing data and information between tables 2, 3 and 4, there was a linkage between the SME definition and the concept of entrepreneurship in Kedah.

Literature Review

Goh (2012) found the following factors that motivates entrepreneurs to own their own business: Money, proving that they can do it, to provide jobs for their family members, for own satisfaction and growth, to have job security and to be closer to the family and build something which can pass on to their children (Malika, 2009, Chu, 2008, Benzing, 2009; Zimmerman 2010; Stefanovic, 2010)

Other motivating factors to a lesser extend were: to keep busy; for status, to contribute to welfare of the society; anticipate positive outcome of business and cannot find job that has appropriate to their background (Segal, 2005, Hughes, 2006; Sidikat, 2006).

A literature on success factors for business owners revealed that the following factors were important: good management skills, previous business experience, good customer service, satisfactory government support, access to capital, support of family and friends, good product at competitive prices, marketing, sales and promotion, reputation for honesty, community involvement, social skills, spouse support and perseverance (Chu, 2007a; Benzing, 2009; Godratt,2004; Hussain; 2010; Zimmerman,2010;Stefanovic,2010; Malika, 2009)

As mentioned earlier, Kedah offers vast opportunities for economic development especially for the entrepreneurs. With well-planned programs by the federal and the state governments, the development can be seen through its GDP growth and other benchmarks. Unfortunately, there is still lack of study for the individual himself in bringing success into their enterprises especially for the SMEs.

This study was done on motivation and success factors of the entrepreneurial business owners in Kedah with the hope it could be a starting point in determining human or internal factors rather than just concentrating on the external elements in spurring the growth of more entrepreneurs.

Moreover, with the awareness and importance of small and medium entrepreneurship towards the economy of Malaysia, such study and research is hoped to provide guidelines and handbook not only to those who want to venture in the areas but also to the government, for the sustainability of entrepreneurship in Malaysia.

With that in mind, the research questions were:

| Table 4: Percentage Distribution of Economic Activities for the State of Kedah, 2010 |
|----------------------------------|-----------------|
| Economic Activities             | Distribution (%) |
| Services                         | 55.7            |
| Manufacturing                    | 31.2            |
| Agriculture                      | 10.0            |
| Construction                     | 2.7             |
| Import Duties                    | 0.3             |
| Mining & Quarrying               | 0.1             |
| Total                            | 100.0           |
RQ 1: What are the motivation factors and success factors of successful entrepreneurs in Kedah? 
2: How is the relationship between motivation and the success factors and successful entrepreneurs in Kedah? 
3: Which factors are the most important?

Theoretical Framework

This research which concern the motivation and success strategies of entrepreneurial business owners can be illustrated in the following theoretical framework:

Methodology

A purposive sampling was used by the researchers in getting the data from the correspondents. By using this sampling method, subjects ranging from various type of business like retailing, wholesaling, service, and others was employed. Data was obtained though self administrated questionnaire mailed to the employers. The survey questionnaire originally constructed by Chu and Katsioloudes, (2001) was used. There were thirty five (35) questions in the questionnaire which were divided into three (3) main groups: (a) Personal and business profile (b) Motivation of entrepreneurs (c) Success factors of entrepreneurs

Findings

Sample Characteristics: The Tables below summarized the personal information regarding the entrepreneurs and the enterprises surveyed.

<table>
<thead>
<tr>
<th>Table 5: Entrepreneurial Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information Surveyed</strong></td>
</tr>
<tr>
<td>Gendr</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Marital Status</td>
</tr>
<tr>
<td>Married</td>
</tr>
<tr>
<td>Single</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>30 – 40</td>
</tr>
<tr>
<td>&lt; 30</td>
</tr>
<tr>
<td>&gt; 40</td>
</tr>
</tbody>
</table>
Motivation and Success Factors of Successful SMEs: A Study on Malaysian Entrepreneurial Business Owners in the Northern State of Malaysia

### Table 5: Entrepreneurial Characteristics

<table>
<thead>
<tr>
<th>Information Surveyed</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest Educational Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Had some graduated work or completed graduate degree</td>
<td>23</td>
<td>38.3</td>
</tr>
<tr>
<td>Attended college or completed college</td>
<td>19</td>
<td>31.7</td>
</tr>
<tr>
<td>Attended high school or completed high school</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Completed grade school or less</td>
<td>8</td>
<td>13.3</td>
</tr>
</tbody>
</table>

*Total Number of Samples = 60*

### Table 6: Enterprise Characteristics

<table>
<thead>
<tr>
<th>Information Surveyed</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of business ownership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Established by you</td>
<td>29</td>
<td>48.3</td>
</tr>
<tr>
<td>Bought from another</td>
<td>16</td>
<td>26.7</td>
</tr>
<tr>
<td>Inherited</td>
<td>15</td>
<td>25.0</td>
</tr>
<tr>
<td>Age of business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>28</td>
<td>46.7</td>
</tr>
<tr>
<td>5 to 10 years</td>
<td>17</td>
<td>28.3</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>15</td>
<td>25.0</td>
</tr>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 10</td>
<td>43</td>
<td>71.7</td>
</tr>
<tr>
<td>10 to 20</td>
<td>13</td>
<td>21.7</td>
</tr>
<tr>
<td>&gt; 20</td>
<td>4</td>
<td>6.7</td>
</tr>
<tr>
<td>Type of business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailing</td>
<td>18</td>
<td>30.0</td>
</tr>
<tr>
<td>Wholesaling</td>
<td>15</td>
<td>25.0</td>
</tr>
<tr>
<td>Service</td>
<td>22</td>
<td>36.7</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>8.3</td>
</tr>
</tbody>
</table>

*Total Number of Samples = 60*

### Table 7: Mean Score For Motivation
### Motivation Factors: Table 7 summarized the mean score for motivation factors collected by the research. The motivation factors were ranked by the value of the mean.

* Total Number of Samples = 60

### Success factors: Table 8 summarized the mean score for factors contributing to business success collected by the research. Similar to Table 7, the success factors were ranked by the value of the mean. Should two (2) or more success factors share the same mean, the success factor with lower standard deviation will take the higher rank.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Motivation Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To increase my income</td>
<td>4.33</td>
<td>0.655</td>
</tr>
<tr>
<td>2</td>
<td>To be my own boss</td>
<td>4.30</td>
<td>0.850</td>
</tr>
<tr>
<td>3</td>
<td>To prove I can do it</td>
<td>3.95</td>
<td>1.126</td>
</tr>
<tr>
<td>4</td>
<td>For my satisfaction and growth</td>
<td>3.78</td>
<td>1.059</td>
</tr>
<tr>
<td>5</td>
<td>To gain public recognition</td>
<td>3.65</td>
<td>1.087</td>
</tr>
<tr>
<td>6</td>
<td>To be closer to my family</td>
<td>3.47</td>
<td>1.359</td>
</tr>
<tr>
<td>7</td>
<td>To build a business to pass on</td>
<td>3.39</td>
<td>1.287</td>
</tr>
<tr>
<td>8</td>
<td>So I will have job security</td>
<td>3.32</td>
<td>1.334</td>
</tr>
<tr>
<td>9</td>
<td>To provide jobs for my family</td>
<td>3.25</td>
<td>1.503</td>
</tr>
<tr>
<td>10</td>
<td>To be able to use my past experience &amp; training</td>
<td>3.07</td>
<td>1.247</td>
</tr>
</tbody>
</table>

### Table 8: Mean Score For Success Factors

<table>
<thead>
<tr>
<th>Rank</th>
<th>Motivation Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hard work</td>
<td>4.25</td>
<td>0.628</td>
</tr>
<tr>
<td>2</td>
<td>Marketing factors (sales &amp; promotions)</td>
<td>4.18</td>
<td>0.792</td>
</tr>
<tr>
<td>3</td>
<td>Good customer service</td>
<td>4.17</td>
<td>0.668</td>
</tr>
<tr>
<td>4</td>
<td>Good product at a competitive price</td>
<td>4.13</td>
<td>0.724</td>
</tr>
<tr>
<td>5</td>
<td>Location</td>
<td>4.13</td>
<td>0.812</td>
</tr>
<tr>
<td>6</td>
<td>Good general management skills</td>
<td>4.12</td>
<td>0.739</td>
</tr>
<tr>
<td>7</td>
<td>Charisma: friendliness to customers</td>
<td>4.03</td>
<td>0.637</td>
</tr>
<tr>
<td>8</td>
<td>Access to capital</td>
<td>4.02</td>
<td>0.813</td>
</tr>
</tbody>
</table>
Table 8: Mean Score For Success Factors

<table>
<thead>
<tr>
<th>Rank</th>
<th>Motivation Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Previous business experience</td>
<td>3.97</td>
<td>0.823</td>
</tr>
<tr>
<td>10</td>
<td>Ability to manage personnel</td>
<td>3.82</td>
<td>0.596</td>
</tr>
<tr>
<td>11</td>
<td>Support of families and friends</td>
<td>3.73</td>
<td>0.880</td>
</tr>
<tr>
<td>12</td>
<td>Maintenance of accurate record of sales &amp; expenses</td>
<td>3.58</td>
<td>0.671</td>
</tr>
<tr>
<td>13</td>
<td>Reputation for honesty</td>
<td>3.58</td>
<td>0.850</td>
</tr>
<tr>
<td>14</td>
<td>Appropriate training</td>
<td>3.53</td>
<td>0.892</td>
</tr>
<tr>
<td>15</td>
<td>Satisfactory government support</td>
<td>3.20</td>
<td>0.935</td>
</tr>
<tr>
<td>16</td>
<td>Community involvement</td>
<td>2.72</td>
<td>0.958</td>
</tr>
<tr>
<td>17</td>
<td>Political involvement</td>
<td>2.38</td>
<td>1.209</td>
</tr>
</tbody>
</table>

*Total Number of Samples = 60*

Using the multiple regression tests in order to determine the relationships of independent and dependent variables to test the related hypothesis Goh et al. (2012) found the following results. The two hypotheses developed through model summary were:

H₀: Motivation factors and success factors does not influence in entrepreneur business success;

H₁: Motivation and success factors have an influence in the entrepreneurs business success

Table 9: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R-Square</th>
<th>Adjusted R-Square</th>
<th>Standard Error of Estimate</th>
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<td>0.386</td>
<td>0.054</td>
<td>0.803</td>
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Predictors: (Constant), success factors, motivation factors

Table 10: ANOVA

<table>
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<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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</table>
Motivation and Success Factors of Successful SMEs: A Study on Malaysian Entrepreneurial Business Owners in the Northern State of Malaysia

<table>
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<th>Total</th>
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<td>40.183</td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
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Predictors: (Constant), success factors, motivation factors
Dependent variable: Business success

<table>
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<th>Standardized Coefficients</th>
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<th>Sig.</th>
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<td></td>
<td>B</td>
<td>Standard Error</td>
<td>Beta</td>
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<td>1.111</td>
<td>0.298</td>
<td>0.767</td>
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<td>Motivation factors</td>
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<td>0.173</td>
<td>0.292</td>
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<tr>
<td>Success factors</td>
<td>0.017</td>
<td>0.279</td>
<td>0.008</td>
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</tbody>
</table>

Dependent variable: Business success

The table above indicated that only 38.6% of motivation and success factors explained business success (Table 9) and the relationship between the dependent and the independent variable was not significant (F=2.684; Sig = 0.077; p> 0.05 – Table 10). However between the two independent variables motivation factors were more significant in explaining independent variable (business success; t= 2.283; sig = 0.026; p<0.05) than success factors (t=0.060; sig=0.953, p>0.05) which was not significant in explaining business success (Table 11).

Discussion

**Motivation Factors:**
The results showed that it cannot be denied that income level is the main motivation factor for an entrepreneur in venturing into a business. Previous researched and later found this to be consistent in the literatures. (Goh et al., 2012)

The entrepreneurs indicated that increasing income is the main motivating factor for becoming business owners, followed by a desire to become business owners, proving that they can do it and a desire for satisfaction and growth, the income motivation dominate the internal reward motivation related to independence and intrinsic motives. If entrepreneurs are motivated primarily by income potential, then increasing the profitability of business ownership should encourage more small and medium enterprise (SME) to start up business. Simplifying registration or licensing, revising the labour code and reducing payroll taxes are a few ways to increase business income and encourage further SME development.

The study also showed that family business concerns such as expectations of earning more money in self-employment and the opportunity to pass the business on to children were other important motivational goals in starting up small business ownership.
The entrepreneurs regarded an attitude of hardworking as the crucial factor contributing to their success. Due to the reason of this factor, it is largely under the entrepreneur’s locus of control, which means they believe they can control their own business success. This attitude empowers entrepreneurs and lead to lower stress. The respondents also perceived marketing factors (sales and promotion), good customer service, and strategic location, good product at a competitive price, good general management skills, charisma, friendliness to customers and an access to capital as the leading factors to a higher level of business achievement. Based on the results of this study, entrepreneurs also indicated that political involvement, community involvement as relatively unimportant to their success.

Through the ten (10) factors listed by Goh et al. (2012), assumption can be drawn that an entrepreneur wants to determine his own destiny by controlling all the factors that will affect his future and also his enterprise. As described by Kuratko (2009), “Entrepreneurs are driven by a strong need to control both their venture and their destiny. This internal focus of control spills over into a preoccupation with controlling everything. An obsession with autonomy and control may cause entrepreneurs work in structured situations only when they have created the structure on their terms.” Thus, the factors of to be my own boss, to prove “I can do it”, for my satisfaction and growth, to gain public recognition, to be closer to my family, to build business to pass on, so I will have job security, to provide jobs for my family and to be able to use my past experience & training describe what Kuratko (2009) meant.

**Success Factors:**

To further discuss the motivation success factors, the tables provided are the referral points in comparing what had been studied earlier in the literatures and study done by Goh et al. (2012). The comparison of these two (2) tables can be found in Appendix F.

Through literatures provided and the reality of entrepreneurs in Kedah, the success factors are in tandem to one another. The only thing that marks the difference is just the rank between what been reported in literatures and surveyed by Goh et. al (2012).

Among the seventeen (17) points listed by Goh et. al (2012), five (5) can be classified as external factors which are location, support of families and friends, reputation for honesty, and satisfactory government support. The remaining of the list can be categorized as internal factors.

Among the factors listed also, surprisingly, satisfactory government support took the fifteenth rank with mean 3.20. This somehow indicates that that economic prosperity and government support is required for a favourable environment for entrepreneurs to develop. Earlier in the journal, it was stated Kedah’s GDP growth which increased by 4.4 per cent in the year 2010, the implementation of North Corridor Economic Region (NCER) for year 2007 till year 2025 that includes Kedah as one of the states and main infrastructures like highways and airport should be seized as opportunities by entrepreneurs in Kedah. These mega projects are supported not only by the federal government but also by the state government. Not to mention, universities and colleges have been erected in bringing up Kedah to be at par with other states in Malaysia.

The study adds to the existing body of knowledge to better understand what motivates the entrepreneurs to start up their business and the strategies they employ to achieve the success.
This is important for the government to provide the resources and impetus to further spur the growth of entrepreneurs in the state.

The limitation of this research is that the sample of the study only includes those in the state of Kedah and therefore the scope of the research is limited to this state only.

**Conclusion and Suggestion for Future Studies:**

For future studies on this subject, another area can be incorporated which is the usage of technology in entrepreneurship either in operation or in management, particularly with regards of Information Technology (IT). In incorporating this particular topic in future studies, researcher(s) might include several sections such as:

1. The level of knowledge in IT;
2. Experience with IT;
3. Awareness of the importance of IT;
4. How IT can help to make things better.

The reason why IT be another area to be incorporated is the boom of online businesses and transactions which are the silent competitors to the entrepreneurs especially those who are still doing it in traditional way.

Dot com businesses, marketing and promotions through Facebook and blogspots and on-line affiliates are among the “in” and “happening” phenomenon nowadays. To be exact, the internet revolution since 1990s brought forward www which links everybody in this world, betterment of supply chain management, e-Commerce, Yahoo, eBay, Google, Amazon and others (Russel & Taylor, 2011).

**ACKNOWLEDGMENT**

This research was done by Goh Lei Hong (2012) and reviewed by Norhayati bt Fahimy (2013) under the supervision of Dr. Cheng Wei Hin (Universiti Utara Malaysia).

**References**


ABSTRACT

The purpose of this study is to study the effect of strategic planning and strategic execution on organizational performance using Boyd et al (1998) measurement of strategic planning and Cater & Pucko (2010) measurement of strategic execution. The proposed model focuses on the relationship between strategic planning and performance, strategic execution and performance and the effect of strategic execution on the relationship between strategic planning and organizational performance. This study also tries to ascertain the relationship between strategic planning and strategic execution.

Keywords: strategic planning, strategic execution, strategic implementation, organizational performance, performance

Introduction

In a globalized and hyper competitive business environment today, firms have been working intensely to formulate the best strategy in order to gain competitive advantage in the market. However, having only a best formulated strategy does not guarantee corporate successes. One has to effectively execute the well formulated strategy in order to secure better corporate performance. A good planning and good execution are two crucial factors that are known to be very influential in determining organizational performance.

In this turbulence business environment, firms have been competing tremendously in modeling, formulating and designing the best strategy to ensure the corporate success. However, the success rate of a well established strategic planning seems to be not encouraging. Numerous scholars agree that strategy frequently fail not because of inadequate strategy formulation but instead, because of insufficient execution or failure in implementing the well and perfectly formulated strategy. (Yang et al., 2008; Pucko & Cater, 2008, Cater & Pucko, 2010; Chen et al., 2008). Fortune magazine noted that less than 10% of well formulated strategies are effectively executed (Judson, 1991; Gurowitz, 2007). The Time’s study of 200 companies (Farsight Leadership Organization, 2007) found that 80% of companies had the right strategies yet only 14% were implementing them well.

According to Raps (2004), the real success rate of strategy implementation is between 10% and 30% (Pucko, 2008). This obviously shows that strategy execution is an important issue to be focused at and yet, it was almost completely neglected for decade (Pucko, 2008; Crittenden and Crittenden, 2008). On the other hand, Connor (2001), Gottschalk (2008) and
Pucko (2008) highlight the huge lack of deep and cohesive body of academic literature in the field of strategy execution. The only obvious contribution on this field for the last 15 years seems to be only from Kaplan and Norton (1992, 1996, and 2006) which is considered as the rare advancements (Pucko, 2008).

In the Malaysia context, there are few research conducted to contribute to the body of knowledge of strategic management and corporate performance. For example, Ruzita (2007 & 2010) had look into the corporate performance of Malaysian’s manufacturer by adapting multiple performance usage based on the Balanced Scorecard framework (Ruzita, 2007 & 2010) and Haim Hilman Abdullah (2009) who looks into the competitive strategy and sourcing strategy in determining the corporate performance. Hence, there is a need for this study as it will further contribute to the body of knowledge of strategic execution both academically and practically.

This study intends to look into the crucial strategic planning and strategic execution factor that affect organizational performance. This study will also examine the function of strategic execution activities as a mediator for strategic planning activities and organizational performance. There has been a growing realization of important contribution strategic execution (Andreas, 2004; Pucko, 2008 & 2010; Yang, Sun and Martin, 2008, Chen, Guo and Li, 2008) towards corporate performance. While academicians and business practitioners agree that activities in strategy execution has an impacts corporate performance, there are very little empirical researches that focus on what might be the effect of interaction of the two factors on corporate performance.

Previous study created a range of model and typologies in attempt to identify the developmental stage of both strategic planning and strategic execution seperately. Very little empirical work has been done in investigating the interaction of activities in strategy planning and strategic execution on corporate performance. This study will attempt to address this insufficiency and will pursue to bridge the gap.

**Literature Review**

**Strategic planning**

Strategic planning is undoubtedly a crucial concept and has always been a focus of strategic management research. Boyd and Reuning-Elliot (1998) pointed out that strategic planning is “a key concept in the management research” (p. 181) and the investigation of strategic planning and performance relationship has been the central to the strategic management literature (Shrader, Mulford & Blackburn, 1989; Boyd et. al, 1998; Rudd, Greenley, Beaton & Lings, 2008; Cater & Pucko, 2010) specifically in topics related to business competitive advantage, generic strategies, strategies implementation and strategic decision making.

Although a cornerstone for strategic management literature, the conceptualization and definition of strategic planning remain unclear. Such ambiguity was well highlighted in Greenley (1994) and Boyd et al. (1998). Boyd et al. (1998) pointed out two main reasons for such issue. First of all, the preference of the researcher in the field of strategic management that more favor to examine the relationship between variables over the conceptualization of variables has resulted in a lack of uniformity in defining and operationalizing the concept of strategic planning. Second is due to the focus of research where researchers are keener to examine the discrepancies and outcome of various strategies instead of the overall strategic planning implication. Nonetheless, in this study, we will operationalize strategic planning
based on several strategic planning references that we have referred with the anticipation that it will clarify and explain better the construct of strategic planning that we intend to investigate.

Goodstein, Nolan and Pfeiffer (1993) identifies strategic planning as “the process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve that future” (p.3) while Thompson and Strickland (2003) describe strategic planning as “the tasks of crafting, implementing, and executing company strategies are the heart and soul of managing a business enterprise. A company’s strategy is the game plan management uses to stake out a market position, conduct its operations, attract and please customers, compete successfully and achieve organizational objectives” (p.3).

Thompson and Strickland (2010) then further refine the view of strategic planning by stating that strategic planning is how an organization creates a plan to achieve its goal by identifying activities and processes that gives it competitive advantage. Apart from that, McNamara (2007) delineates strategic planning as “clarifying the purpose of an organization, where an organization wants to be in the future and how it is going to get there” (p.3). Based on the above discussed definition, we shall view strategic planning as a process in which organization clarify the reason of its existence and utilizes the resource available in it to create competitive advantage over its rival thus leading itself to achieve its intended future.

As generally understood, the final goal for strategic management is the achievement of intended performance or the improvement of performance (Ventrakraman & Ramanujam, 1986). Countless attempts to identify the planning-performance relationship have been initiated since the transition period of strategy research begins in the 1970s. However, as of today, the outcomes of such research remain equivocal with most of the studies conducted so far indicates that strategic planning contributes positively to corporate performance (Aldehayyat & Twaissi, 2011; Kaissi and Begun, 2008; Al-Shammeri & Hussein, 2007; Crusoe, 2000; Berman, Gordon & Sussman, 1997; Orpen, 1994; Pearce, Robbins & Robinson, 1987; Beard & Dess, 1981; Malik & Krager, 1975; Herold, 1972; Thune and House, 1970). For example, using the level of formality as a construct measurement for strategic planning in a study of 97 firms with average annual revenue of $20million in the United States, Pearce, Robbins and Robinson (1987) found that there is significant correlation between the levels of formality in strategic planning towards the performance of an organization in which formal planners outperformed informal planners.

Conversely, several other scholars posit neutral relationship between planning and performance (Rue & Ibrahim, 1998; Habib & Victor, 1991; Bracker & Pearson, 1986; Ackelsberg & Arlow, 1985; Leontiades & Tezel, 1980; Grinyer & Norburn, 1974; Rue & Fulmer; 1973). Grinyer & Norburn (1974) for instance, found no sign of formal planner outperformed informal planner but discovered that high performer tends to use more sources of information and had more objective when designing a strategic plan. Though research outcome show no association between levels of planning formality on performance, Grinyer and Norburn (1974) somewhat stressed that the existence of association between planning and performance is very much relies on i) how the planning is introduced and implemented in each firm and ii) its performance before and after the implementation. Therefore, the non-existence of relationship between planning and performance from their research result cannot be seen as exclusive (p.86)
Brews and Hunt (1999) underlined two main reasons associated with the inconsistency of planning-performance research result namely i) the poor conceptualization and operationalization in the measurement of strategic planning as a research construct and ii) the influence of environmental factor on the type of strategic planning practiced by firms.

The poor conceptualization and operationalization in the measurement of strategic planning as a research construct has been highlighted numerous times in the literature (see: Shrader et al., 1989; Boyd, 1991; Boyd et al., 1998). Brews and Hunt (1999) acknowledge that the inconsistency in the research outcome was due to the “crude dichotomous or trichotomous classifications of planning behavior” (p.890) that was used in early studies of strategic planning for example the comparison of formal and non-formal planners (Thune & House, 1970) or the comparison among the level of long range planning completeness (Rue & Fulmer, 1973). These classifications of planning behavior was later replaced by a “more sophisticated Guttman scaling techniques” (Brews and Hunt, 1999, p.890) which uses the level of planning sophistication to measure the construct of strategic planning. The use of planning sophistication has rather generates a more significant planning-performance relationship compare to earlier research (Bracker & Pearson, 1986; Bracker et al., 1988; Berman et al., 1997).

On the other hand, the influence of environment factors on the type of strategic planning practiced by firms denote that environment factors play an important role in affecting the success or failure of a particular type of strategic planning. For example, several scholars found that formal strategic planning was best effective in a stable environment (Mintzberg, 1973; Frederick, 1984) where as other researchers discover that formal strategic planning work best only in a volatile environment (Eisenhardt, 1989; Miller and Cardinal, 1994). However, as of today, the impact of environmental factors on the planning-performance relationship remains indefinite in general.

**Strategic Execution**

Strategy execution is known to be an important element in strategic management because poor strategy execution weakens subsequent strategic planning efforts (Crittenden & Crittenden, 2008) and that a good strategic plan requires proper and effective execution process to make it a success. Hrebiniak (2006, 2008) acknowledge that while formulating a strategy is generally known as tough, executing and implementing the strategy is much tougher. Speculand (2009) highlighted that there is a growing recognition that the most important problem associate to the field of strategic management is now strategy execution and not strategy formulation.

However, there has been a rising concern that strategy execution receives lesser research attention compare to strategic planning though its importance is very much acknowledged by strategic researchers (Creasap, 2011, Yang, Sun & Martin, 2010; Gottschalk, 2008; Noble, 1999; Gupta & Govindarajan, 1984). One of the possible reasons for this scenario, according to Okumus and Roper (1999), is due to the complexity of strategy execution and that in most cases, strategy execution is merely considered as an administrative exercise, an extension of strategic planning (Cater & Pucko, 2010; Bourgeois & Brodwin, 1984). This scenario leads to the lack of reference point for corporate management practice as well as causing unsystematic, widespread and not in-depth understanding towards strategic execution in the academic world (Chen, Guo & Li, 2008, Noble, 1999).
The under researched of strategic execution (Noble, 1999) has also led to some disagreement over its operationalization. While most of the scholars are in favor of the terms “implementation” instead of “execution” (Pucko, 2008, 2010; Chen et al., 2008; Gurowitz, 2008), others remain indifferent about the definition. According to Sashittal & Wilemon (1996), several terms that is synonym to execution such as “implementation” and “actualization of goals” often being used in strategic management literature but are not adequately employed by managers in practice. Yang et al. (2010) on the other hand, extensively reviewed sixty strategy execution articles and found that there seems to be no article that differentiates strategy implementation from strategy execution. According to Yang et al. (2010), some strategy scholars even take strategy execution as an exact synonym of strategy implementation. Hrebiniak (2006, 2008) for example, states that though formulation of strategy is hard, “executing or implementing” the strategy across the organization is even harder. Apprehending that there is no exact different between strategy implementation and strategy execution, we shall use both term interchangeably.

On the other hand, there seems to be no unified understanding towards the definition of strategy execution due to the lack of cohesive body of existing implementation research (Noble, 1999; Pucko, 2008; Yang et al., 2008, 2010). Though remain vague, Yang et al. (2008) has able to identify three different perspective of the term namely i) the “process perspective” which view strategy execution “as a sequence of carefully planned consecutive steps” (p.4), ii) the “behavior perspective” which examines the action taken when executing a strategy and iii) the “hybrid perspective” which consist of both process and behavior perspective.

By taking into consideration these three different perspectives, Yang et al. (2008) define strategic execution as “dynamic, iterative, and complex process, which comprised of a series of decisions and activities by manager and employees which is affected by a number of interrelated internal and external factors in order to turn strategic plans into reality and to achieve strategic objectives” (p.6). Likewise, in this study, we operationalize strategic execution according to the definition mentioned above.

Due to the insufficient focus in the field of strategy execution and a lack of unified understanding towards the execution of strategy, it is concluded that to date, there yet to exist a systematically structured execution process that is universally recognized in the present day. However, a review to related references brought a few representative points of view about strategy execution in present research.

Noble (1999) was considered as one of the earliest researcher attempts to address the gap in strategy implementation research by providing a framework that distinguishes two broad view of strategy execution namely i) structural view and ii) interpersonal process view. His seminal work managed to capture the attention of strategy researcher to revisit the elapsed research on strategy implementation.

Following through, a Chinese group of researchers, Xue, Wei & Qi (2005) identified three major elements: consensus, coordination, and control as the basis for strategy execution while Bossidy & Charan (2007) emphasizes on strategic processes, personnel procedures and management process as a constituent elements of strategy executions. Higgins (2005) on the other hand, revises McKinsey’s “7s” and propose his “8s” model which consists of “strategy, structure, systems and processes, leadership style, staff, resources, shared values and strategic performance” to better assist managers in strategy execution (Pucko & Cater, 2008). In
addition to that, there are efforts to link strategy execution to organizational performance in the form of examining the relationship between strategy execution style and organizational performance (Andrews, Boyne, Law & Walker, 2011; Thorpe & Morgan, 2007; Stewart & Kringas; Parsa, 1999)

In recent year however, more focus has been given towards the evaluation of strategy execution literature in order to further clarify and operationalize the construct of strategic execution. One of the notable contributions was Yang et al. (2008, 2010) seminal work, “Making strategy work: A literature review of the factors influencing strategy implementation” which evaluates twenty four years of strategic execution literature development, Yang et al. (2008, 2010) identified nine crucial factors of strategy implementation which are commonly discussed in the literature as well as two approaches that combine or relates relevant factors. The nine crucial factors that affect strategy implementation according to Yang et al. (2008, 2010) are:

i. Strategy Formulation  
ii. Relationship between departments and strategy levels  
iii. Executors  
   a. Executors – Top Management  
   b. Executors – Middle Management  
   c. Executors – Lower Management / Non Management  
iv. Communication  
v. Implementation tactics  
vi. Consensus  
vii. Commitment  
viii. Organizational structure  
ix. Administrative systems

The two approaches that combine or relate relevant factors are:

i. Categorizations of various factors into groups or categories  
ii. Relating implementation in a framework

While we are able to see there is a rising effort in studying strategy execution from the perspective of factors affecting successful execution as well as barriers to strategy execution (Hrebiniak, 2006; Wessel, 1993 as cited in Parnell, 2008), there is still lack of effort in examining the relationship between execution and performance as well as identifying the crucial activities that needs to be emphasized during the execution process in order to successfully implement a well formulated strategic plan thus resulting desirable performance (Hrebiniak, 2006; Hrebiniak & Joyce, 2001).

One significant attempt to address the above mentioned gap was from Cater & Pucko (2010). Based on the work of Hrebiniak (2005) and others such as Wheelen & Hunger (2006) and Kaplan & Norton (1996), Cater & Pucko (2010, p.209-210) investigates:

i. the important groups of activities for and obstacles to strategy execution  
ii. how companies from various size, sector, ownership and sales market group differ in the activities they practice and in the obstacles they face when implementing strategies  
iii. The relationship between activities for and obstacles to strategy implementation on one hand and company performance on the other

Cater & Pucko (2010) investigations is the only studies that employed the function of management namely planning, organizing, leading and controlling to illustrate the overall
activities required during strategy execution processes which is totally distinctive from earlier study which focuses on a particular dimensions or factors in during strategy execution. They found that organizational performance very much depends on proper organizing activities.

Apprehending the need to address the relationship between strategic planning, strategic execution and performance in a more holistic perception, the current study will be based on Cater & Pucko’s (2008, 2010) model of strategy execution as it represent overall execution process.

**Organizational Performance**

Organizational performance is one of the key concepts in strategic management studies (Richard, Devinney, Yip, & Johnson, 2009). However, its definition remains debatable with only several studies consistently define and measures this construct (Kirby, 2005). March & Sutton (1997) highlighted that while organizational performance is a common construct in strategic research, the justification toward its structure and definition remain equivocal and that its aptness is “unquestionably assumed” (Richard et al., 2009, p.3).

Practically, organizational performance is a major emphasis for every operating firm as the feasibility of strategic planning and effectiveness of strategy execution is illustrated through organization performance. Wheelen & Hunger (2006) in an attempt to address such equivocal in the definition of organization, define organization performance as “the end result of activities by a company. This includes the actual outcomes of strategic management process”. This definition implies that the organizational performance is the result and evidence to validate the effort of a particular organization in achieving what it intends to achieve namely its mission and vision.

Ruzita et al. (2009) highlighted that organization performance often being measured in three approaches. The first measure of organization performance is traditional financial measures such as return on assets (ROA), return on earning (ROE) and return on sales (ROS) and contemporary financial measures, the economic value added (EVA) measures. The second measure of organization performance is the “market based measures” of performance (Ruzita et al., 2009, p.4) in which the market value added (MVA) measure is used and finally third, is the qualitative measures such as customer satisfaction, stakeholder and management’s satisfaction with performance, process improvement, quality, and employee’s satisfaction (Parnell, Lester, & Menefee, 2000; Hendricks, Defreitas, & Walker, 1996).

**Conceptual Framework Development**

Several scholars suggest that strategic planning influences the success of strategy implementation thus improving organization performance (Miller et al., 2004; Collier et al., 2004; Love et al., 2002; Grundy & King, 1992) and that good planning requires good execution to achieve better organization performance (Cater & Pucko, 2010; Pantelo, 2008; Hrebiniak, 2005). This shows that there seems to be some sort of relationship between strategic planning, strategic execution and organization performance. Therefore, in line with prior strategic literature, we propose strategic execution as a mediator in the relationship between strategic planning and organization performance. Figure 1 illustrates the proposed research framework for the present study.
Given the aforementioned literature support and conceptual framework illustration, the following proportions are proposed:

**Proportion I:** Effective strategic planning has a significant positive impact on organizational performance.

**Proportion II:** Organization placing strong emphasis on strategic planning will also place a strong emphasis on strategy execution processes

**Proportion III:** Effective strategic execution has a significant positive impact on organizational performance

**Proportion IV:** A good strategic planning with effective strategic execution will result in a better organizational performance.

**Conclusion and recommendation**

This conceptual paper outlined the possible relationship between strategic planning and strategic execution on organizational performance. While there has been ample of research investigating the impact of both strategic planning and strategic execution on organizational performance distinctively, there has been limited study that examine the interrelationship of these variables simultaneously.

This conceptual paper attempt to contribute to the advancement of strategic management literature specifically in the field of strategic planning and strategic execution which is highly regarded as under-researched by further illustrates the possible relationship of the mentioned variables.

The present paper provides theoretical justification for the proposed relationship with an expectation that an empirical research to be carried out to validate the proposed theoretical framework. However, it must be noted that these variables are dynamic in nature and that the relationship between them continue to evolve and change and that the outcome of an
empirical statistic might not be in-line with the proposed model. Further theoretical justification are required if empirical evidence does not support the proposed framework.

References


ABSTRACT

Safety practices and programme at the workplace typically seek safety commitment from employee and employer. Major determinants of the safety commitment are employees’ attitude and behaviour. The aim of this paper is to show the crucial role of employee safety commitment in the railway operation. A study was carried out using a self-administered questionnaire given to staff from three different rail organizations in Malaysia. There were 710 respondents in total, with a range of work roles. Factor analysis of the survey results elicited three factors, explaining the underlying dimensions of safety commitment which reflected employees’ attitudes and behaviour towards safety at their workplaces. The results were compared between the respondents’ categories of gender, seniority, competence and level of management. Significant differences were found in safety commitment with employees’ seniority and gender but no differences were found with level of management. This suggests therefore that similar safety policies can be adopted at all levels of management in the organization. However, in designing safety training and safety activities at the workplace, it is necessary to consider the employees’ characteristics.

Introduction

In the traditional approach to safety, many employers lay emphasis on enforcement, education and engineering to prevent accidents in the workplace. Normally, this has involved focusing on individual unsafe behaviour and on outcomes to control and reduce the number of accidents at the workplace (Geller 1994, Reason 1997). However, this approach does not really contribute to improve safety practices and increase commitment among employees. Safety performance and the employee’s involvement are not effective or consistent (McSween 1998) and the approach fails to change the employee’s attitude and behaviour towards safe practice of the work in the long term (Cooper 1998, 2000; Geller 1994).

The safety management practiced in the organization was found to be an important indicator of the employee’s attitudes towards safety and the improvement of safety programmes (Cheyne, Cox, Oliver, & Tomas 1998). Lee and Harrison (2000) found that an employee’s attitudes toward safety in the workplace will be influenced by the style of safety management in the organization. O’Toole (1999), in a study of safety committees in a manufacturing plant, found that the safety management approach had an influence on employees’ involvement in the safety activities. He also found that enforcement and encouraging employees towards safety goals are both important elements in safety practices. The Health and Safety
Executive’s report on the Potters Bar railway accident (HSE 2001) suggested that management of business profit and safety should be parallel operations for the rail network and emphasized the need for continuous improvement as part of safety management. Reason (1990) introduced a proactive safety management approach to achieve an effective safety culture. This focuses on an integrated engineering and organizational model which involves work organizational factors, workplace conditions and prevention of unsafe acts to prevent accidents.

Numerous papers in the safety literature have discussed safety commitment at the workplace. Zohar (1997) stated that management commitment plays a vital role in improving safety performance. Low levels of management safety commitment indicate a poor safety culture (Cox and Flin 1998, Clarke 1999). Total quality management and total safety management are in fact complementary approaches which involve employees’ perceptions, attitudes, commitment and the culture of the work being performed (Cooper and Phillips 1997). Dedobbeler and Beland (1991), in a study of safety climate among construction workers, found that there are two important factors that should be included in safety surveys: management commitment towards safety and employees’ involvement. Similarly O’Toole (2002), in a study of mining and construction companies, found that management commitment towards safety practices had a major impact on employees’ perceptions for achieving safety goals. Cooper (1998) concluded that management commitment was important in both the safety change process and safety auditing, and Cox and Flin (1998) pointed out that management commitment was the critical factor for safe operations.

An employee’s safety commitment is linked with both safety motivation and perceived of accident rate. Diaz and Cabrera (1997) showed that companies with low accident rates had strong management commitment towards safety, safety training and selection procedures. Clarke (1998, 1999) found that, in railway safety practices, the manager’s safety commitment strongly influenced the employee’s perception of the safety practices during performing the job. Managers’ commitment and actions play a large role in improving the employees’ attitudes towards safety and safety activities (Cheyne et al 1998, Cox & Flin 1998). Reason (1990), looking from a social engineering approach, concluded that commitment is the driving force upon the “safety engine” for organizational safety. Safety commitment to is a key element for safety culture practices in the organization (Cox et al 1998), and it also involves the employee’s personal decision-making process (Cooper 1998).

However detailed discussion about safety commitment at the workplace had received little attention. Thus the aim of the present study was to develop a tool for measuring safety commitment and to use it to investigate factors influencing railway employees’ safety commitment. The objectives of this study were:

- to propose a method to measure safety commitment
- to develop a measurement tool for safety commitment
- to identify the dimensions of safety commitment

The aim of this paper was to identify the dimensions of safety commitment and discuss the role of safety commitment in relation of occupational safety management in railway operation.
Materials and methods

In this study, both quantitative and qualitative approaches were used to collect the data, including questionnaire surveys, interviews and observation. However, in this paper, the discussion focuses only on the questionnaire survey, which was conducted in each of the three different railway organizations in Malaysia. These rail systems are the integrated public rail transportation network services for Peninsular of Malaysia especially in Klang Valley which is the most populated areas. A total of 710 respondents completed the questionnaires, which were returned with a response rate of 41 percent. This sample represented each level of management (top, middle and lower management) and all job categories in the organizations.

Content of questionnaire: A five-point scale was used with each item in the questionnaire to allow the respondent to indicate the extent of their agreement with the given statement. The scale values ranged from 1 for “strongly agree” to 5 for “strongly disagree”.

The questionnaire contained five sections
- Section 1 collected demographic information from the respondents, including age, marital status, gender and their highest academic achievement.
- Section 2 collected details about service and position in the organization
- Section 3 comprised a group of items covering 9 dimensions to assess the safety climate and employee attitudes towards safety. This instrument was based on a safety climate measurement tool developed by Loughborough University Business School (2006), which includes the dimensions management commitment, communication, priority of safety, safety rules and procedures, supportive environment, involvement, personal priorities and need for safety, personal appreciation of risk, and physical work environment
- Section 4 consisted of 22 items to measure the level of employee safety commitment at the workplace. The items of the questionnaire reflected employee attitudes and behaviour towards safety practices at the workplace.
- Section 5 contained 4 items to evaluate employee competence in relation to safety practices in the working environment, particularly employees’ knowledge, skill, and ability to perform the task

The focus of this paper is on the items in sections 4, which measured employee’s safety commitment at the workplace. The development of the items safety commitment in section 4 was done with reference to the current evidence from the organizational research literature together with discussions with safety professionals and researchers. A pilot study was conducted for preliminary testing of both these sections of the questionnaire. This showed that the reliability was high and only minor changes in wording had to be made for a few of the items.

Statistical analysis: A reliability test, using the Cronbach coefficient alpha (Cavana et al 2001), was applied to all the items in the questionnaire to measure the internal consistency. This was followed by a principal component analysis to determine the underlying dimensions of safety commitment. A t-test also was implemented to test whether there were significant differences between the respondents in their safety commitment according to gender and competence, while an analysis of variance (ANOVA) was applied to test whether there were statistically significant differences in the mean scores for safety commitment according to level of management and employee’s seniority.

Results
The results of the four statistical analyses (reliability test, principal component analysis, t-test and analysis of variance) are explained below.

**Reliability test:** The results of the reliability test for evaluating the internal consistency of the questionnaire items are given in Table 1.

<table>
<thead>
<tr>
<th>Table 1 — Reliability Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section</strong></td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>3, 4 and 5</td>
</tr>
</tbody>
</table>

The Cronbach coefficient alpha ranged between 0.744 and 0.911 across the three sections and the questionnaire as a whole, exceeding the lower limit of acceptability for Cronbach alpha values of 0.6 to 0.7 (Hair 1998). The values are similar to those of other studies, such as those of Harvey et al (2002), who studied employee’s safety culture attitudes within highly environment in the nuclear industry and found alpha coefficients of 0.61 to 0.88, and Cox et al (1998) who studied safety culture in manufacturing industry and obtained alpha coefficients of 0.61 to 0.79.

**Principal component analysis:** This factor analysis was applied to structure the underlying dimensions of the safety commitment measurement scale. Factor analysis provides an empirical solution for variable structuring and summarizes the possible dimensions (Hair 1998). It is most widely known for psychological tests (Ferguson and Cox 1993), but Mowday et al (1979) and Gouldner (1960) have used factor analysis to analyze the dimensions of organizational commitment. It was similarly used by Conlon et al (1987) in a study of commitment to employer and union, and in Blau’s (1985) study of career commitment.

Prior to performing the factor analysis, the suitability of data had first to be assessed. A review of the correlation matrix showed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.89, exceeding the minimum recommended value of 0.6 (Tabachnick and Fidell 2001). Bartlett’s Test of Sphericity reached statistical significance, with p<0.05, supporting the factorability of the correlation matrix.

The principal components analysis was then carried out and revealed that there were five components with eigenvalues exceeding 1, explaining 30.2 percent, 9.3 percent, 6.0 percent, 5.3 percent and 4.8 percent of the variance respectively. A screen plot criterion inspection clearly revealed that there were two curves in the plot which started at the second component and the third component. According to Field (2000), if there is more than one curve in a screen plot, the minimum or maximum factor can be retained for the further analysis. Furthermore Monte Carlo parallel analysis was used as another alternative solution to determine the number of components. Its result revealed that only three components had eigenvalues exceeding the corresponding criterion values for a randomly generated data matrix.

Lastly varimax rotation was used to rotate the factors, to maximize variance of loading on each factor and minimize complexity (Tabachnick and Fidell 2001, Hair et al 1998, Pallant...
Three factors resulted from the varimax rotation, explaining a total of 38 percent of the variance, with factor 1 contributing 16.0 percent, factor 2 contributing 13.7 percent and factor three contributing 7.9 percent. Thus three dimensions explained employee’s safety commitment, and these have been named as priority on safety, involvement and compliance. In naming process, opinions from occupational safety experts were taken into account. The definitions of the dimensions are explained in the Table 2.

**Table 2: Factor names and the definition of their dimensions**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority on safety</td>
<td>Employee always putting priority on safety by applying the “safety is first” approach.</td>
</tr>
<tr>
<td>Involvement</td>
<td>Showing a high interest in participating in safety activities at the workplace</td>
</tr>
<tr>
<td>Compliance</td>
<td>Willingness to be obedient out of a sense of the need for safety rules and regulation in order to achieve a standard of safety</td>
</tr>
</tbody>
</table>

T-test effects of gender: An independent sample t-test was conducted to compare the safety commitment for male and female respondents. This showed that female respondents (M=43.70, SD=6.73) had a higher level of safety commitment than male respondents (M=41.46, SD=7.76) at the p= 0.001 level of significance. The detailed results of the analysis are shown in Table 3 and Table 4 below:

**Table 3: Descriptive result for gender difference toward safety commitment**

<table>
<thead>
<tr>
<th>Total safety commitment</th>
<th>Gender</th>
<th>N</th>
<th>Mean of safety commitment</th>
<th>Std Deviation</th>
<th>Std Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>576</td>
<td>41.46</td>
<td>7.76</td>
<td>0.32</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>134</td>
<td>43.70</td>
<td>6.73</td>
<td>0.58</td>
</tr>
</tbody>
</table>

**Table 4: The result for T-Test on safety commitment according to gender**

<table>
<thead>
<tr>
<th>Total commitment to safety</th>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
<td>t</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>-3.361</td>
<td>.001</td>
<td>-2.23795</td>
</tr>
</tbody>
</table>

ANOVA tests of effects of employee’s seniority and level of management: One way ANOVA tests were used to test differences between respondents in relation to employee’s seniority and level of management. In this study, seniority was divided into the three categories shown in Table 4, based on the respondents’ years of working experience.

**Table 5: The categories of employees’ seniority**
Seniority (work tenure) | Description
--- | ---
Less than 5 years working with the organisation | Employees’ with relatively little experience
5 to 10 years working with the organisation | Experienced employees
More than 10 years working with the organisation | Highly experienced employees

Safety commitment was found to differ with seniority (p = 0.001). By using a Tukey HSD post-hoc test, it was revealed that there was a statistically significant difference in the mean score between those with less than 5 years seniority (M=43.7, SD=7.6) and other two seniority groups [5 to 10 years (M=40.4 SD=7.3) and more than 10 years (M=41.3 SD=7.5)]. The two more senior groups did not differ significantly from each other. Safety commitment of those with less than 5 years seniority was less than that of more senior employees. Table 5 and Table 6 below show the details of the result for these analyses.

Table 6: ANOVA result for employees’ seniority and commitment to safety

<table>
<thead>
<tr>
<th>Total safety commitment</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>1122.16</td>
<td>2</td>
<td>561.08</td>
<td>9.88</td>
<td>0.000</td>
</tr>
<tr>
<td>Within groups</td>
<td>40131.59</td>
<td>707</td>
<td>56.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41253.75</td>
<td>709</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7: The result of Multiple Comparisons (post-hoc) for employees’ seniority

<table>
<thead>
<tr>
<th>(I) years group</th>
<th>(J) years group</th>
<th>Mean Difference (I-J)</th>
<th>Std. Error</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 5 years</td>
<td>less than 5 years</td>
<td>3.34904 *</td>
<td>.84234</td>
<td>.000</td>
<td>1.3707</td>
</tr>
<tr>
<td></td>
<td>5 to 10 years</td>
<td>2.41496 *</td>
<td>.65230</td>
<td>.001</td>
<td>.8829</td>
</tr>
<tr>
<td></td>
<td>more than 10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 to 10 years</td>
<td>less than 5 years</td>
<td>-3.34904 *</td>
<td>.84234</td>
<td>.000</td>
<td>-5.3274</td>
</tr>
<tr>
<td></td>
<td>5 to 10 years</td>
<td></td>
<td>.93408</td>
<td>.76761</td>
<td>.444</td>
</tr>
<tr>
<td></td>
<td>more than 10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>more than 10 years</td>
<td>less than 5 years</td>
<td>-2.41496 *</td>
<td>.65230</td>
<td>.001</td>
<td>-3.9470</td>
</tr>
<tr>
<td></td>
<td>5 to 10 years</td>
<td>.93408</td>
<td>.76761</td>
<td>.444</td>
<td>-2.7369</td>
</tr>
<tr>
<td></td>
<td>more than 10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*: The mean difference is significant at the .05 level.

Both the above findings show that employee’s norms, values and perceptions about safety indirectly influence theirs’ safety commitment at the workplace. Thus this should be taken into account in the development of safety awareness and safety activity programmes for safety management. However the analysis of variance did not indicate any statistically significant differences between levels of management in the mean scores for total safety.
commitment in the Malaysian railway organizations. Table 7 shows the details of the result, which shows no significant difference on the level of management.

Table 8: ANOVA result on level of management on safety commitment

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>0.84</td>
<td>2</td>
<td>0.423</td>
<td>0.007</td>
<td>0.993</td>
</tr>
<tr>
<td>Within groups</td>
<td>0.84</td>
<td>707</td>
<td>58.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41253.75</td>
<td>709</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Discussion

Three factors have been identified to explain the dimensions of safety commitment which reflect the employee attitudes and behaviour at the workplace. This finding is consistent with previous studies which have indicated that between two and four dimensions explain commitment to an organization. (Mowday 1979, Alan and Mayer 1997). However safety commitment is a distinct concept, differing in definition and specific goal from the organizational commitment. The employees who have high commitment to safety are willing to be involved in safety activities, able to identify hazards at the workplace, and always comply with the safety rules and procedures.

The analysis revealed that there was a difference between male and female employees in the level of their safety commitment. This finding is similar to those of Grusky (1966) and of Hrebiniak and Alutto (1972), who found that, women managers were more committed employees than male managers. However, these results contrast with Aven et al’s (1993) finding in a meta-analysis of 26 studies which had been reported in the literature which showed no gender difference in attitudinal organizational commitment.

Differences in employee safety commitment were also found with employees’ seniority. Cox et al (1997) studied thirteen companies in manufacturing industry and found that there were significant differences between the groups of managers, supervisors, permanent workers and temporary workers in management action for safety, personal action for safety and appraisal of safety commitment. The employees’ experience and stage of employment were also found to determine their attitude towards safety at the workplace. Permanent employees had a good attitude and positive commitment to safety (Cox et al 1997).

The findings in the present study also revealed that the employee’s safety commitment is not determined by his or her level of management. Clarke (1999), in a study of organizational safety culture among railway employees, found that the managers, supervisors and drivers had a shared perception of the importance of safety but significantly different perceptions regarding safety issues. The implementation of safety policies and safety goals in the organization should be tailored to the working environment at all levels of management.

Thus employee safety commitment at the workplace plays a vital role in safety management which typically improves safety performance at the workplace. However, to gain commitment to safety from employer and employees, it is necessary to take specific measures in the management of safety. The implementation of the safety policy and goals can be similar for all levels of management in the organization but, when designing and conducting
the safety prevention programme in the workplace, it is necessary to take into account the employees’ genders and seniority.

Conclusions

In order to be effective, safety practices at the workplace need safety commitment from employees to improve safety management and to achieve organizational safety goals. Each employee’s safety commitment at his/her workplace reflects their individual attitudes and behaviour. The study has shown that there are three dimensions for explaining safety commitment to: priority on safety, involvement, and compliance. This study also revealed that there are differences between employees’ safety commitment with seniority and gender but that there are no significant differences with the level of management. Therefore a similar approach to safety policy and goals can be adopted at all levels of management within an organization. However, in designing safety prevention activities at the workplace, it is necessary to take account the employees’ other characteristics.

References

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Profiling Of Direct Selling Business and Salespeople In Malaysia

ABSTRACT

Globalization has brought many international direct selling companies to Malaysia. Direct selling has been labelled as a unique entrepreneurial activity and the industry continuously shows significant growth throughout the world. As a promising industry that significantly contributes to a growing economy, this study will present the important elements that influence the industry’s success namely the demographic profile of direct sales people and business profiles of direct selling companies in Malaysia. Given its importance in the Malaysian economy, this study explores the direct selling industry in Malaysia in general and in specific investigates the salespeople involved in this sector. As a promising industry that significantly contributes to a growing economy, this study will present the important elements that influence the industry’s success namely the demographic profile of direct sales people and business profiles of direct selling companies in Malaysia. The research findings reveal that both male and female salespeople in Malaysia are actively involved in direct selling activities both as operators and active sales people. It can be concluded that both genders are equally able to be competitive and successful in the direct selling industry and subsequently prove to the world that they are also then able to position themselves as an active player who could persevere any obstacles that hinder them from being superior.

Keyword: Direct selling companies, salespeople demographic profiles, business profiles, gender

Introduction

Direct selling is one of the industries that are experiencing high growth and high employee turnover rate is direct selling (World Federation of Direct Selling Association (WFDSA), 2005). The industry is also continuously encountered with the demand for change that has been caused by globalization, particularly technology advancement and change of consumer needs and wants has been labelled as a unique entrepreneurial activity and the industry continuously shows significant growth throughout the world. Direct selling activity normally involves personal selling strategies.

Specifically, direct selling can be defined as “the marketing of goods and services directly to consumers in a person to person manner, generally in their homes, at their workplace and other places away from permanent retail location” (Kennedy, 1999; Kennedy & Mavondo, 2003). It typically takes place through explanation or demonstration by salespeople normally referred to as direct sellers (Federation of European Direct Selling Association (FEDSA), 2001). Personal selling on the other hand is defined as “direct communication between paid representatives and prospects that lead to purchase orders, customer satisfaction, and post-
sale service” (Dalrymple & Cron, 1998), and is also treated as a process of developing relationships, discovering needs, matching the appropriate products with these needs, and communicating benefits through informing, reminding or persuading activities (Manning & Reece, 2004). Hence, based on the close resemblance of definitions, both personal selling and direct selling terms are sometimes used interchangeably in several different contexts.

However, in Malaysia, the term “direct selling” is used widely by direct selling practitioners which have registered with the Ministry of Domestic Trade and Consumer Affairs, whereas, personal selling is normally used in other selling contexts that might have a similar concept as direct selling i.e. insurance industry, retailing and trading. According to the Ministry, there are four different types of the direct selling company in Malaysia namely, multi-level marketing (MLM), single-level marketing (SLM), money order (MO) and a combination of single-level marketing and money order (SLM/MO) companies.

Historically, direct selling in Malaysia was first started in the 1970s with the involvement of American and Taiwanese companies. Among the pioneers in local direct selling industry were Electrolux, Encyclopedia World Books, Tupperware and Avon Cosmetics. With the advancement and the Internationalization of direct selling companies such as Amway, DXN, CNI, Sharkley and Cosway, direct selling become popular among Malaysians and foreigners especially in the sales of products such as cosmetics, crockery, insurance, home appliances and health products. The lucrative compensation and reward systems that are being offered by direct selling companies have attracted many full and part time salespeople to join as members. Women, particularly housewives, seem to influx into the industry since the last decades for many different reasons i.e. attractive rewards, suitability with the nature of products offered, increase self-esteem, improve communication skills, occupy their time, meet new friends, etc.

According to the World Federation of Direct Selling Associations (WFDSA, 2013), the industry’s trade association, multi-level marketing (MLM) today is a $132 billion (£81.84 billion) industry with no less than 87 million direct sellers around the world . Based on the US Direct-Selling Association reports, the direct selling industry generated revenue over US$28.56 billion in the USA during 2010, with 74% of the American population having bought at least some product or service through direct channels. In the UK, direct selling accounts for sales in excess of £2 billion annually. In 2009, there were 91 direct selling businesses, representing 90 per cent of total UK sales, accounted for 67 million individual retail transactions at an average value of £19.28. In Malaysia the direct-selling industry is expected to contribute RM140.5 billion to the national economy by 2020, Ministry of Domestic Trade Cooperatives and Consumer Affairs (MDTCC, 2013). The Malaysian government anticipates this industry to contribute RM54.5 billion (RM87.32 billion) during the 10th Malaysia Plan (2011-2015) and another RM86 billion in the 11th Malaysia Plan (2016-2020). Hence, the direct-selling industry is an important component of the Malaysian national economy. Given its importance, the Malaysian government is predicting it to reach a total turnover of RM10 billion in 2012. Under the auspices of the Ministry of Domestic Trade, Cooperatives, and Consumerism, the Malaysian government is looking at ways of improving the quality direct selling agents and companies to ensure that they are professional and ethical. Thus, to truly understand the industry’s potential and contribution to Malaysia’s economy, we need to know the demographic profile and the business profile of the businesses.
Methodology

The population of this study consisted of salespersons working in single-level and multi-level direct selling companies in Malaysia. In getting at least 100 responses to the study as recommended by Hair et al., (1998), a non-probability purposive sampling called judgment sampling was employed to select ten percent (10%) of the total direct selling companies from the recent list of companies registered with the Ministry of Domestic Trade Cooperatives and Consumer Affairs. Reportedly, there were about 1419 direct selling companies (including multi-level marketing (MLM), single-level marketing (SLM), money order (MO) and a combination of single-level marketing and money order (SLM/MO) companies) that have been listed with the Ministry of Domestic Trade Cooperatives and Consumers Affairs of Malaysia in 2013 (http://kpdnhq.gov.my/pdn/sales). For the purpose of this study only Multi-level Marketing (MLM) and Single-Level Marketing (SLM) companies were chosen as the sampling frame. About 690 questionnaires were distributed to salespersons using two major medium specifically companies’ representatives i.e. personnel and manager, and active leaders. However, only 238 responses were useable.

Findings

Demographic Profile of the Respondents

Table 1.2 illustrates the demographic profile of the respondents. Evidently, the sample represents almost an equal number of males (124 or 52.1%) and female (113 or 47.7%) direct salespeople.

Table 1.2
Demographic Profile of Respondents (N = 238)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Categories</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Below 20</td>
<td>6</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>Between 21-25</td>
<td>48</td>
<td>20.3</td>
</tr>
<tr>
<td></td>
<td>Between 26-30</td>
<td>39</td>
<td>16.5</td>
</tr>
<tr>
<td></td>
<td>Between 31-35</td>
<td>40</td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td>Between 36-40</td>
<td>34</td>
<td>14.3</td>
</tr>
<tr>
<td></td>
<td>Between 41-45</td>
<td>26</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>Between 46-50</td>
<td>20</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>&gt; 50 years old</td>
<td>24</td>
<td>10.1</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>124</td>
<td>52.3</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>113</td>
<td>47.7</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Malay</td>
<td>181</td>
<td>76.1</td>
</tr>
<tr>
<td></td>
<td>Chinese</td>
<td>41</td>
<td>17.2</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>10</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>6</td>
<td>2.5</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td>74</td>
<td>31.2</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>151</td>
<td>63.7</td>
</tr>
<tr>
<td></td>
<td>Divorced</td>
<td>9</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>Single Parent</td>
<td>3</td>
<td>1.3</td>
</tr>
<tr>
<td>Number of Dependents</td>
<td>None</td>
<td>76</td>
<td>32.9</td>
</tr>
</tbody>
</table>
Regarding age categories, it looks as if direct selling activity can virtually attract all levels of age groups ranging from below 20 to above 50 years old, regardless of gender. In terms of ethnicity, the majority of respondents are predominantly Malay (181 or 76.1%), followed by Chinese (41 or 17.2%), Indian (10 or 4.2%) and others (6 or 2.5%). Those who are married (151 or 63.7%) tend to be more actively involved in direct selling activities as compared to single (74 or 31.2%), divorced (9 or 3.8%) or single parent (3 or 1.3%). In relation to number of dependents, 76 respondents (32.9%) reported having no children, whilst 68 respondents (29.4%) have 3 or 4 children, 47 respondents (20.3%) have only one or two children, and the other 40 respondents (17.3%) have more than 5 children. This finding may indicate that those who have no children are more able to spend longer hours away from home doing direct selling activities such as selling products and recruiting new members due to lesser responsibility towards family well being. On the contrary, those with more children (i.e. 3 to 4 children) may probably involve in this industry due to the attractiveness of its remuneration systems and flexibility of working hours.

Pertaining to academic qualification, the majority of respondents qualified from secondary (high) school or below (103 or 43.3%), followed by a higher level of certification and Diploma (86 or 36.1%), Bachelor’s Degree (44 or 18.5%) and the least number of them have achieved a Master’s Degree (5 or 2.1%). This finding implies that direct selling industry seems to be able to lure people from diverse academic backgrounds and most probably those with lower qualifications may find this business as the best and easiest financial resources for the direct selling industry does not treat academic achievement as a prerequisite to a membership. Finally, it appears that those who live in urban areas represent nearly half of the sample (119 or 50.2%). The other 51 respondents (21.5%) however, reside in small town areas, followed by 44 respondents (18.6%) from the big towns and the remaining 23 respondents (9.7%) from rural areas. Implicatively, urbanites can be more easily acted in direct selling activity due to close vicinity of their residential places with the nearest towns or rural areas surrounding them.

**Respondents’ Business Activity**

From a business activity perspective, Table 1.3 depicts that the majority of respondents have five years or less experience in their present companies (152 or 67.8%). Only 59 respondents

---

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Categories</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-2 persons</td>
<td>47</td>
<td>20.3</td>
</tr>
<tr>
<td></td>
<td>3-4 persons</td>
<td>68</td>
<td>29.4</td>
</tr>
<tr>
<td></td>
<td>&gt; 5 persons</td>
<td>40</td>
<td>17.3</td>
</tr>
<tr>
<td>Academic Achievement</td>
<td>Secondary school and below</td>
<td>103</td>
<td>43.3</td>
</tr>
<tr>
<td></td>
<td>Certificate and Diploma</td>
<td>86</td>
<td>36.1</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s Degree</td>
<td>44</td>
<td>18.5</td>
</tr>
<tr>
<td></td>
<td>Master’s Degree</td>
<td>5</td>
<td>2.1</td>
</tr>
<tr>
<td>Place of Residence</td>
<td>Major Cities</td>
<td>44</td>
<td>18.6</td>
</tr>
<tr>
<td>(Locality)</td>
<td>Small town</td>
<td>51</td>
<td>21.5</td>
</tr>
<tr>
<td></td>
<td>Urban area</td>
<td>119</td>
<td>50.2</td>
</tr>
<tr>
<td></td>
<td>Rural area</td>
<td>23</td>
<td>9.7</td>
</tr>
</tbody>
</table>
(26.4%) have between 6 to 10 years experience, but the remaining 13 (5.6%) have more than 10 years experience. In terms of spouse involvement, 123 respondents (52.8%) revealed their spouses’ non-involvement in direct selling activity, but 73 respondents (31.3%) disclosed otherwise, whilst the other 37 respondents (15.9%) referred the question as not relevant due to their current marital status as being either single or divorced. Hence, it can be concluded that there are only a small number of experienced direct sellers (more than 10 years experience) in the industry nowadays and most salespeople conduct their sales activities without the assistance of their spouse. Suggestively, without spousal support, many direct sellers may not last long in the industry as they intended and have to quit half way or switch to a totally different career for financial survival.

Apparently, slightly more than half of the sample (121 or 51.3%) seem to actively involve or become loyal to only one single direct selling company, whereas 54 respondents (22.9%) are concomitantly active in two different companies, 27 respondents (11.4%) are currently having three direct selling memberships, another 15 respondents (6.4%) have four memberships whilst the rest (19 or 8.1%) is currently having more than five different memberships. Obviously, most respondents are part-timers (173 or 72.7%) and only 65 (27.3%) of them are full-timers. These findings may indicate that loyalty still plays a major role in direct salesperson’s career and direct selling can simply be appealing to those who are keen to improve their personal incomes and living styles by working on Flexi-hours, while at the same time, keeping a permanent job in other non-direct selling company as the major income back up.

In terms of remuneration, the lowest reported minimum income per month is zero whilst the highest minimum income is RM35000.00, with the mean score for minimum income of RM1473.00 and a standard deviation (SD) of RM3789.00. Contrarily, the lowest maximum income is RM100.00 or less and the highest maximum income is RM75000.00, with the mean score for maximum income of RM3768.50 and a standard deviation (SD) of RM8220.50.

It is clear that both lowest minimum and maximum incomes being earned are not very much different. The majority of respondents (164 or 77.7%) earns a minimum income of RM1000.00 or less per month, whilst only 52 of them (24.1%) earn more than RM1000.00 but the rest refused to reveal their monthly incomes. The finding reveals about 95 respondents (43.6%) earn RM1000.00 or less per month, whilst another 125 respondents (57.7%) reportedly earning more than that amount.

<table>
<thead>
<tr>
<th>Table 1.3</th>
<th>Respondents’ Business Activity</th>
<th>(N = 238)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td>Categories</td>
<td>Frequency</td>
</tr>
<tr>
<td>Years of Experience in Direct Selling</td>
<td>1 - 5 years</td>
<td>152</td>
</tr>
<tr>
<td></td>
<td>6 - 10 years</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>11 - 15 years</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>16 - 20 years</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>21 - 25 years</td>
<td>1</td>
</tr>
<tr>
<td>Spouse Involvement in Direct Selling</td>
<td>Yes</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>Not Applicable</td>
<td>37</td>
</tr>
</tbody>
</table>
## Demographics Categories Frequency %

**Number of Direct Selling Membership**
- One: 121 (51.3)
- Two: 54 (22.9)
- Three: 27 (11.4)
- Four: 15 (6.4)
- > 5: 19 (8.1)

**Involvement in Direct Selling**
- Full-time: 65 (27.3)
- Part-time: 173 (72.7)

**Minimum Income**
- 0: 3 (1.4)
- 1 – 100: 42 (19.3)
- 101 – 500: 72 (35.5)
- 501 – 1000: 47 (21.5)
- 1001 – 10,000: 48 (22.1)
- 10,001 – 35000: 4 (2.0)

  Mean – RM 1473.00
  SD – RM 3789.00

**Maximum Income**
- 1 – 100: 10 (4.7)
- 101 – 500: 43 (19.7)
- 501 – 1000: 42 (19.2)
- 1001 – 10,000: 114 (52.3)
- 10,001 – 75000: 11 (5.4)

  Mean – RM 3768.50
  SD – RM 8220.50

**Number of Downlines**
- None: 4 (2.2)
- 1 – 50: 140 (74.9)
- 51 – 100: 22 (11.7)
- 101 – 500: 15 (7.9)
- 501 – 1000: 4 (2.1)
- > 1000: 2 (1.0)

  Mean – 87 members
  SD – 282 members

**Gender of Immediate Upline**
- Male: 133 (58.3)
- Female: 95 (41.7)

**Company Website**
- Yes: 166 (70.0)
- No: 71 (30.08)

**Conduct Sales Activity Via Website**
- Yes: 33 (13.9)
- No: 162 (68.1)
- Sometimes: 43 (18.1)
Surprisingly, some even received up to RM75000.00 per pay cheque. Hence, it can be concluded that direct selling income has no precise limit and any salesperson can achieve his/her target income by being fully committed and passionate enough with his/her business.

Regarding recruitment activity, 139 respondents (74.9%) recruited less than 50 downlines under their business hierarchy, 41 of them (21.7%) recruited between 51 to 1000 downlines, whilst 4 respondents (2.2%) did not recruit any member at all but only 2 respondents (1%) managed to recruit more than 1000 members as their downlines. The mean score for number of downlines is 87 members whilst a standard deviation for it is 282 members which reflect a wide variation of downline’s numbers among direct salespeople. It is reported that about 133 respondents (58.3%) have male uplines whilst the other 95 respondents (41.7%) have female uplines. Even though male leaders appeared to be more active in recruitment activity, but gender seems not to be treated as a crucial issue in direct selling industry since both male and female uplines or even regular members can perform their sales activities as equally effective.

There are about 166 respondents (70%) who disclosed that their companies own a website but another 71 respondents (30.0%) revealed otherwise. In relation to conducting sales activity via website, 162 respondents (68%) do not use website but prefer to apply other conventional methods like face-to-face interaction or telephone communications. On the contrary, about 33 respondents (13.9%) admitted of regularly using the facility whilst the remaining 43 (18.1%) stated that they do use a website as a medium in sales activity on a non-regular basis. Apparently, even though information technology is the most advance methods for marketing activity, it has yet widely adopted in direct selling activities in Malaysia. In line with the importance of courtesy and humbleness of Malaysian culture, direct interaction is still considered as the effective way of convincing others about direct selling products and other benefits, particularly to strangers or new acquaintances.

**Respondents’ Company Profile**

With respect to demographic characteristics of the respondents’ company, it is clearly revealed in Table 4.3 that 184 respondents (78.6%) are currently involved in multi-level marketing business activity, whereas about 31 respondents (13.2%) involved in single-level marketing. However, the remaining 19 (8.1%) is neither involved in single-level nor multi-level marketing. Presumably, they may be actively occupied with either money-order marketing or the combination of single level and money order marketing. Noticeably, from the number of salespeople involved in the survey, it can be concluded that multi-level marketing (MLM) seems to be the most popular type of direct selling activity in Malaysia today.

According to the survey, 138 respondents (72.8%) are working with companies that have been operating in this industry within less than ten years. Another 33 respondents (17.4%) stated that their companies have operated between 11 to 20 years, whilst 16 respondents (8.3%) admitted of working with companies that have been in business for more than 20 years but less than 50 years. The remaining 3 respondents (1.5%) however, revealed that their companies have been in direct selling business for more than 50 years. Hence, this finding implies that this business has been introduced to the Malaysian since more than 50 years ago and direct selling industry is obviously still growing stronger in terms of total membership and sales volume.
It is clear that many respondents involve in marketing products that are related to wellness (177 or 74.4%), followed by cosmetic and personal care (139 or 58.4%), food and drink (82 or 34.5%), household (52 or 22.8%), fashion and other related product lines (42 or 17.6%), jewelry (33 or 13.9%), utilities (26 or 10.9%), home improvement (17 or 7.1%), financial service (16 or 6.7%), leisure/education (10 or 4.2%) and other products such as personal and car accessories (15 or 6.2%). This finding confirms that health product is the most popular item in the direct selling industry, and Malaysians today, like other developed countries, are seriously getting more concern about their overall health and beauty than ever before.

Nonetheless, in relation to company ownership, about 91 respondents (38.2%) involve in the “totally bumiputera” category type of ownership, whilst two 48 respondents groups (20.2%) are attached with “totally non-bumiputera” and “bumiputera and non-bumiputera” categories, 29 (12.2%) respondents work with the combination of “non-bumiputera, bumiputera and foreigner” ownership category, 17 respondents (7.1%) are currently active in “totally foreigners” companies, and the remaining 5 (21. %) involve in either “bumiputera and foreigner” or “non-bumiputera and foreigner” company ownerships.

Table 1.4
Respondents’ Company Profile (N=238)

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Categories</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of Companies</td>
<td>Single-level</td>
<td>31</td>
<td>13.2</td>
</tr>
<tr>
<td></td>
<td>Multilevel</td>
<td>184</td>
<td>78.6</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>19</td>
<td>8.1</td>
</tr>
<tr>
<td>Years of Company</td>
<td>1 – 10 years</td>
<td>138</td>
<td>72.8</td>
</tr>
<tr>
<td>Operation in Malaysia</td>
<td>11 – 20 years</td>
<td>33</td>
<td>17.4</td>
</tr>
<tr>
<td></td>
<td>21 – 30 years</td>
<td>11</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>31 – 40 years</td>
<td>2</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>41 – 50 years</td>
<td>3</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>&gt; 50 years</td>
<td>3</td>
<td>1.5</td>
</tr>
<tr>
<td>Types of Product</td>
<td>Wellness</td>
<td>177</td>
<td>74.4</td>
</tr>
<tr>
<td></td>
<td>Cosmetic and personal care</td>
<td>139</td>
<td>58.4</td>
</tr>
<tr>
<td></td>
<td>Food and drink</td>
<td>82</td>
<td>34.5</td>
</tr>
<tr>
<td></td>
<td>Household</td>
<td>52</td>
<td>21.8</td>
</tr>
<tr>
<td></td>
<td>Fashion and other related products</td>
<td>42</td>
<td>17.6</td>
</tr>
<tr>
<td></td>
<td>Jewelry</td>
<td>33</td>
<td>13.9</td>
</tr>
<tr>
<td></td>
<td>Utilities</td>
<td>26</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>Home improvement</td>
<td>17</td>
<td>7.1</td>
</tr>
<tr>
<td></td>
<td>Financial Service</td>
<td>16</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>Leisure/ Educational products</td>
<td>10</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>15</td>
<td>6.2</td>
</tr>
<tr>
<td>Company Ownership</td>
<td>Totally Bumiputera</td>
<td>91</td>
<td>38.2</td>
</tr>
<tr>
<td></td>
<td>Totally non-Bumiputera</td>
<td>48</td>
<td>20.2</td>
</tr>
<tr>
<td></td>
<td>Totally foreigners</td>
<td>17</td>
<td>7.1</td>
</tr>
<tr>
<td></td>
<td>Bumiputera and non-bumiputera</td>
<td>48</td>
<td>20.2</td>
</tr>
<tr>
<td></td>
<td>Bumiputera and foreigner</td>
<td>3</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>Non-bumiputera and foreigner</td>
<td>2</td>
<td>0.8</td>
</tr>
</tbody>
</table>
Apart from the issue of ownership, it is found that about 127 (53.4%) respondents are working with local direct selling companies that only focus on domestic business activity. On the contrary, another 107 respondents (45.7%) disclosed that their companies currently own at least one international branch. Among the most popular international business destinations derived from the survey are Taiwan, Indonesia, Singapore, Brunei, Thailand, the United States of America, China, India, Europe, Philippines, Hong Kong, Dubai, Vietnam and Japan, respectively.

From these two findings, Malay business operators tend to be increasingly involved in the direct selling industry and they are now able to produce or introduce product lines which are as saleable and competitive as what can be offered by other business counterparts. Moreover, local and international direct selling companies seem to battle competitively with each other in the local business arena, and whenever a local business operator decides to penetrate into any international markets, countries that are close in distance and similar to our culture i.e. language and custom, will normally be first listed. Evidently, Taiwan, Indonesia and Singapore are the three most popular countries being chosen as foreign business branches because of the two most probable reasons.

In addition to the information mentioned above, respondents were also asked about their company’s compensation system. Apparently, due to the flexibility of this system in the direct selling industry, various methods have been reportedly adopted by local and international direct selling operators in Malaysia. Among the popular ones are the combination of commission, incentives and bonus (76 respondents or 31.9 %), followed by incentives only (54 respondents or 23%), commission and bonus (51 respondents or 21.7%), commission only (25 respondents or 10.6%), salary only (9 respondents or 3.8%) and other combinations (2 respondents or 0.9%). This finding suggests that non-salary based systems such commission, incentives and bonus are mostly preferred by direct sellers because they
will be duly rewarded based on their effectiveness and sales performance. Practically, those who are more effective and active will receive higher rewards than those who are passive. This is no doubt considered as a fair game in direct selling industry whereby sales performance and job satisfaction of direct sellers are treated as the focal points of attention by both operators and members.

Concerning the number of members (salespeople) in a direct selling company, about 60 respondents (37.7%) stated that their companies’ total membership is "between 10001 to 100000 members", followed by “between 1 to 100 members” (43 respondents or 25.1%), “between 1001 to 10000 members” (42 respondents or 24.6%), “between 101 to 1000 members” (15 respondents or 8.8%) and “between 100001 to 1000000” (9 respondents or 5.3%). Lastly, only four respondents stated that their companies own more than a million members which may include international members as well. As a comparison, a multi-level marketing (MLM) company normally has a higher number of members than single-level or other types of companies because MLM practitioners normally focus on selling and sponsorship activities.

Table 1.5
Types of Organizational Change (N=238)

<table>
<thead>
<tr>
<th>Demographic Category</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational change</td>
<td>Marketing/ Bonus Plan</td>
<td>129</td>
</tr>
<tr>
<td>Working culture</td>
<td>120</td>
<td>51.3</td>
</tr>
<tr>
<td>Information Technology</td>
<td>109</td>
<td>46.6</td>
</tr>
<tr>
<td>Leadership</td>
<td>106</td>
<td>44.5</td>
</tr>
<tr>
<td>Marketing structure I (Single- to Multilevel)</td>
<td>72</td>
<td>30.8</td>
</tr>
<tr>
<td>Production Technology</td>
<td>45</td>
<td>19.2</td>
</tr>
<tr>
<td>Marketing structure II (Multi- to Single level)</td>
<td>7</td>
<td>2.9</td>
</tr>
<tr>
<td>Product line</td>
<td>5</td>
<td>2.1</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Finally, pertaining to the present study’s topic on organizational change, Table 1.5 provides the list of organizational changes that have taken place in direct selling companies. Respectively, among those changes are marketing/bonus plan (129 respondents or 55.1%), working culture (120 respondents or 51.3%), information technology (109 respondents or 46.6%), leadership (106 respondents or 44.5%), marketing structure I (from single- to multi-level) (72 respondents or 30.8%), production technology (49 respondents or 20.9%), marketing structure II (from multi- to single-level) (45 respondents or 19.2%), product lines (7 respondents or 2.9%) and other types of organizational change (5 respondents or 2.1%).

As expected, the marketing/bonus plan seems to be the most popular types of organizational change among direct selling companies in Malaysia, particularly in multi-level marketing (MLM) companies, because these companies depend so much on selling and recruitment activities. In other words, the higher the number of downlines (members) in a salesperson’s business hierarchy, the higher the number of products being sold or purchased for personal
consumption, which resulted in a greater accumulated business volume for him or her. Consequently, the higher personal income the salesperson will earn for that particular end of month. This business volume will then contribute to the overall business volume of his/her company which reflects its monthly performance as well as business productivity. Therefore, due to the importance of salespeople’s performance, direct selling companies have to continuously review their marketing/bonus plan to ensure its effectiveness and attractiveness among members. In doing so, salespeople’s satisfaction towards their company will be stronger and may infuse higher loyalty as well, and in most cases, can also prevent them from switching to other competitive direct selling companies.

**Conclusion**

From the above discussion, it can be seen that the direct selling sector in Malaysia is a vibrant and important component of the Malaysian economy. Direct selling provides both full-time and part-time employment for the people in Malaysia. 27.3 percent of the people are involved in direct selling on a full-time basis, whereas the remaining 72.7 percent operates on a part-time basis. Thus, it forms an important source of additional income for the lower-middle income group providing a mean income of RM 1473 per month. In fact the data showed that 52.3 percent of the direct selling people have an income within the RM1001 to RM10, 000 range. Hence, the direct selling business sector represents an important source of employment and commercial activities of the Malaysian population. From this profiling study, it was found that quite a number of the respondents recorded high supplementary income via direct selling. This showed that the direct selling sector can be further developed in order to provide greater opportunities for those wanting to venture into this sector.

In terms of gender, the findings showed that both the males and females were well represented. There were 52.3 percent of males who were actively involved in direct selling whereas the females is represented by the remaining 47.7 percent. Thus, this again showed that the direct selling sector caters to both genders in terms of business opportunities and employment. In terms of ethnic composition, the Malays formed the major component (76.1 percent) of the direct selling personnel. The Malays are more active in direct selling compared to the ethnic Chinese who represented only 17.2 percent of the sample. The ethnic Indians contribute only 4.2 percent, followed by the others’ at 2.5 percent.

Another important feature is that 79 percent of these direct selling companies are Malaysian-owned. In terms of age, 72.8 percent of the direct selling company in Malaysia are still relatively new or young between the years of 1-10 years in operation. This augurs well for the country as it showed that the domestic direct selling companies which form an important base in the Malaysian market are able to produce products and services which cater for the needs of the domestic market. Hence, the lower dependence for foreign-owned direct selling companies will mean less outflow of foreign exchange out of Malaysia.

In terms of products and services, the direct selling sector in Malaysia offers a wide and diverse range, including among others, wellness, cosmetics, food and drinks, household items, fashion and other related products, jewelry, utilities, home improvement, leisure and education. Of this, 74.4 percent of the products come under the ‘wellness’ category, followed by cosmetics and personal care. Thus, the Malaysian consumers not only have a wide range of choice of products and services to choose from in terms of consumption, the consumers in themselves can also choose in terms of which particular direct selling companies that they may want to get involved.
In terms of limitations, the low response rate of from the respondents was most telling. This low response rate could be due to the fact that the questionnaire were distributed randomly and the short duration allocated for data collection. The data collected within a 2 months period and hence, it was not possible to increase the response rate. Thus, for a more complete and meaningful profiling, this profiling endeavour can be replicated for the rest of the states in Malaysia but with an improved data collection technique. A longer time frame for data collection should also be allocated. Finally, with a more accurate and extensive information of the whole country, this direct selling sector can be further developed and brought to a higher and important level in Malaysia. The relevant authorities and policy makers will be able to design better programs for those involved in the direct selling sector.

References


ABSTRACT

Information technology (IT) management capabilities have been exemplify in previous studies as having an important influence to build competitive advantage through improving the firm performance. However, the researchers still not clear about this question: How these capability effects to build competitive advantage? This study concentrates on significant of IT management. The dynamic capabilities of this model identifies as a mediate link between IT management and competitive advantage. The data for this research is 117 staff in business units is exploited to empirically evaluate the hypotheses which derived from this model. The results of this study are provided captivating evidence for effecting these dynamic capabilities when be as a mediator. Further, our empirical study recommends that mediated to examine the influence of the model to be more valid than that model assumes the direct effect of IT management to build competitive advantage. For that, these results contribute to increase the knowledge of how IT management develops the business capabilities and enhance the firm capabilities to build competitive advantage. Also, these results add the significant implications for future research.

Keywords: IT management, Adaptive IT capability, competitive advantage

Introduction

At present, all organizations in all industries, government, and commerce really dependent on information technology and the technology becomes supported the function and the activities ever come to a halt. Rockart (1988) in his seminal article mentioned “Information technology has become inextricably intertwined with businesses”. In fact, in the industries of telecommunications, entertainment, and financial services where the product in this time has become progressively more digital, so the mere existence of the organization, unfortunately, depends on the effective applications of information technology (IT). Therefore, the capabilities of the firm’s information technology are a key factor capacities of the firm, and also appeals to the interests of many researchers in academic fields.

Information technology and competitive advantage provided mainly descriptive of the organizations that have achieved competitive advantage through innovative applications of technology and determine the nature of this competition and feature too (McFarlan, 1984; Porter & Miller, 1985).
Despite the controversy about the strategic value of information technology (e.g., Carr, 2003; Piccoli & Ives, 2005) the role of information technology in organizations is rising up to the surface. Currently, information technology required for the boards of directors can be predictable to play a primary role in providing the best value and business transformation (Venkatraman & Henderson, 1998). Weiss & Anderson (2004) in their seminal article mentioned CIOs and IT specialists suppose changes and risk management. They face the crises of internal and external both for solving all business and technical problems.

The researcher will address the relation between IT management and competitive advantage and how adaptive IT capabilities could be affected by both of them.

**Literature Review**

**IT management**

IT management indicates how to manage all the components of information technology. Information technology is apparently the least tangible construct of all the information technology-related capabilities. Relying on the chosen definition of literature for IT management includes many various areas and tasks (Willcocks, Feeny & Olson 2006). This study concentrates on main factors which influence on firms’ IT ability to adapt to changes. Consequently, the IT management where they have been selected, and that may have been suggested by previous researchers that have a direct effect on the ability of information technology to deal with change. In this paper, the researcher is examined two variables for IT management: IT management strategy and IT–business partnerships.

**Adaptive IT capability**

The discussion about the dynamic capabilities in advance contributes to providing insights into the concepts. In this article, the concept of adaptive IT capability focuses on the way to support the firm’ dynamic capability through IT generally, and firm’ adaptive capabilities particularly. Therefore, the adaptive IT capability indicates to the ability of IT inside the firm to support the changes in the firms’ products, services, business processes, competencies and organizational structures as appropriate in order to deal with various situations and that can support the ability of firms to respond for opportunities and threats in the market (Haeckel, 1999).

Especially in the industries, the IT- driven, the ability of IT for responding to changes in the environment potentially is critical (Sambamurthy, Bharadwaj & Grover 2003). Consequently, the firms can increase the efficiency of responsive through adaptive IT capabilities and be as a possible resource for competitive advantage in the changing environments.

**Competitive Advantage**

For a period of time, some researchers have raised the question: Why do some companies have the ability to distinguish from its competitors? In the previous literatures, the terms of competitive advantage and firm performance used as mutually terms, and in most cases, the firm performance corresponds and equivalent to the financial performance.

Firm performance in contrast to that, where the competitive advantage is considered the relational measure that is based on competition between different companies (Porter 1980b) and is specific context (Teece & Pisano 1994), and not inevitably lead to superior firm performance (Sanders & Premus 2002), so the relationship between firm performance and competitive advantage are complex.
### Table (1) Model’s Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Seminal authors</th>
<th>Definition</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive advantage</td>
<td>Prahalad &amp; Hamel (1990); Barney (1991); Teece, Pisano &amp; Shuen (1997)</td>
<td>The firm's ability that has a market and / or feature financial relative distinguished from its competitors</td>
<td>An edge over competitors in the field of financial performance, growth in sales and profitability</td>
</tr>
<tr>
<td>Adaptive IT capability</td>
<td>Teece et al (1997); Pavlou &amp; ElSawy (2006); Wang &amp; Ahmed (2007)</td>
<td>Adaptive IT capability to be a top resource system indicating to the ability of information technology to allow firms to merge continued for building and configuring internal and external competencies to deal with the environmental changes</td>
<td>The ability of information technology to improve organizational competencies for adapting quickly with new products, markets or customers</td>
</tr>
<tr>
<td>IT management</td>
<td>Byrd, Lewis &amp; Turner (2004); Ravichandran &amp; Lertwongsatien, (2005)</td>
<td>The ability to build information technology- business partnerships for the levels of strategic and operational</td>
<td>Establish trust relationships with business departments, and to obtain the best the attention of management</td>
</tr>
</tbody>
</table>

**The Foundation**

Despite the literature on IT capabilities has been growing from the perspective of strategic processes, but there are few empirical studies relating to the competitive advantage with strategic alignment. Since the available theories that can be based the model of our search is considered limited, so the main theories that selected are derived from contingency theory, resource based view, and strategic management theory.

**Contingency Theory (CT)**

Contingency theory has two current perspectives, which derived from an uncertainty’s concept by Thompson’s (1967) are: *effectiveness* (Tosi & Slocum, 1984) and *resource dependency* (Pfeffer & Salancik, 2003). Effectiveness of the organization can be achieved by more than one way, which depends on the suitability or appropriate matching to suit the contextual factors with domestic organizational designs (Tosi & Slocum, 1984). Resource dependency stresses as well as to adapt the environment to face the dependence on foreign organizations (Pfeffer & Salancik, 2003). Gupta, Karimi, & Somers (1997) in their seminal article mentioned it was clear on the practices of managers in strategic choice under that...
external constraints. Through these two perspectives, the researcher has briefly summarized the concept of (CT–IT) as follows.

**Strategy Formulation**
Strategy formulation expresses extent of the organization's response to their own environment and influences the effectiveness of the relationship of the organization and the environment. Thus, Contingency Theory contributes to help the drafters of the organization's strategy (for example, senior management) select an alternative strategic choice to suit with the various internal and external characteristics of the organization (Kearns, 1997). Kim (2003) mentioned in his article, it has been considered by many scholars the processes of IT-business alignment as the formulation of strategy.

**IT Management Strategy**
The extent of IT management strategy is determined by relying on the sophistication and evolving IT management in the organization. IT management sophistication defined as the progress towards formalizing increasingly to manage the information systems function (Karimi, Gupta, & Somers, 1996). Presence a high level of sophistication for the IT management indicates to formalize plans significantly (Premkumar, & King, 1994), organization (Blanton, Watson, & Moody, 1988), integration (Inmon, 1984), and control (Cash & Konsynski, 1985) of IT activities. The studies of Information System (IS) in the past, focus on contextual factors such as IT investment and IS function are defined through IT management sophistication to explore strategic formulation practices related to information technology strategy (Sabhherwal & Chan, 2001). IT management sophistication needs to link the business strategy (Gupta *et al.*, 1997).

**Resource-based Theory**
Featured embodiment of efficiency, heterogeneity, and the perspectives of restrictions on internal resources (Barney, 1991; Wernerfelt, 1984), the resource-based perspective interested in studying the differences in asset accumulation and quality of assets to determine the reason why of some organizations have long-term success and that cannot be attributed to external contextual factors for example: entry barriers, industry structure, suppliers powers, and buyers powers (Porter & Miller, 1985). In addition, that success depends on the strength of the organization to acquire and use resources efficiently, and its ability for innovation and management's ability to allocate resources effectively (Schendel, 1994). The researcher discusses RBV- IT concepts through focusing on two relevant and summarized briefly as follows.

**Competitive Advantage**
The organization's resources must be characterized: valuable, rare, inimitable and non-substitutable in order to achieve competitive advantage (Eisenhardt & Martin, 2000). And non-imitation by competitors easily (Barney, 1991), accordance with the allegations of immobility and heterogeneity underlying RBV. Despite the immaturity and lack of experimental and theoretical studies on the relationship between competitive advantage and IT (Javenpaa, & Ives, 1990), former use is treated as a potential source of the first (Clemons, 1991). Due that information technology is rooted in the methods of planning both formal and informal, which may be rare and that in turn generates socially complex systems for example IT management teams of highly experienced and that are costly for imitation (Mata, Fuerst, & Barney, 1995).
**IT Capabilities**

Considering that capabilities indicates to the ability of organization to combine and integrate and distribute valuable resources (Teece et al., 1997), IT capabilities indicate the ability of the organization to the mobilization and allocation of resources based on information technology through a combination or co-presence with other capabilities and resources (Bharadwaj, 2000). IT capabilities lead to the emergence of invisible assets through causal ambiguity, and with the passage of time has evolved to be socially complex resources (Kearns, 1997). Such intangible assets include the management practices of information technology, which allows the use of information technology to achieve competitive advantage through strategic alignment processes (Barney, 1991).

**Strategic Management Theory (SMT)**

According to the literature of CT and RBV, strategic management theory offers three basic conditions for the success of an organization: Formulation and implementation of business objectives, and identify the strengths and weaknesses the internal with external opportunities and threats, and create and exploit the capabilities of the organization that is unique (Kearns, 1997). In a sense, the theory of strategic management determines how to achieve competitive advantage through the appropriate congruence between the internal organizational capabilities and uncertainty for external environmental (Andrews, 1980). Briefly, summarize the relationship between the IT-SMT concepts as follows.

**Strategic Alignment**

The planning process may include the perceived internal need for the change including the strategic alignment. Researchers have referred that the inability to recognize the value of investment in the field of information technology, due to the incompatibility between business strategy and information technology (Luftman, 2003). Porter & Miller (1985) mentioned in their seminal article, with this in mind, the exploitation of information technology properly as viewed source of strategic sourcing and an important source of competitive advantage as well.

**The Conceptual Model and Research Hypotheses**

**The Conceptual Model**

Several studies have documented the impact of the external environment and internal organizational characteristics to align business strategy with IT. This model is based on Kearns (1997), Chan (1992) and Chan & Reich’ (2007) models with some modifications as it has been added to the role of the capabilities of information technology and their importance to the organization. Accordingly, it has been building assumptions of the model below, which were developed to clarify relations between the components of the model.

![Figure 1: The Conceptual Model](attachment:image.png)

**Figure 1: The Conceptual Model**
According to three theories of reference, the Figure (1) offers a theoretical model that contains one of the factors affecting the alignment between business strategy and IT and their relationship with the hypotheses. This model contributes to the understanding of the relationship between business strategy and IT in the environmental conditions characterized by uncertainty, which, in turn, affects the extent of the importance of information technology, represents as a key for senior management in order to use information technology in a strategic manner in order to achieve competitive advantage.

Varying types of information technology capabilities contribute to developing and sophisticated information technology management to some extent, within the framework of various business strategies. Adaptive IT capabilities may moderate to put business strategies that sustain competitive advantage.

**Research Hypotheses**
The researcher was based on three main hypotheses only in support the model in the following paragraph. Competitive advantage can be made sustainable through practices advanced information technology management, with the passage of time will be the key to the use of internal processes to create assets unique based on information technology, and enable them to adapt to the threats and opportunities posed by the external environment characterized by uncertainty so as to take advantage of the distinctive core resources (Gupta et al, 1997; Barney, 1991). Hence, this leads to:

**Hypothesis 1 (H1):** IT management is positively related to adaptive IT capability.
**Hypothesis 2 (H2):** Adaptive IT capability is positively related to competitive advantage.
**Hypothesis 3 (H3):** IT management positively influences to create competitive advantage, when adaptive IT capability likes a mediating

**The Research Design**
This descriptive study was conducted to verify and describe the relationship between the IT management and competitive advantage. The objective of this study is to provide an overview and description of all aspects of this phenomenon that are of interest to research from industry-oriented or perspective. In this area, there are few studies that are interested in this aspect of the research

**Research Methodology**

**Population Frame**
The population terms of this study covered all the employees, with the focus of persons have been using the information technology, Management departments, and IT department across the Yemen telecommunication industry.

**Sample**
The sample subjects include individuals working in private and governmental sectors. The questionnaires returned were 117 questionnaires that represent 100% response rate. Around twenty one percent of the samples were female. A survey questionnaire with five-point Likert-type scales is used. The design of the questionnaire is guided by the study of Sekaran (2003), for testing research hypotheses.
The researcher used a Pearson Correlation Coefficient and Simple Regression Analysis to relate IT Management to Adaptive IT capability mediated, and competitive advantage.

**Analysis and result**

**Pearson Correlation Coefficient**

**Table (2) Correlations**

<table>
<thead>
<tr>
<th></th>
<th>IT management</th>
<th>Adaptive IT capability</th>
<th>Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT management</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.696**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td>Adaptive IT capability</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.541**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

**Hypothesis 1 (H1):** IT management is positively related to adaptive IT capability.

The relationship between IT management is tested against adaptive IT capability by using Inter-correlation analysis. The results indicate that there is a significant, positive relationship between the two variables (r = 0.696, n = 117, p < 0.01). The relationship between the variables is significant with strong correlation.

**Hypothesis 2 (H2):** Adaptive IT capability is positively related to competitive advantage.

The relationship between Adaptive IT capabilities is tested against to competitive advantage by using Inter-correlation analysis. The results indicate that there is a significant, positive relationship between the two variables (r = 0.541, n = 117, p < 0.01). The relationship between the variables is significant with moderate correlation.

**Hypothesis 3 (H3):** IT management positively influences to create competitive advantage, when adaptive IT capability likes a mediating.

Partial correlation was used to explore the relationship between IT management and competitive advantage, while controlling for adaptive IT capability. There was a strong, positive, partial correlation between IT management and competitive advantage [r = 0.864, n = 117, p < 0.01], with high levels of IT management and being associated with high level of competitive advantage. An inspection of zero order correlation (r = 0.864) suggested that controlling for socially desirable responding had very little effect on the strength of the relationship between those variables.

**Simple Regression Analysis**

**Hypothesis 1 (H1):** IT management is positively related to adaptive IT capability.

**Table (3) Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F</th>
</tr>
</thead>
</table>
Table (4) Measuring the degree of influence of adaptive IT capability and IT management

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out Source: Adaptive IT capability</td>
<td>F (1,115)</td>
<td>108.280</td>
<td>0.721</td>
<td>0.069</td>
</tr>
<tr>
<td>Predictor: IT management capability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a  dependent Variable: adaptive IT capability
Note: R² = 0.485, Adj. R² = 0.480, ** p< 0.01

The two variables have a positive and strong relationship; R² = 0.485, Adj. R² = 0.480, and F (1,115) = 108.280, P< 0.01. This R² means that 48.5 % of the variance in adaptive IT capability increase is explained by IT management capability. Approximately 48.5% of the variance of adaptive IT capability was accounted for its linear relationship with IT management capability. Thus, H1 is accepted.

Hypothesis 2 (H2): Adaptive IT capability is positively related to competitive advantage.

Table (5) Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>0.541 (a)</td>
<td>0.293</td>
<td>0.287</td>
<td>0.37155</td>
<td>47.648</td>
</tr>
</tbody>
</table>

a  Predictors: (Constant), Adaptive IT capability

Table (6) Measuring the degree of influence of Competitive Advantage and adaptive IT capability

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out Source: Competitive advantage</td>
<td>F (1,115)</td>
<td>47.648</td>
<td>0.631</td>
<td>0.091</td>
</tr>
<tr>
<td>Predictor: Adaptive IT capability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a  dependent Variable: competitive advantage
Note: R² = 0.293, Adj. R² = 0.287, ** p< 0.01

The two variables have a positive and strong relationship; R² = 0.293, Adj. R² = 0.287, and F (1,115) = 47.648, P< 0.01. This R² means that 29.3 % of the variance of competitive advantage increase is explained by Adaptive IT capability. Approximately 29.3% of the variance of adaptive IT capability was accounted for its linear relationship with IT management capability. Thus, H2 is accepted.
Hypothesis 3 (H3): IT management positively influences to create competitive advantage, when adaptive IT capability likes a mediating.

Table (7) Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>0.864 (a)</td>
<td>0.746</td>
<td>0.742</td>
<td>0.22345</td>
<td>167.850</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), IT management and adaptive IT capability as mediating

Table (8) Measuring the degree of influence of Competitive Advantage and IT management and adaptive IT capability as mediating

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Out Source:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitive advantage</td>
<td>F (1,114)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Predictor:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IT management</td>
<td>167.850</td>
<td>1.133</td>
<td>0.079</td>
</tr>
<tr>
<td></td>
<td>Adaptive IT capability</td>
<td>167.850</td>
<td>-0.131</td>
<td>0.077</td>
</tr>
</tbody>
</table>

a Dependent Variable: competitive advantage
Note: R² = 0.746, Adj. R² = 0.742, ** p< 0.01

The two variables have a positive and strong relationship; R² = 0.746, Adj.R² = 0.742, and F (1,114) = 167.850, P< 0.01. This R² means that 74.6 % of the variance in adaptive IT capability increase is explained by IT management capability. Approximately 74.6 % of the variance of adaptive IT capability was accounted for its linear relationship with IT management capability. Thus, the H3 is accepted.

Discussion

The purpose of this research is to explain the influence of Information Technology management capability to build competitive advantage, in the following discussion; the results of each objective are reviewed and compared with previous literature.

Objective1: To examine, the positively related between IT management and adaptive IT capability.
The study shows that there is a strong positive relationship between IT management and adaptive IT capability, which also indicated IT management capability, is significant to influence by adaptive IT capability, IT management is considered as an important factor to improve the performance and get competitive.

Objective2: To identify, the positively related between adaptive IT capability and competitive advantage.
It showed that effective adaptive IT would lead the organizations to get the competitive advantage. Also, shows that there is a moderate positive relationship between adaptive IT and a competitive advantage, that lead to keep the competitive advantage of the organization.

Objective3: To look into the positive influence between IT management to create competitive advantage, when adaptive IT capability like a mediating
In addition, this study found is a very strong positive relationship between IT management to create competitive advantage, when adaptive IT capabilities like a mediating. Concerning IT management; this study is in line with many previous researchers.

**Significance of the study**

In terms of theory, this research has considerable implications for the validation of a mid-range theory (e.g., CT) of business strategy- IT linkage. Emerging empirical evidence has shown that IT management necessarily creates a competitive advantage, and that there may be a direct relationship between IT management and performance. So, we use RBV to view how IT management is related to the firm's strategic position and overall organization's performance.

In terms of practice, this research has the potential to generate meaningful business implications for Yemen managers seeking to align IT management and business value and performance. Moreover, the empirical study on implication of IT management is at present limited and fragmented. We will specify IT management for supporting IT management strategy and achieving competitive advantage.

**Conclusion**

Superiority in the management of information technology contributes to improve the performance of the firm, as to whether the ability of information technology can contribute to improving the competitive advantage of the firm, which depends on the IT management that promote innovation in the use of information technology applications in the firm. Although the quality of IT management may be a direct source of differentiation, the ability to effectively influence that IT management is.

Yemen Telecommunications are a highly competitive environment. The essential factor of industrial development is technological capabilities. The result of the analysis is the reality in Yemen. The result of analysis can be utilized as IT management for Yemen Telecommunications competition.

**References**


Strategic Role of IT Management in Building Competitive Advantage:
Yemen Telecommunications


ABSTRACT

The main objective of this study is to profile the participants of the Malaysian National Service Training Programme and examine whether they have an entrepreneurial inclination in them. The study was carried out on a sample size of 350 students of Universiti Utara Malaysia who have undergone the four important modules of the National Service Training Programme, namely physical training, nation building, character building and community service module. The preliminary results of this study showed that most of the participants of the national service did not exhibit entrepreneurial inclination of becoming entrepreneurs. Hence, this paper proposes to the Malaysian government to introduce a specific module on entrepreneurship to the participants of the national service in order to inculcate and further enhance entrepreneurship amongst the youths.

Keywords: National service, entrepreneurial spirit, character building and community service

INTRODUCTION

The main objective of the study is to profile the participants of the Malaysian National Service Training Programme to explore and find out whether participants of the Malaysian National Service Training Programme possess entrepreneurial inclination. The motivation for this study came about because the rate of unemployment amongst graduates in Malaysia is on the rise. Hence, self-employment via entrepreneurship has been viewed as one of the means of overcoming this problem of unemployed graduates.

Most national service programmes were initially introduced with the aim of increasing patriotism among the younger generation, foster national unity and national integration, encourage positive character building through moral values, foster the spirit of volunteerism and build active, intelligent and full of confidence young generation. In Malaysia, the government introduced a customized the National Service Training Programme which is known as the “Programme Latihan Khidmat Negara” (PLKN) in the Malay language. In addition, the targeted group for conscription are citizens between the ages of 18 to 35. The three-month programme, which first started in December 2003, began as a way to encourage friendship between youths of certain ages from different races and ethnic groups and address concerns that the country's various races were becoming increasingly isolated from one another.
Recently, youth entrepreneurship has figured prominently in the development agendas of many developing countries including Malaysia. Issues of unemployment in the local economy amidst current uncertainties in global market demand and economic crisis situations have led to the need for any society or its communities at large to find opportunities in self-employment, including by the youths (Chigunta, 2001; Schoof, 2006). The current limited career options and lack of independence in wage employment have prompted efforts to seek greener pastures in self-employment in the form of entrepreneurial ventures.

LITERATURE REVIEW

Youths and Entrepreneurship
Youth entrepreneurship figures prominently in the development agendas of many developing countries including Malaysia. Issues of unemployment in the local economy amidst current uncertainties in global market demand and economic crisis situations have led to the need for any society or its communities at large to find opportunities in self-employment, including by the youths (Chigunta, 2001; Schoof, 2006). The current limited career options and lack of independence in wage employment have prompted efforts to seek greener pastures in self-employment in the form of entrepreneurial ventures. Youths have increasingly responded to this challenge, including the ones in Malaysia.

According to a recent study on youth index scores of 4673 Malaysian youths by the Malaysian Institute for Research on Youth Development (Institut Penyelidikan Pembangunan Belia Malaysia - IPPBM, 2008), the youths were found to have a relatively high score of 63.3 for entrepreneurial potential and interest. The level of interest is said to have increased from the score of 51.6 in 2006. In 2008, these youths continue to express their interest and desire to acquire skills to increase career possibilities, namely those entrepreneurial in nature. Although small in number, some of the youth entrepreneurs are successful innovative entrepreneurs or at the very least, as small-scale business proprietors. Such youths may then serve as role models for other youths who are contemplating on business ventures. They may even change the mindsets of many more other youths who have negative perceptions of entrepreneurship.

Entrepreneurs possess particular personality traits, socioeconomic characteristics, and particular nature of business enterprise activities and enterprise development process (Bolton and Thompson, 2004; Bird, 1989; Shane, 2003; McClelland, 1961; Maimunah Ismail, 2001). Youths have also been found to possess some characteristics similar to the ones possessed by adults and matured entrepreneurs (Chigunta, 2001; Schoof, 2006). The identified characteristics are said to distinguish the entrepreneurs from the non-entrepreneurs.

The Malaysian youth entrepreneurs had shown that they possessed particular personality traits and behavioural characteristics which fit McClelland’s (1961) description of motivation and emotion as key psychological and social elements that drive people to venture into entrepreneurship. The youths’ basis of motivation was human needs for achievement, power and affiliation. It was their spirit of competitiveness, personal satisfaction, monetary benefits and independence that had motivated them to become entrepreneurs and sustain that entrepreneurship. They showed perseverance and determination, and the ability to take calculated risks, initiatives and responsibility. They were goal- and opportunity- orientated, bent for problem solving, and able to retain an internal locus of control (Bolton & Thompson, 2004).
Many different National Service proposals have been based on military enlistment difficulties and civilian youth problems and the limited effectiveness of current efforts aimed at them. National Service has been proposed as a mechanism for expanding and improving current programme practices; as a vehicle for implementing new forms of youth activities; and as a means of improving coordination among potentially competitive youth policies.

In Malaysia, the level of youth engagement in self-employment or entrepreneurship is not as high as one would imagine and expect. Nonetheless, youth entrepreneurial efforts are lauded by the government and society, especially in these current times of economic crisis. Prominent governmental sectors such as the Ministry of Youth and Sports Malaysia and The Institute of Youth Development Research Malaysia (Institute Penyelidikan Pembangunan Belia Malaysia/IPPBM) organize various programmes, training, research and other activities pertaining to youth development like entrepreneurship. The government also organizes entrepreneurship programmes in schools, public universities and through various public youth organizations aimed to cultivate entrepreneurship potentials among the young people (Ninth Malaysia Plan 2006, 2006). About RM5.4 billion has been allocated in the Ninth Malaysia Plan (RMK 9) by the government for youth development through various youth skills training and leadership (Ninth Malaysia Plan, 2006). One of the aspects that the government intended to improve in relation to youth development is entrepreneurial skills. Entrepreneurship primarily consists of four main elements. The first element is creativity and innovation. It forms the core of entrepreneurship that enables the entrepreneur to think entire new ways of working. A key part of entrepreneurship is to identify opportunities that no one has noticed earlier. Such opportunities need not be large; these can even be small ones. Creative people are receptive to new ideas generated by others. The second element is able to apply the creativity. Besides the entrepreneurs have an ability to apply the creativity to business problems, they understand the people and the environment around them. They can effectively martial resources for the same. In addition, creative thinking is not enough because an entrepreneur must be able to translate his/her demand thought into action and result. The next element is change. They have a sound belief in their ability to change the status quo—the ways of things are being done presently. The last element is creating value. Entrepreneurs focus on creating value by doing things cheaper, better and faster manner (Shane, 2003).

**Module of Malaysian National Service Training Programme (PLKN)**

**Physical Training Module**
The Physical Training Module is one of the essential modules that emphasizes physical activities with the aim to build the skill, endurance mentality and emotionally, spiritually as well as a physically strong citizens. In specific physical activities under this module certainly strengthen the unity among trainees, enhance the mental tenacity, leadership, internal discipline, confidence level, skill to work in a team, problem solving skills and decision making within a group. In addition, trainees are also required to involve in activities such as parades, forest crafts, first aid, map reading, navigation training, river crossing, rope activities martial arts, hiking, and water activities. Trainees spend almost four weeks to complete the physical module.

**Nation Building Module**
The Nation building module is more of a classroom-based module which is emphasized on feelings and the sacrifice of citizen for their nation. To strengthen the feelings and patriotism
towards the nation, trainees lead by trainers to learn about motherland, nation, government, sovereignty and also challenges in outside of the country.

For this module, its objective is to widen the knowledge of the nation (nation-building) and accentuate the love and sacrifice for the nation by the trainees. By working in groups, the trainers guide them on topics that touch on the nation, peoples, government, sovereignty and challenges within and outside the nation. Through the element of the nation, the participants are groomed to love the nation and willing to defend the beloved country.

**Character Building Module**
The Character Building Module which is based on classroom learning comprises of 2 sub-modules. The first one, Module A speaks about Bringing Out the Best In Me while the second module, Module B relates to Bring Out the Best In Others. This component is experiential based and relies on games and activities as the means of teaching. It is about instilling good values and self-confidence, leadership and self-evaluation.

The aim of this module, as the name suggests, is to build character. It evolves around the family, the self, the community and the nation. It consists of two components – one focus on developing the self and the second, on oneself and others. In the first component, the participants involve in discovering himself, being aware and recognizing one’s traits (like leadership trait), strengthening and rejuvenating one’s weakness.

In military-style physical training, leadership built the same as established leadership in the management of other public organization. Through physical exercises, participants are trained and encouraged to build trust in partners, shared responsibility, willing to sacrifice for the advancement of the organization or group. They are willing to take risks to rescue organization.

**Community Service Module**
Community Service Module comprises of five main components i.e. public facilities, neighbourliness, social service, environment and assignment in the department. To ensure that the activities are executed collectively and as a whole, it is further broken up into 4 components and they are: Neighbourliness – examples of the projects are painting the civic hall and road dividers, brightening gardens, visiting to village houses, implementing programmes of foster children and others, Public facilities – the trainees are exposed to certain selected venues. One of them is upgrading of bus stands and civic halls, creating awareness among the trainees and the public in general, on the importance of taking care of public facilities through talks, community work (‘gotong royong’) at houses of worship like the mosques, cemetery and others, Social service – some of the activities in this component is listening to talks from institutions they visited, workshops for the physically handicapped, hospital, rural clinics and others and Environment – most common activities are gotong royong like cleaning, beautifying and brightening surrounding areas (Community Service Module, 2012).

**RESEARCH FRAMEWORK AND METHODOLOGY**

In this study, the conceptual model integrated four modules of PLKN namely physical training module, nation-building module, character building module, and community service module and their effect on spearheading entrepreneurial spirit among youth. The framework
has four major variables which establish a set of formal hypotheses related to the proposed decision making process which focuses on the entrepreneurial spirit objective. In particular it explains the relationship between modules of the National Service Training Programme and entrepreneurial spirit among youth.

**Theoretical Framework**

Different researchers may have different approaches or different views in attending to a particular issue and different scenarios may have different factors needing to be considered in making a particular decision. Based on the literature review, most of the studies were conducted with various objectives and perspectives. However, no attempt has been made to investigate the relationship of these modules of PLKN in one research framework as in this study. Figure 3.1 illustrates the research framework.

![Figure 3.1: Research Framework](image)

**Relationships between Module of PLKN and Entrepreneurial Spirit**

A government that knows the traits of youth and the capability to fully utilize them will have better potential to spearhead the entrepreneurial spirit. For example, the physical training module is for the purpose of building competence and resilience in mental capacity, emotion, spirit and physical resulting in the trainee being a more effective citizen. These attributes also needed as an entrepreneur.

This research indicates the relationship between modules of PLKN and entrepreneurial spirit. To pursue the analysis, this study investigated characteristics existing in both factors as a basis of investigation. The literature indicates both dimensions (physical training module and entrepreneurial spirit) have almost similar characteristics such as internal locus of control (Bird, 1989), building competence and resilience in mental capacity, emotion, spirit, and competence in problem-solving.

Similar scenario and approaches were used in studying the relationship between nation building module and the entrepreneurial spirit. Based on the literature, both variables possess almost similar attributes such as a sense of unity and cooperation, the desire to develop Malaysia, and enhance self reliance.

This study encounters the same problem, that is, the limited information available in the literature on studying the relationship between character building module and the entrepreneurial spirit. However, the literature indicates both dimensions have several similarities such as high mental endurance, leadership, internal locus of control, and leadership. Furthermore, this research faced similar difficulties to secure literature that specifically discusses the relationship between community service module and the
entrepreneurial spirit. Due to such difficulties, this study considered the similarity of both variables in defining their relationship. In general, both dimensions have similar attributes that self-confidence, enhance *spirit de corps*, internal locus of control and leadership. However, significant numbers of empirical studies have been conducted in investigating the effect of physical training module; nation building module, character building module and community service module in spearheading entrepreneurial spirit and most of them confirm that these factors contribute significantly to the entrepreneurial spirit.

Entrepreneurial potential is recognized as an important precursor to entrepreneurial events or activities. The concept of entrepreneurial potential, variously referred to in the literature as intention, preparedness or orientation, captures the notion of a pre-existing state of readiness within the individual to accept or pursue an entrepreneurial opportunity. This perspective of entrepreneurial potential resting “within the individual” is important as it differentiates between the internal capacities of an individual entrepreneur, and the external instrumental resources that may be required to promote or pursue entrepreneurial activity. The concept is particularly useful as it facilitates the research and study of would-be/could-be entrepreneurs, who represent a vital component in the ultimate successful development of entrepreneurial activity within a society and economy. In essence, it helps us assess the level of necessary pre-conditions in existence that relate to the success of future entrepreneurial actions (Shane, 2003).

**Sampling of Respondents**

According to the Academic Affairs Department of Universiti Utara Malaysia, there is no record of the specific number of students who have undergone National Service Training Programme prior to registration as an undergraduate student. Hence, we did not know the actual number of students at Universiti Utara Malaysia who have participated in the National Service Training Programme. Nevertheless, the researchers attempted to obtain as many as possible the number of respondents for this study. A total 748 questionnaires were distributed by using convenience sampling in which several undergraduate classes were chosen. Only students who have undergone National Service Training Programme were allowed to become the respondents of this study. Out of the 748 distributed questionnaires, 370 were returned but only 350 found useful for this study.

**FINDINGS**

The findings of this study were tabulated according the various demographic parameters.

**Table 4.1: Respondents gender**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Male</td>
<td>120</td>
<td>34.29</td>
</tr>
<tr>
<td>2.</td>
<td>Female</td>
<td>230</td>
<td>65.71</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>350</td>
<td>100.00</td>
</tr>
</tbody>
</table>

65.71 percent of the respondents were female as compared to only 34.71 males.

**Table 4.2: Respondent Age**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>&lt;20 years</td>
<td>75</td>
<td>21.43</td>
</tr>
<tr>
<td>2.</td>
<td>21-22 years</td>
<td>150</td>
<td>42.86</td>
</tr>
<tr>
<td>3.</td>
<td>23-24 years</td>
<td>110</td>
<td>31.43</td>
</tr>
<tr>
<td>4.</td>
<td>25-26 years</td>
<td>10</td>
<td>2.86</td>
</tr>
<tr>
<td>5.</td>
<td>&gt;26 years</td>
<td>5</td>
<td>1.42</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>350</td>
<td>100.00</td>
</tr>
</tbody>
</table>
The respondents’ age group of 21-22 years has the most respondents at 42.86 percent, followed by the 23-24 years at 31.43 percent. 5 respondents were in the oldest age group of more than 26 years.

**Table 4.3: Respondents’ Ethnic Origin**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bumiputera</td>
<td>250</td>
<td>71.43</td>
</tr>
<tr>
<td>2.</td>
<td>Indian</td>
<td>48</td>
<td>13.71</td>
</tr>
<tr>
<td>3.</td>
<td>Chinese</td>
<td>50</td>
<td>14.29</td>
</tr>
<tr>
<td>4.</td>
<td>Others</td>
<td>2</td>
<td>0.57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>350</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

In terms of ethnic origin, the Bumiputera represent 71.43 percent, reflecting the composition structure of the country’s population. The other two main ethnic groups are the Chinese with 14.29 percent and the Indians with 13.71 percent.

**Table 4.4: Ranking in family**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>First-born</td>
<td>180</td>
<td>51.43</td>
</tr>
<tr>
<td>2.</td>
<td>Middle-born</td>
<td>120</td>
<td>34.29</td>
</tr>
<tr>
<td>3.</td>
<td>Last-born</td>
<td>35</td>
<td>10.00</td>
</tr>
<tr>
<td>4.</td>
<td>Only-child</td>
<td>15</td>
<td>4.28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>350</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

There were 51.43 percent who were first-borns and the middle-born was 34.29 percent. In terms of being the only child in the family, there was only 4.28 percent.

**Table 4.5: Aggregate monthly income of parents/guardian**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below RM 1000</td>
<td>45</td>
<td>12.86</td>
</tr>
<tr>
<td>2.</td>
<td>RM 1001-RM 2000</td>
<td>125</td>
<td>35.71</td>
</tr>
<tr>
<td>3.</td>
<td>RM 2001-RM 3000</td>
<td>70</td>
<td>20.00</td>
</tr>
<tr>
<td>4.</td>
<td>RM 3001-RM 4000</td>
<td>50</td>
<td>14.29</td>
</tr>
<tr>
<td>5.</td>
<td>RM 4001-RM 5000</td>
<td>30</td>
<td>8.57</td>
</tr>
<tr>
<td>6.</td>
<td>Above RM 5000</td>
<td>30</td>
<td>8.57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>350</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

In terms of aggregated monthly income of parents, 35.71 percent were in the RM1001 – RM2000 income group and 20 percent in the RM2001 – RM3000 income group. There was only 8.57 percent whose parents earned more than RM5000 per month.

**Table 4.8: Father’s / Guardian’s present occupation**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Self-employed</td>
<td>160</td>
<td>45.71</td>
</tr>
<tr>
<td>2.</td>
<td>Wage earner</td>
<td>170</td>
<td>48.57</td>
</tr>
<tr>
<td>3.</td>
<td>Unemployed</td>
<td>10</td>
<td>2.86</td>
</tr>
<tr>
<td>4.</td>
<td>Retired</td>
<td>10</td>
<td>2.86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>350</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
In terms of father’s current employment, 48.57 percent were wage earners as compared to 45.71 who were self-employed. There were 2.86 percent unemployed and 2.86 percent having retired.

**Table 4.9: Mother’s present occupation**

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Self-employed</td>
<td>120</td>
<td>34.29</td>
</tr>
<tr>
<td>2.</td>
<td>Wage earner</td>
<td>100</td>
<td>28.57</td>
</tr>
<tr>
<td>3.</td>
<td>Unemployed</td>
<td>126</td>
<td>36.00</td>
</tr>
<tr>
<td>4.</td>
<td>Retired</td>
<td>4</td>
<td>1.14</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>350</td>
<td>100.00</td>
</tr>
</tbody>
</table>

36 percent of the mothers were unemployed, whereas 28.57 were wage earners. 34.29 percent of the participants’ mothers were self-employed.

**Measuring degree of association between Physical Training Module and Entrepreneurial Spirit**

Based on 350 students opting for National Service Training Programme, the following results were recorded. A linear regression analysis was used to evaluate the effect of the Physical Training Module on Entrepreneurial Spirit. Table 4.10 shows the result which indicates the two variables were positively and strongly associated; R² = 0.936, Adj. R² = 0.935, and F (1,151) = 2190.906, p = 0.01. This means 94% of the variance in the entrepreneurial spirit increase is explained by physical training module. Approximately 94% of the variance of the Entrepreneurial Spirit is accounted for by its linear relationship with the Physical Training Module. Thus, the Physical Training Module is positively associated with Entrepreneurial Spirit.

**Table 4.10: Measuring degree of association between Physical Training Module and Entrepreneurial Spirit using Simple Linear Regression**

<table>
<thead>
<tr>
<th>Outcome: Entrepreneurial Spirit</th>
<th>F (1,151)</th>
<th>B</th>
<th>SE B</th>
<th>Beta</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
</table>

| Predictor: Physical Training Module | 2190.906 |

Note: R² = 0.94, Adj. R² = 0.94, ** p < 0.01

**Measuring degree of association between Nation Building Module and Entrepreneurial Spirit**

A linear regression analysis was conducted to evaluate the prediction of the Entrepreneurial Spirit from Nation Building Module. As shown in Table 4.11 shows the result which indicates the two variables were positively and strongly associated; R² = 0.857, Adj. R² = 0.856, and F (1,159) = 953.264, p < 0.01. This R² means that 86% of the variance in the
Entrepreneurial Spirit increase is explained by the Nation Building Module. Approximately 86% of the variance of the Entrepreneurial Spirit was accounted for by its linear relationship with the Nation Building module. Thus, the Nation Building Module is positively associated with Entrepreneurial Spirit.

Table 4.11: Measuring the degree of association between Nation Building module and Entrepreneurial Spirit using Simple Linear Regression

<table>
<thead>
<tr>
<th>Outcome: Entrepreneurial Spirit</th>
<th>F (1,159)</th>
<th>B</th>
<th>SE B</th>
<th>Beta</th>
<th>T</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor: Nation Building module</td>
<td>953.264</td>
<td>0.955</td>
<td>0.031</td>
<td>0.926</td>
<td>30.875</td>
<td>0.0001**</td>
</tr>
</tbody>
</table>

Note: R² = 0.86, Adj. R² = 0.86, ** p < 0.01

Measuring degree of influence of Character Building Module on Entrepreneurial Spirit

A linear regression analysis was used to evaluate the prediction of the Entrepreneurial Spirit from the Character Building Module. Table 4.12 indicates the two variables have positive relationship; R² = 0.115, Adj. R² = 0.110, and F (1,151) = 19.715, p < 0.01. This R² means that 12% of the variance of the Entrepreneurial Spirit increase is explained by the Character Building Module. Approximately 12% of the variance of the Entrepreneurial Spirit was accounted for by its linear relationship with the Character Building Module. Hence, the Character Building Module has positive influences on Entrepreneurial Spirit.

Table 4.12: Measuring the degree of influence of Character Building Module on Entrepreneurial Spirit using Simple Linear Regression

<table>
<thead>
<tr>
<th>Outcome: Entrepreneurial Spirit</th>
<th>F (1,151)</th>
<th>B</th>
<th>SE B</th>
<th>Beta</th>
<th>T</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor: Character Building Module</td>
<td>19.715</td>
<td>0.290</td>
<td>0.065</td>
<td>0.340</td>
<td>4.440</td>
<td>0.0001**</td>
</tr>
</tbody>
</table>

Note: R² = 0.12, Adj. R² = 0.11, ** p < 0.01

Measuring degree of influence of Community Service Module on Entrepreneurial Spirit

Analysis used in this perspective is also linear regression. It was conducted to evaluate the prediction of the Entrepreneurial Spirit from the Community Service Module. Table 4.13 indicates the two variables have positive relationship; R² = 0.210, Adj. R² = 0.205, and F (1,159) = 42.316, p < 0.01. This R² means that 21% of the variance in the Entrepreneurial Spirit increase was explained by the Community Service Module. Approximately 21% of the variance of the Entrepreneurial Spirit is accounted for by its linear relationship with the
Community Service Module. Thus, the Community Service Module has a positive influence on Entrepreneurial Spirit.

Table 4.13: Measuring the degree of influence of the Community Service Module on Entrepreneurial Spirit using Simple Linear Regression

<table>
<thead>
<tr>
<th></th>
<th>F (1,159)</th>
<th>B</th>
<th>SE B</th>
<th>Beta</th>
<th>T</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spirit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Predictor:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>42.316</td>
<td>0.294</td>
<td>0.045</td>
<td>0.458</td>
<td>6.505</td>
<td>0.0001**</td>
</tr>
<tr>
<td>Service Module</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: $R^2 = 0.46$, Adj. $R^2 = 0.21$, ** $p < 0.01$

CONCLUSION

The findings showed that the four modules of the Malaysian National Service Training Programme (PLKN), namely the physical training module, nation building, character building and the community service modules have achieved the objectives of each of the respective modules. The physical training module has certainly enhanced and strengthened the unity among trainees, enhance the mental tenacity, leadership, internal discipline, confidence level, skill to work in a team, problem solving skills and decision making within a group. As for the nation building module, the participants have expressed that it has strengthened and increased their feelings of patriotism towards the nation. In the third module, character building, the participants were found to have benefited from this module in terms of self-development, leadership skills and the process of team leadership which is the ability of individuals to form the values of the organization and have the vision and mission usually has ability to control emotions, discipline, be role models, capable of controlling members of the group. In the fourth module of community service, the participants have found the various activities such as gotong-rotyong, keeping the environment green, recycling and visits to the hospitals, public amenities have made them aware and the importance of providing community service to the society.

In terms of entrepreneurial inclination among the participants of the National Service Training Programme, the indicators were somewhat mixed. Preliminary findings showed that most of the participants who parents own and operate businesses showed entrepreneurial inclination. This was especially true of the ethnic Chinese. Whereas, those participants whose parents were wage earners, they were less inclined toward entrepreneurship. This was true amongst the ethnic Malays and to certain extend the Indians. Hence, this paper proposed that the Malaysian government could perhaps consider the possibility of introducing a specific per se module on entrepreneurship to the National Service Training Programme. By providing this entrepreneurship module, the participants who represent the youths of Malaysia could be exposed and introduced to the world of entrepreneurship at an earlier stage of their lives. This will make them appreciation better the world of entrepreneurship and in turn will further enhance the inculcation and encouragement of entrepreneurship among the youths participating in the national service programme.
REFERENCES


Ethnic entrepreneurship in OECD countries: A systematic review of performance determinants of ethnic ventures

Abstract

This paper seeks to examine the evolution of determinants under scrutiny by academics publishing on performance of ethnic companies in OECD countries. Using the systematic literature review method, we first provide a descriptive analysis of articles gathered, and then make an in-depth examination of the determinants focused on. A database of 40 papers published between 2002 and 2011 was collected – the topic was precise enough to yield only a few articles – from a wide range of journals. We provide a systemized summary of the current status of this body of work, examine areas where research is lacking, and explain why further study of the role of cultural and ethical values as determinants of ethnic entrepreneurship is critical.

Keywords: Ethnic entrepreneurship; Skilled immigrants; Performance; Innovation; Creativity; Human capital; Social capital; Moral values

INTRODUCTION

The War for Talents (McKinsey & Company, 2001) – a competitive landscape for recruiting and retaining talented employees – within the Organization for Economic Co-operation and Development (OECD) member states, is a global trend that every country and company has to face nowadays. This trend is worsening with population ageing. De facto, the challenge is to attract and retain the most able and talented employees from a skilled workforce that is becoming increasingly narrower. The brain drain (Royal Society, 1963) – or large-scale emigration of individuals with technical skills or knowledge to a more attractive country – only exacerbates the growing scarcity of talented manpower in home country. The distribution of this skilled manpower worldwide is extremely unequal since only two countries account for around 50% of the main OECD destinations of OECD-born highly-skilled expatriates: the United States (37.1%) and Australia (12.7%) (OECD, 2008). The resulting diversity is not only an asset making it possible for companies to “fill in the blanks” but also to create value within the organization. A recent wave of researchers has indeed wondered if workplace diversity does not represent a competitive advantage for firms (Slater, Weigand, & Zwirlein, 2008). Studies now consider that multicultural teams can enhance performance (Roberge & van Dick, 2010; Sultana et al., 2013), innovation (Ostergaard, Timmermans, & Kristinsson, 2011) or creativity (Berg & Holtbrügge, 2010) for companies.
The present paper aims at understanding what determinants of ethnic and immigrant entrepreneurship have been studied so far, what types of performance it can lead to, and what areas are still lacking rigorous investigation. Ethnic and immigrant entrepreneurship, which will be shortened below as “ethnic entrepreneurship”, may offer insights into what alternative business models are more suited nowadays to face social and economic challenges. In order to attain this objective, a systematic review was used. This paper will first present the overall review process and the adopted review protocol in section two. Then, we will describe results from the review in section three. Only then will we discuss and analyze the findings in section four and continue towards the conclusion in section five with the future avenue of research on Ethnic entrepreneurship.

SYSTEMATIC REVIEW METHODOLOGY

The methodology for a systematic review has to be clear and accurate, since a literature review “must be defined by a guiding concept […]. It is not just a descriptive list of the material available or a set of summaries” (Taylor & Procter, 2008). Hence in order to build the most suitable set of articles, we followed the following procedure: We started with a broad prospection of articles; then we went to a couple of steps in which we first assessed the content of articles retrieved and secondly refined the selection criteria. We reiterated these two steps as long as we were unsatisfied with the match between our research objective and the articles we found. This procedure is detailed below. We used four databases to create our systematic review: Emerald, Engineering Village, ProQuest and Science Direct. We covered a 10-year time period, from January 2002 to the end of September 2011. The search for articles took place from 09/22/2012 to 10/16/2012. The very first step of our research was to gather as many articles as possible.

We obtained a very large sample with this first strategy as, indeed, we retrieved 3,292 articles. A brief glance at those results showed us that Science Direct yielded the greatest number of responses. Moreover, this preliminary research helped us determine that the most efficient query was the Boolean combination of “ethnic entrepreneurship” AND “performance” since it returned 33% of our initial sample. Following more refining of the articles based on abstract readings, we selected 140 articles.

We can have the overview of refining process of articles from the following table 4.
DESCRIPTION OF RESULTS

The aim of the present section is to describe the global characteristics of the 40 articles gathered through general categories, as should be done in every systematic review (Tranfield, Denyer, & Smart, 2003). Hence, we will first analyze the countries and communities that were most studied (1), then the adopted research methodology (2), the publication titles and time-based trend of publication (3), and lastly the scope of analysis of each article (4).

Countries and Communities Studied

As we are focusing on ethnic entrepreneurship, it is necessary to highlight which communities in which countries are the primary interest of authors. Some countries and some communities will be more studied because of immigration policies or of entrepreneurial willingness embedded in ethnic communities’ cultural values. Unsurprisingly, the USA is the most studied host country. Ethnic businesses represent over 17% of all American small business in 2005 (United States Census Bureau, 2010; Shinnar, Aguilera & Lyons, 2011). It is therefore an ideal ground for researching ethnic entrepreneurship. On the contrary, when it
comes to communities, there is no strong superiority of one ethnicity over another. Authors usually consider specific ethnic groups in each country.

Main Research Methodologies in Ethnic Entrepreneurship Research
As depicted in Graph 2, the research methodology mainly chosen by authors is the use of secondary quantitative data, with a total of 14 articles out of 40. Government surveys or national censuses are the most useful sources for authors who have limited resources (money or time). Close behind, collecting primary qualitative data is the second favorite methodology with 12 articles: Most authors prefer face-to-face interviews to develop a deeper analysis. Finally, theoretical approaches are used in eight articles to present and support new frameworks or develop new hypotheses.

Distribution across Publication Titles and Time-Based Trend of Publication
The distribution of articles across peer-reviewed journals is scattered across the business and management research streams considering the global scope of our research. There is no clear domination of one publication over the others – the one with the highest number of retained articles is International Business Review but it accounts for only five articles out of 40. Our systematic sample of 40 articles is divided between 28 different journals. This assessment shows how the subject is studied from very different angles by different authors with specific concerns. As for the time-based trend of publication, the year 2011 alone represents 33.3% of all the articles we retrieved. Authors as well as governments start to take the subject of ethnic entrepreneurship into consideration because of the economic growth and regeneration of economies it leads to (Assudani, 2009; Chand & Ghorbani, 2011).

Scope of Analysis
When authors tackle the subject of entrepreneurship, they have to decide at what level they wish to situate their analyses. Will they focus on individual decisions, organizational culture, ethnic community values in general, or external factors such as host government favorable measures as a determinant for ethnic entrepreneurial success? In other words, will they view it from the individual, organizational, community or country level? The level or scope of analysis is a key choice since it will impact the entire orientation of the study. Indeed it concerns every step of the process of entrepreneurship from the reasons for launching a business to the final performance measure of the venture.

Individual actions are the most analyzed facet of the entrepreneurship process and refer mainly to the social, human and economic capital that immigrants will use (Curci & Mackoy, 2010; Masurel, Nijkmamp, Tastan, & Vindigni, 2002; Siqueira, 2007). Community values arrive in second position and the entrepreneurial performance of an entire ethnic group, for example African-American (Bogan & Darity, 2008), are discussed. Authors with a focus at the organizational level choose to scrutinize the market targeted by ethnic entrepreneurs and the general strategy they adopt, either aiming at co-ethnic consumers or opening up to a broader, national or dominant, market. Noticeably in our sample, the latter authors predominantly analyzed ethnic businesses that remained in ethnic markets and only one focused on the opening from ethnic, to dominant markets.

RESULTS AND DISCUSSIONS
We will now proceed with an analytical examination of the results described above with regard to our initial research objective, which was to highlight the determinants of performance for ethnic companies in OECD countries. We will take advantage of this
discussion to put forward a few observations with regard to dominant traits of literature and possible improvements. Our understanding of performance agrees with that of Sahin, Nijkamp, and Stough (2011): “In our study, business performance refers to the objective criteria: market share, turnover and profitability (e.g., net and gross profit). Besides these variables, we also included internal and external success factors, or attributes, such as productivity, costs, stability, growth, business culture, reliability, market knowledge, employees, quality, price, innovation, products, etc. in order to measure the business performance of migrant entrepreneurs.” (Sahin, Nijkamp, & Stough, 2011). In our subsequent discussion of which elements affect the global performance of an ethnic company, we will resort to the basic segmentation between qualitative and quantitative indicators. Generally, quantitative indicators are used for the economic measure of the company’s performance, whereas qualitative indicators are favored when it comes to presenting which elements induce that performance. Though there are some advantages to using only financial indicators for performance studies, they are considered as historical and “backward-looking” (Mehiuddin and Su, 2013). Sole reliance on current, financial measures of performance does not arguably reflect the importance of current resource decisions for future financial performance (Malina, 2013). As a result, they are generally incongruent with the strategic goals of the organization (Atkinson et al., 1997). We will start with (1) quantitative indicators for the presentation of performance measurement – accounting for 25% of the articles. We will then deal with qualitative indicators in the following order: (2) social capital determinants, (3) human capital determinants and (4) innovation determinants – respectively accounting for 29%, 26% and 11% of the selected articles. Residual determinants like host environment or economic capital represent only 9% of articles and will not be treated here. However, we will discuss the surprising absence of (5) axiological determinants, or the impact of the entrepreneur’s moral values on the performance of his/her venture.

**Performance Measurement**

When it comes to the measurement of performance, the articles we selected provide two types of information: the level at which performance is felt and what exactly is measured in terms of performance. A quarter of the articles we selected tackle only the impact of performance and at which level it is to be measured. For Masurel, Nijkmamp, Tastan, and Vindigni (2002), “the collective creation of value is a preferred measure of success.” Indeed, 56% of selected articles deal with the entire ethnic company’s performance. In contrast, only 25% refer to the sole performance of the ethnic entrepreneur, such as access to stable employment or a higher wage (Constant, 2009; Constant & Shachmurove, 2006). Even fewer articles, 13%, consider performance of a whole ethnic group as entrepreneurs (Georgarakos & Tatsiramos, 2009; Wang & Li, 2007). Finally, only one article deals with the impact of ethnic entrepreneurship on the host society’s performance (Eraydin, Tasan-Kok, & Vranken, 2010).

Indicators of performance are numerous, but their core is very well described by Chrysostome (2010): “Those indicators can be divided into two major categories: survival indicators, such as the age of the small business and its profitability, and growth indicators. […] As for the growth indicators, they are evolutionary and refer to the increase of various elements such as sales, market share, net profit, and the number of employees. Other growth indicators include return on investment, return on sales, return on assets, and return on cash flow.” Thus, growth indicators are the preferred measures for ethnic companies performance (Altinay & Altinay, 2008; Chaganti, Watts, Chaganti, & Zimmerman-Treichel, 2008; Dalziel, 2008; Shinnar, Aguiera, & Lyons, 2011), followed by survival indicators (Chrysostome, 2010; Chrysostome & Lin, 2010; Fertala, 2007; Sahin, Nijkamp, & Stough, 2011). A
marginal number of articles focus on social indicators such as the economic growth of the host city, the increase of social cohesion, or the improvement of the quality of life thanks to ethnic companies (Eraydin, Tasan-Kok, & Vranken, 2010). An even smaller number of articles measures performance by referring to elements such as the rate of entrepreneurship in his/her ethnic group or the ethnic entrepreneur’s personal satisfaction (Georgarakos & Tatsiramos, 2009; Masurel, Nijkmamp, Tastan, & Vindigni, 2002; Wang & Li, 2007). When it comes to measuring performance, most indicators are financial, although these are not accurate for every situation (Chrysostome & Lin, 2010; Georgarakos & Tatsiramos, 2009). Hanna, Ebrahim, & Morino (2011), emphasizing that these indicators “sometimes […] are too linear and don't capture the complex, total ecosystem challenges”, put forward the idea that non-profit indicators at the ecosystem level should be used for future research, such as consideration for stakeholders and relationship building, or learning and capacity building inside the organization.

**Social Capital Determinants**

Among the usual determinants of performance for ethnic companies (social capital, economic capital, human capital and context), social capital is the most salient one (29% of the articles). Literature summarizes social capital within a structural model (Eraydin, Tasan-Kok, & Vranken, 2010; Kanas, van Tubergen, & van der Lippe, 2009): “[…] the first type of social capital is the ‘bonding capital’ that is created via the strong social ties that exist between individuals, family members, close friends and members of certain ethnic groups. […] A second type of social capital is ‘bridging capital’; the capital that is hidden in the weaker, cross-cutting social ties that exist between heterogeneous individuals, such as ‘friends of friends’ or neighbors. […] A third type is ‘linking capital’, which is characterized by connections between individuals, established professional and administrative structures, and local communities.” Ethnic entrepreneurs use such social capital relationships in order to generate resources (human, financial, information) that are not available internally and thereby facilitate action to develop their company (Nakhaie, 2009; Ndofor & Priem, 2011; Piperopoulos, 2010). Usually, authors use several sub-factors of social capital to determine which one will induce performance. They are presented in Graph 1.

**Graph 1: Sub-factors of social capital**

Among the sub-factors of social capital, access to human resources is judged critical. Considering that entrepreneurs often don’t have many financial reserves, resorting to family or ethnic community is necessary to provide a “vital and reliable source of labor” (Piperopoulos, 2010). Especially, the aspect of benefiting from a highly-committed workforce which will be underpaid or unpaid is determinant (Chand & Ghorbani, 2011; Kanas, van Tubergen, & van der Lippe, 2009; Yang, Colarelli, Han, & Page, 2011). Not
surprisingly, the second and third determining elements for ethnic companies are access to information and investment capital. Indeed, ethnic ties result in a comparative advantage for ethnic entrepreneurs since they will benefit from valuable market and business information about opportunities and threats that would otherwise be inaccessible (due to time and resource limitations) (Curci & Mackoy, 2010; Marger M. N., 2002; Nakhaie, 2009). Similarly, they have easier access to financial capital, with preferred conditions of loan (low interest rates or adjustable duration of repayment) (Altinay & Altinay, 2008; Piperopoulos, 2010; Siqueira, 2007). Finally, being a member of a specific ethnic group can help penetrate an ethnic market and successfully target customers from that same community, since both entrepreneur and clients will share a common origin, culture, national background or migratory experience (Eraydin, Tasan-Kok, & Vranken, 2010; Sahin, Nijkamp, & Stough, 2011). Upstream the value chain, the situation also helps to gain access to ethnic suppliers, with trust more easily given and facilitated commercial agreements (Brenner, Menzies, Dionne, & Filion, 2010; Curci & Mackoy, 2010). Very specific help can also be granted, such as finding a place to live (Eraydin, Tasan-Kok, & Vranken, 2010) or gathering multiple entrepreneurs to start up a company (Fertala, 2007).

**Human Capital Determinants**

Human capital applied to ethnic entrepreneurship doesn’t present any different characteristics than when applied to national entrepreneurship. Human capital factors that in recent studies have been found to affect new venture performance include age, gender, ethnicity, education, relevant industry and general management experience”. Traits of human capital can be divided into two dimensions, according to the origin of the trait: individually developed or culturally related. Yet traits of each dimension impact many traits of the other dimension. For instance, cultural background, embodied by the trait “ethnicity”, will indeed influence at least personality and skills, as we will describe it. Traits of human capital are presented in Graph 10 and will be discussed below.

**Graph 2: Traits of human capital**

![Graph 2: Traits of human capital](image)

Education is the most common human capital trait found in the literature. It even happens that educational attainment versus years of schooling serves as a proxy for human capital (Chiang, 2004; Ndofor & Priem, 2011). Personality traits have a major impact on the survival and performance of the company, a result which is not surprising when it comes to entrepreneurship. The most explored personality traits are need for achievement, propensity
for risk-taking, tolerance of ambiguity, locus of control, Autonomy or independence, egoist passion and tenacity and passion (Dalziel, 2008; Sahin, Nijkamp, & Stough, 2011; Siqueira, 2007; Mohiuddin et al., 2013). When such neighborhoods represent their co-ethnic market (which are largely ignored by mass retailing businesses) (Piperopoulos, 2010).

Ethnicity will greatly influence the success of the firm, considering that it will shape special skills, personal motivations, values, attitudes, aspirations for achievement, and heritage of the immigrants (Piperopoulos, 2010). Knowledge of the host country language is also positively correlated to the success of the company, as well as previous work experience, such as basic business practices, or industry and management experience (Curci & Mackoy, 2010; Sahin, Nijkamp, & Stough, 2011).

**Innovation Determinants**

Innovation, along with creativity, is the last important determinant that can lead to performance, though it has not been studied as thoroughly as the previous ones. However, innovation is at the core of entrepreneurship, and it resides in every stage of the company’s life, from its creation to its strategic development. Innovations scrutinized by researchers are found at three different levels; innovative processes, innovative orientation, innovative products. The consequences of the three forms of innovation will be felt at different levels: the whole line of business, the host society, or the company itself. Innovative immigrant enterprises will also have an impact on the host society. Namely, they will contribute to the competitiveness of the national economy and to better social integration of immigrants (Ensign & Robinson, 2011; Liu, et al., 2011; Smallbone, Kitching, & Athayde, 2010). Finally, innovations can sometimes be felt only inside the company, for instance when introducing new strategic practices such as marketing processes (Jamal, 2005).

**Axiological Determinants**

There is a fifth category of determinants although it is not dealt with in the literature we have studied: axiological determinants. These determinants consist in the moral values that an entrepreneur has acquired through his/her education and his/her life experience. Of course they are related to cultural values and are directly about what is good and what is bad. They are, for instance, integrity, honesty, courage or respect.

The only articles that deal with the impact of axiological determinants on entrepreneurship are those concerned with entrepreneurship in general (usually to the exclusion of its ethnic variant) and with social entrepreneurship. Social entrepreneurs are entrepreneurs with social objective (Martin & Osberg, 2007) and social entrepreneurship can be defined as the entrepreneurial venture with an embedded social purpose (Austin et al., 2006). In particular, it would be interesting to understand more precisely how the value of loyalty between members of an ethnic group comes into play to reinforce access to economic and social capital. Another interesting research question could link the values of sharing or perseverance to the type of business enterprises favored in a given ethnic community.

**CONCLUSION AND FUTURE RESEARCH AVENUES**

The precise research objective of this systematic review was to shed light on the current state of the literature on the performance determinants of ethnic companies in OECD countries. We focused on a 10-year period (from the beginning of 2002 to the end of 2011) and gathered a total of 40 articles linked to that very subject which, after analysis, enabled us to highlight both strengths and research gaps on ethnic entrepreneurship and their performance.
study. As ethnic entrepreneurship has become a subject of growing interest over this past decade, it was necessary to take time to draw a picture of the research led. So far, none has been conducted specifically on performance determinants of ethnic companies. Of course, we found reviews about international entrepreneurship at large (Jones, Coviello, & Tang, 2011), or in emerging countries (Kiss, Danis, & Cavusgil, 2012), and even on specific areas such as entrepreneurship in hospitality and tourism industries (Li, 2008). Thanks to this systematic review, we were able to establish the following strengths and lackings of present research trends:

- One of the most important areas for improvement regards performance indicators which are dominated by financial or economic indicators. Authors should also take into consideration qualitative factors to describe the effects of ethnic enterprises, such as their societal impacts or the influence of cultural values on performance.
- As regards research methodology, researchers often make use of secondary quantitative data in order to put forward hypotheses and conclusions that they do not validate themselves in a different context. We recommend they test their models either on other ethnic communities in the same country or on the same community in another country.
- As for determinants of performance such as social capital or innovation, we found that authors emphasize the cultural influence of his/her ethnic group on the immigrant’s way of thinking. Yet they fail to explain clearly which of his/her entrepreneurial decisions it will affect. Therefore further investigation is needed.
- The growing interest for axiological determinants stemming from the field of business ethics and already showing in the field of social entrepreneurship is not actualized in studies of for-profit ethnic entrepreneurship. Moral values such as loyalty, integrity, sharing or solidarity need to be explored as direct or indirect determinants of performance of ethnic enterprises.
- Another pitfall of the literature regards hypotheses and frameworks of ethnic entrepreneurship. They are generally well supported by ground information from concerned ethnic groups. However, models are narrowed only to those specific groups and are not tested on others that could fit in as well. Hence, trans-ethnic validation could be relevant as a next level of analysis.
- It is limiting that the growing interest of literature about ethnic entrepreneurship is only due to its economic impact on the Gross Domestic Product (GDP) of the host society. Few studies consider the societal impact of such ventures between immigrants and nationals and how such interactions transform the host society. Future research should take an interest in measuring such impact in order for governments to get a holistic picture of those enterprises.
- We may consider as well that the level of analysis is somehow narrowed. Indeed, it has so far been mainly focused on individual actions, those of the entrepreneur – owing to the fact that authors choose small and medium enterprises, which are really linked to the decisions of the owner. However, authors should try to target bigger ethnic businesses to determine what strategic orientations follow from such organizational culture.
- Lastly, considering that ethnic entrepreneurs seem to prefer ethnic markets, it could be really worthwhile for future research to consider the conditions of success or willingness to go from an enclave market to the dominant one.

The authors have mainly concentrated their analyses on ethnic entrepreneurs themselves, their culture and their environment, resulting in a strong literature surrounding those aspects. They should now become more interested in adopting a holistic approach to consider the consequences of ethnic entrepreneurship on host societies. Because some authors have
already started to study it (Ensign & Robinson, 2011; Liu, et al., 2011; Smallbone, Kitching, & Athayde, 2010), we know that ethnic companies can have a positive influence on social integration of immigrants as well as on the host society’s economic performance. However, very few indicators have yet been created to describe these consequences, especially when it comes to social integration, which requires more than quantitative measures. To conclude, we have to emphasize again the importance of ethnic entrepreneurship for OECD countries and the lack of knowledge on some aspects of it (innovation, host environment or economic capital). It is a vital topic nowadays, especially with the aging of the labor force in developed countries, the rise of international migrations and the resulting global challenge of the “war for talents”.

REFERENCES


Satisfaction of International Students vis-à-vis Their Global Adaptation: The Case of African International Students in Quebec

Satisfaction of International Students vis-à-vis Their Global Adaptation: The Case of African International Students in Quebec

Abstract

Each year, thousands of students leave their native countries to study abroad. The decision to study abroad can result in mental, emotional and financial challenges. The purpose of this paper is to explore the various factors affecting the satisfaction of international student’s vis-à-vis their global adaptation in a Canadian university. Based on previous works, a first questionnaire was made and distributed to a test group comprised of sixty students from Laval University. An exploratory factor analysis was conducted. Six groups of factors and a total of 31 sub-items resulted. These items were used to produce a questionnaire which can potentially be used for future works.

Introduction

Higher education has been experiencing a boom since the last decades due to the increasing number of international students in the world. In 2008, there were more than 3.3 million international students worldwide (OECD, 2010; Smith & Khawaja, 2011). This number will reach 8 million by 2025 (Altbach, 2004). In Canada, the population of international students grew from approximately 25,600 in 1996 to more than 70,000 ten years later (Association of Universities and College of Canada, 2007). Internationalization allows universities to embrace the world through the intensification of exchange programs, the strengthening of collaborations between universities and the intensification of international student recruitment. These efforts promote competition between universities to attract international students. In addition, international students help host universities achieve visibility, name recognition, diversity and prestige. International students are also an asset to the host countries’ economies. According to the Canadian Ministry of International Trade (2009), international students contributed more than 6.5 billion dollars to the economies of their host economies in 2008. International education has resulted in the creation of approximately 83,000 Canadian jobs. Alongside being financial assets, international students enrich their host countries’ intellectual and cultural environments (Zhang & Goodson, 2011; Smith & Khawaja, 2011). However, the stay of international students is mutually beneficial. In fact, the internationalization of higher education results in an opportunity for international students to receive a quality education with new travel and cultural experienced.

The idea of life in a new country is a source of excitement, the beginning of a new adventure. However, it is also a source of anxiety and apprehension for most international students. These students are exposed to similar problems to those experienced by domestic students.
Nonetheless, they must also face problems of culture shock, adjustment and integration in a society different from their own (Smith & Khawaja, 2011; Ying, 2005; Church, 1982). Several studies have been conducted on the satisfaction and the adaptation of international students living in the United States, Australia, Britain and Canada. Most international students are natives of India, China, South Korea and Japan (Ying, 2005). Consequently, many studies have focused on Asian students. International students from other countries, especially Africa, have attracted little interest from researchers while the number of these students is increasing each year. According to a study conducted by UNESCO in 2006, African students are some of the most mobile and are the driving force behind the internationalization of higher education. Hence, this research contributes to the understanding of the experiences of African students living abroad. It aims to examine the adjustment need of these students and identify the main factors affecting their satisfaction. It also suggests ways for higher education institutions to better serve international students in their effort to integrate into their new environment.

The rest of the paper is organized as follows. The first section includes a review of the factors that influence international students’ adjustment in their host countries. The second section consists of a discussion of tools used to measure satisfaction of students participating in international education programs. This is followed by presentation of the research methodology. Finally, the results and the contributions of this research are discussed.

**Literature Review**

Adjustment is defined as the relatively stable changes that take place in an individual or group in response to external demands (Berry, 2006). Ward (1996) and Searle and Ward (1990) make a distinction between two types of adjustments: psychological and socio-cultural adjustment. Psychological adjustment concerns affective response while socio-cultural adjustment is based on behavioral response related to how effectively an individual links in to the new society (Ward, Bochner, & Furnham, 2001). However, recent work has suggested taking into consideration academic adjustment in conceptualizing international students’ adjustment (DeLuca, 2005; Thavamalar & Parvinder, 2010).

**Factors of psychological adjustment**

Psychological adjustment is defined as the psychological well-being, or the satisfaction of international students in their host environments (Berry, 2005). Adjustment can cause stress and other psychological problems such as isolation, loneliness, and depression (Wang & Brent, 2006; Fritz, Chin, & DeMarinis, 2008; Misra & Castillo, 2004; Serin, Serin & Özbas, 2010; Wei, Heppner, Mallen, Ku, Liao, & Wu, 2007; Ying, 2005). According to Hendrickson, Rosen and Aune (2010), the presence of these psychological disorders have been observed with greater recurrence and severity among international students. Due to the brevity of their stay and the need to succeed in the academic system of their host countries, some international students experience anxiety (Misra & Castillo, 2004). According to Church (1982) and Luzio-Lockett (1998), stress is more severe among international students because of cultural shock and various socio-cultural factors experienced by these students. Stress can increase or decrease depending on the quality of the international students’ adjustment. It becomes a problem only when it becomes too high or chronic. High levels of stress can lead to depression, anxiety, and isolation. In a study on African students living in the United States, Pruitt (1978) found that depression and homesickness were major issues for students studying abroad. Pruitt (1978) also noted that these students tend to stay in contact with their families at home and avoid extracurricular activities in their host countries, causing social isolation, a predictor of psychological well-being. Constantine, Anderson,
Berkel, Caldwell and Utsey (2005) noticed that not only international students encounter problems with psychological adjustment, but they often refuse counseling services and instead rely on informal networks such as family and friends to cope with their psychological problems. This could, further complicate these adjustment to academic and social life in the host country. Ward and Searle (2002) conducted a survey of 105 international students from Malaysia and Singapore living in New Zealand. They assessed exchange students’ psychological well-being based on variables such as extraversion, cultural distance, length of stay, anticipated difficulties and depression. Ward and Seale (2002) found that depression and cultural distance are inhibiting factors of psychological well-being and satisfaction among international students. Serin, Serin and Özbas (2010) also reported a relationship between student satisfaction and psychological well-being. They have shown that depression and anxiety are important predictors of life satisfaction of international students studying abroad.

Factors of socio-cultural adjustment

In addition to psychological problems, international students also face several problems related to their socio-cultural adjustment. Despite being studies for many years, socio-cultural adjustment is still not a definitively described concept (Townsend & Wan, 2007). In this research, it refers to international students understanding of the culture, norms and local values of the host country. This does not mean that these students have to accept these norms and values. However, they must be aware and be prepared to manage them effectively (Sumer, 2009). Socio-cultural factors that have attracted the most attention from researchers as predictors of socio-cultural adjustment of international students include mastering the local language, cultural similarity, social support, financial security, social interaction and the ability to establish friendships with people of the host country (Khatiwada, 2010; Li & Gasser, 2005; Myles & Cheng, 2003; Ward & Kennedy, 1999).

Language barrier is recognized as the most significant problem of most international students (Smith & Khawaja, 2011; Mori, 2000). The difficulty to be fluent in the host language affects international students both in academic and socio-cultural domains (Chen, 1999). In the academic domain, many authors noticed that the students’ inadequate language skills often impact on their ability to understand lecturers, to take note, to complete oral and writing assignments and examination, and to ask questions in class (Zhan & Brunton, 2007; Mori, 2000; Chen, 1999).

Language skills are crucial not only for academic performance, but also for cultural adjustment (Cigularova, 2005). International students, often, have to establish a new social network after leaving their friends and family back home. Studies suggest that the discomfort in speaking the host country’s language impedes communication and rapport building with locals (Khatiwada, 2010; Mensah, 1998; Barratt & Huba, 1994; Kagan & Cohen, 1990). This may discourage international students to attempt to make friends and establish relationship with groups from the host culture. For instance, Barratt and Huba (1994) as well as Poyrazli, Arbona, Nora, McPherson, and Pisecco (2002) demonstrated that English competency of international students is positively associated with their ability to relate to locals. Similarly, Wang and Brent (2006) found that English competency is negatively associated with social difficulties encountered by international students. Wang and Brent (2006) indicated that English proficiency is a significant predictor of socio-cultural adaptation of Chinese international students living in the United States. Otsu (2008) reported that Asian and African students are the most affected by the problem of the host country languages proficiency, which is often English, because of a lack of practice at home.
Financial difficulties are another socio-cultural adjustment problem encountered by international students (Khatiwada, 2010). Contrary to the widespread perception that international students are rich, financial difficulties are among the major concerns of these students (Bradley, 2000; Mori, 2000; Church, 1982). In general, the cost of education in host countries is, on average, higher for international students compared to national or resident students. In addition, in most countries, immigration laws govern international students’ employment and course enrollment. Full-time enrollment is often required for students who wish to enter a country on student visas. Most international students are part-time employees who work on-campus. In addition, immigration regulations strictly limit their opportunities for scholarships and financial aids available to host country students. Khatiwada (2010) and Sam (2001) explained that financial difficulties have a major influence on the adjustment the satisfaction of international students.

Socio-cultural adjustment of international students is also influenced by the perceived cultural differences and similarities between the country of origin and the host country (Ward & Masgoret, 2006). The greater the cultural distance between the home and the host country, the more difficult is the adjustment for international students. Studies have examined the cultural dimensions of collectivism and individualism in order to see if they have an impact on the adaptation and satisfaction of international students (Pedersen, 1991). In Western countries, the main destinations for international students, individualistic values such as competition, independence and individualism are promoted (Hofstede, 1980). In contrast, the majority of international students come from collectivist cultures such as Africa, Latin America, and Asia where cooperation, mutual support, and interpersonal relationships are key values (Constantine, Anderson, Berkel, Caldwell & Utsey, 2005). Yeh and Inose (2003) reported that European students show less acculturative stress than the one from Asia, Central and South America, and Africa. Similarly, Khatiwada (2010) and Sam (2001) found that students from collectivist countries reported low levels of adaptation and satisfaction compared to those from individualistic cultures. These students are particularly at risk when living away from their family since collectivist culture often consists of close-knit families (Lee, Koeske, & Sales, 2004). Apart from problems of language proficiency, Smith and Khawaja (2011) stated that the difficulty that international students have in establishing local friendships may be explained by a cultural discrepancy. International students from collectivist cultures may desire to maintain their socio-cultural behaviors and value. It may result from this attitude, a disinterest of domestic students in initiating friendships with these international students (Zhang & Brunton, 2007).

Studies have shown that social interaction and the ability to establish friendships with locals is a major predictor of socio-cultural adjustment of international students (Church, 1982; Li & Gasser, 2005; Westwood & Baker, 1990). Maintaining relationships and social ties with people of the host country allows international students to better understand the local culture, to build local support networks, to improve their communication and social skills needed to adapt in a new environment. For instance, Westwood and Baker (1990) found international students at an Australian University are more satisfied and perform better if they are paired with local students at the beginning of their stays. Ward and Searle (1991), as well as Ward and Kennedy (1994) also found a positive correlation between the adjustment of international students and the degree of social interaction with people of the host countries. As more international students maintain social contacts with people of the host society, their satisfaction increases (Hendrickson, Rosen, & Aune, 2010). However, for a satisfactory adjustment, international students must have an interest in maintaining social ties and friendships with not only the locals, but also with other students from their home country as
well as from other various countries (Klomegah, 2006). Mori (2000) indicated that establishing a supportive network with fellow nationals is important to international students’ well-being.

Factors of academic adjustment
During their stay, many international students encounter difficulties adjusting to academic life in their host countries. Wan, Chapman and Biggs (1992) shown that international students find their academic experience difficult and stressful. The educational system of the host country is seldom well known by international students (Sounan, 1998). Therefore, these students experience difficulties with course expectations, class discussions, presentations and interaction with classmates or their professors. As mentioned earlier, language barriers appear to be an obstacle to international students’ adjustment and academic success. In fact, most of international students need more time and effort to understand the material. In addition, very often, their inadequate vocabulary prevents them from articulating their knowledge for oral and written assignments, and exams (Lin & Yi, 1997). Thus, international students who speak the host country’s language fluently are more likely to interact with faculty and other students, perform academically, and are overall more satisfied in their first year of life abroad (Mori, 2000; Stoynoff, 1997; Lin & Yi, 1997).

Differences in academic cultures may also affect international students’ academic adjustment. Indeed, these students find themselves in an academic system with a teaching style and academic standards that require different expectations of what they experienced in their home countries. For example, international students who come from Africa, Asia and the Middle East, in general, have an academic culture in which they are taught to remain quiet in class and take notes provided by their instructors. In this academic culture, instructors are seen as authority figures, respected by the students who avoid challenging their ideas and opinions. The Socratic Method is used; classes are focused on an instructor who serves as the source of knowledge for students. The students speak only when the professor calls on them (Alazzi & Chiodo, 2006; Chen, 1999; Khatiwada, 2010; Wang & Mallinckrodt, 2006). Western high education systems place an importance on critical thinking, participation in class discussions (Aubrey, 1991). In addition, students are expected to challenge the ideas and opinions of others. For most international students, participation in class discussions is a completely new phenomenon, which often makes them apprehensive (Mensah, 1998). Unlike North American students, international students from most African and Asian countries are not accustomed to making decisions on the choice of their courses. Their programs are very structured with specific set of courses whose sequence is determined by faculty or administrators (Khatiwada, 2010; Shana’a, 1979).

In addition to differences in the learning approaches, international students may also encounter a mismatch regarding their academic performance as well as the quality and efficiency of services provided by the host educational institutions (Smith & Khawaja, 2011). International students, often, set a high standard to themselves or may be pressured by their family and sponsors to achieve a high level of academic performance (Mori, 2000; Chen, 1999). On the other hand, studies show that international students, in their first year of life abroad, may have low perception of the quality of the services provided by the host educational institutions (Smith & Khawaja, 2011; Khawaja and Dempsey, 2008). In short, the expectations of international students are not always aligned with the reality they encounter in the host environment. Smith and Khawaja (2011) indicated that international students unmet education expectations is a possible source of poor adaptation.
Measures of student satisfaction

Students’ satisfaction becomes one of the major goals of universities (Arambewela & Hall, 2009). There is a widespread belief nowadays that students should be seen as customers. Thomas (2011) stated that even though one might hesitate to call students “customers”, the fact is that without students, there would be no need for educational institutions. In the case of internationalization of higher education, students who express satisfaction with their academic and social life in the community have probably succeeded in overcoming the stress associated with their adaptation in the host country (Perrucci & Hu, 1995). Hence, understanding international students’ satisfaction will help universities to devise strategies that may ease their global adaptation.

Olivier (1997) defined satisfaction as the perception of pleasurable fulfillment of the service. Consistent with Parasuraman, Zeithaml, and Berry (1986), Elliot and Healy (2001) indicated that student satisfaction results when actual performance meets or exceeds the student’ expectations. As several factors affect student satisfaction (Thoma, 2011), there is no single model for measuring it. Most studies are based on specific models and instruments developed by the authors themselves according to the objectives of their research. Some higher education institutions prefer to use their own instruments so they have the ability to formulate questions based on their missions, the curriculum and their students (Butt & Rehman, 2010). There are, however, some popular validated tools used to measure student satisfaction in a variety of contexts. ServQual relies on a framework of analysis of five dimensions namely (1) tangibles (appearance of physical elements); (2) empathy (good communication, understanding the customer); (3) responsiveness (speed, quickness, kindness); (4) assurance (competence, courtesy, credibility) and (5) ratability (reliable performance and accuracy). According to this model, there is satisfaction when perceived performance is greater than or equal to the expectations of students. Dissatisfaction occurs when there is a negative gap between performance and expectations (Parasuraman, Zeithaml & Berry, 1985; 1988). ServQual was initially developed for the service sector (hotels, hospitals, airlines, etc.). However, many researchers claim that it is applicable in the field of higher education (Butt & Rehman, 2010).

Other widely used tools include the Student Opinion Survey (SOS), developed by American College Testing (ACT), and the Student Satisfaction Inventory (SSI) developed by the Noel-Levitz consulting firm. These tools are designed to assess student satisfaction with respect to major programs offered, support services, and many other aspects of their overall university experiences. The SOS measures student satisfaction using the following factors: academic programs and services, education, admissions, university policies and procedures, facilities, and the general campus environment. SSI measures dimensions that include: academic council effectiveness, admission and financial aid efficiency, safety, university life, and the availability of campus support services (Butt & Rehman, 2010).

Pace (1979) developed the College Student Experience Questionnaire (CSEQ) to measure satisfaction and levels of commitment of international students. The questionnaire included 169 questions divided into three categories: academic experience, the campus environment, and student relationships with faculty (Pace, 1979).

Diener, Emmons, Larsen and Griffin (1985) developed the Satisfaction with Life Scale. It includes five items measuring the satisfaction a person can maintain vis-à-vis his life. The respondents indicate their level of agreement or disagreement on a Likert scale of one to five
points. Each number represents various degrees of difficulty, with one representing least difficult while five represents most difficult. The *Satisfaction with Life Scale* is widely used in studies of international students; however, it can be used for other non-students as well.

**Methodology**

A sample of convenience was used in this study. The initial population is made up of undergraduate and graduate international students majoring in business at Laval University. However, the validity of the use of undergraduate student participants has been questioned by many authors (Sear, 1986; Wintre, North, & Sugar, 2001) because of reliability and maturity issues. Bello, Leung, Radebaugh, Tung and Witteloostuijn (2009), also, have advised to avoid using undergraduate student sample. Taking into account concerns inherent to undergraduate student sample, only the data collected from 66 graduate students were considered for this study. Men made up 56% or a majority of the population. The remaining 44% identified themselves as female. The average age of respondents was 28. At the time of the survey, the average length of stay for international students was 31 months. All respondents were from Sub-Saharan Africa and the Maghreb.

The questionnaire consisted of 67 questions relating to international students’ satisfaction and adjustment. These questions were grouped in six themes:

- The academic experience was measured by 29 items from the College Student Experiences Questionnaire (CSEQ) (Otsu, 2008; Pace, 1979). Students were asked to indicate on a scale of 1 to 5 the frequency with which they perform actions such as contributing to class discussions, do reading assignments, work on a research project with a professor, etc.
- Sociocultural adaptation was measured by 15 items from the scale of socio-cultural adaptation of Ward, Okura, Kennedy and Kojima (1998). Students were asked to report the difficulty they face, for example, to make new friends, socialize with the locals, and understand local values, etc. by using a 5-point scale.
- Psychological adjustment was measured by 12 items from the *Self-Rating Depression Scale* (ZSDS) of Zung (1965), and Ward, Okura, Kennedy and Kojima (1998). On a 5-point scale, students were asked to choose the frequency with which they feel psychological problems such as stress, insomnia, poor appetite, fatigue, depression. The ZSDS has been used extensively in cross-cultural research and has consistently proven to be reliable in multinational sojourner studies (Ward & Rana-Deuba, 1999).
- Academic satisfaction was measured by five items in which international students were asked to indicate their level of agreement or disagreement on a 5-point scale. Examples of the questions include "I am satisfied with my academic experience" and "I am satisfied with my academic results".
- Life satisfaction was measured by five items on a 5-point scale developed by Diener et al. (1985). Students were asked to indicate their level of agreement or disagreement with respect to items such as “I am satisfied with my life” and “if I could start my life, I would change almost nothing.”
- Academic results were measured by the students’ academic average. Students were asked to indicate their academic average in the form of A, B, C and D. Many authors recommended the use of the academic average as an indicator of students’ satisfaction (Letcher & Neves, 2010; Otsu, 2008).

**Validity**

Two methods were used to test the validity of the sample. Firstly, a convergent validity was observed in reference to the average variance. The average variance extracted from each
factor is greater than 0.5 (Fornell & Larcker, 1981). Secondly, discriminant validity was used to determine that the factors were distinct from each other. The values of the average variance should be higher than the square of the correlations between factors (Fornell & Larcker, 1981). In this study, average variances of the six factors were higher than the squared correlations between the respective factors, demonstrating the validity of the instrument.

**Reliability**

A test of internal consistency of the factors was also conducted. Cronbach’s alpha was used to measure the reliability of each factor. This value should be greater than or equal to 0.6 (Leedy, 1989; Nunnally, 1967). In this study, all six factors showed an alpha greater than 0.6. Thus, it can be argued that internal consistency is satisfactory.

**Results**

Exploratory factor analysis was used to analyze the data because it can be used to identify factors that have a significant impact on the satisfaction of international students. As shown in Table 1, nearly 80% of the total variance is explained by 20 potential factors. Only factors with a loading higher than 0.4, and whose values were not displayed in the column of another factor, were retained. As a result, six of the twenty potential factors were considered. The table 2 shows the average score and standard deviation of each of the six factors that were retained.

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Table 1 goes about here

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Table 2 goes about here

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Table 3 shows the items of psychological adjustment of surveyed students. The Cronbach’s alpha is 0.870. All seven items have almost equal importance because the Cronbach’s alpha did not change significantly with the removal of one of these items.

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Table 3 goes about here

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Table 4 shows the items of socio-cultural adaptation of surveyed students. Cronbach’s alpha is 0.854. Therefore, African students face difficulties in adjusting to life in their host country. This includes the difficulty of understanding the subtleties of the host culture, language, building a network of friends in the host country. The most important item is the understanding of cultural differences, because its removal decreased the Cronbach’s alpha from 0.854 to 0.766.

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Table 4 goes about here

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Table 5 contains three items of academic satisfaction of international students with Cronbach’s alpha of 0.789. The most important item is the students’ overall academic experience. Its removal lowers the Cronbach’s alpha of 0.789 to 0.667.
Table 5 goes about here

As shown in Table 6, the academic adjustment is consists of eight items. Cronbach’s alpha is 0.868. This factor shows how international students are engaged in their academic lives and the degree of their involvement and interaction with fellow students and instructors. Each of the eight items that make up this factor are of equal importance. Thus, Cronbach’s alpha remains identical with the removal of one of these items.

Table 6 goes about here

Table 7 shows five items that reflect students’ level of satisfaction with life in their host country. The Cronbach’s alpha is 0.864. The most important item is the first factor, “the conditions of my life are excellent”, because its removal decreased the Cronbach’s alpha from 0.864 to 0.805.

Table 7 goes about here

The last factor is the academic participation of international students in their host universities. It indicates the level of participation or effort made by these students in their academic lives. Participation consists of four items and is shown in Table 8. The Cronbach’s alpha is 0.667. The first item in the table is the most important. Its removal significantly decreases the Cronbach’s alpha.

Table 8 goes about here

The sixth question of the questionnaire concerns the respondents’ academic results. Table 9 shows the distribution of respondents according to their academic results. More than 90% of survey students obtained at least a B. Thus, it can be stated that the majority of the respondents succeeded academically.

Table 9 goes about here

Multiple regression analysis was used to gain an understanding of the factors that influence and predict greater international student satisfaction. Academic satisfaction was used as the dependent variable. Sociocultural adaptation, academic adjustment, psychological adjustment, academic participation and life satisfaction serve as independent variables and are shown in Table 10. Each of these variables, in different degrees, has an impact on the respondents academic satisfaction (R = .612, R^2 = .375, p <.001). These variables, when taken together, explain nearly 38% of the total variance.

Table 10 goes about here
According to Table 10, academic adjustment, academic participation and life satisfaction contribute positively to student satisfaction. Socio-cultural adaptation and psychological adjustment on the other hand contribute negatively to the dependent variable. The variables “life satisfaction” and “academic adjustment” predict most of the students’ academic satisfaction, because the values of \( P \) (respectively .005 and .008) are the lowest in the model, and therefore more significant. The variables “academic participation” and “sociocultural adaptation” have an acceptable level of significance with a \( P < .10 \) (respectively .024 and .091). Psychological adjustment is the only predictor that has a marginal significance level with \( P > .10 \) (.125).

**Discussion**

The current study sought to examine the satisfaction of international students, the main factors affecting it and the challenges these students face during their stays. Contrary to Sam (2001) who reported low life satisfaction of African international students, the analysis of the results indicated that the vast majority of students had a pretty good life satisfaction with an average score of 3.42. This score is above the midpoint of the scale is 3. According to Sam (2001), average scores below 2.5 and above 3.5 are respectively the thresholds for indicators of poor and good life satisfaction. These findings are consistent Church (1982) who concluded in his review that despite difficult periods during their stay in the host country, the majority of international students adapt very well and are satisfied with their lives. Approximately 13% and 41% respectively of students participating in this study may have poor levels of satisfaction or good levels of life satisfaction.

Students participating in this study showed that they are generally satisfied with their decision to study abroad. In a similar study of international student satisfaction, Otsu (2008) found similar results in of students’ academic satisfaction with an average score of 3.1. International students at the University of Laval demonstrated greater levels of satisfaction with an average score of 3.42.

In general, participants indicated they were satisfied with their academic results. The students did not report any major problems in their academic adjustment. Most students indicated that they participate in academic life at their university. The results showed that international students contribute to class discussions, conduct research and interact with other students and faculty members on a regular basis. The language proficiency, in contradiction to previous studies, does not seem to constitute a handicap for the students interviewed. It is possible that due to the fact that the majority of these students are already fluent in French before their arrival at the university, they possess the ability to understand the material and interact with other students and instructors. Indeed, Quebec is the only French-speaking province in Canada. All the students surveyed are from formal French colonies where French is the academic and business language. Furthermore, most of the students interviewed lived in university residence halls. On campus living has many advantages (Rinn, 2004; Turley & Wodtke, 2010). It is an important environmental factor associated with increased students’ development and adjustment. Living on campus in residence hall maximizes opportunities for students to become involved in social and extracurricular activities and to interact with other international students. It is reasonable to assume that the multiple and diverse opportunities to meet new people from different cultures and engage in nonacademic activities increase international students’ self-confident and overcome the adjustment stress related to language difficulties, mainly, to their accent.
The results, also, indicated that the respondents showed little difficulties regarding their sociocultural adjustment. In addition, they face psychological problems, but only occasionally during their studies. Consistent with previous works (Ward, & Kenedy, 1993; Kagan, & Cohen, 1990), the results showed that establishing friendship with local, interacting with their peers and with faculty members and understanding the local culture are important to the students surveyed. As stated earlier, financial difficulties have received much attention in the literature as a source of sociocultural stress of international students (Khatiwada, 2010; Sam, 2001; Marville, 1981). Contrary to these works, the financial difficulties did not come out as significant factor for the participants. This could be explained by the Canadians strict immigration laws which allow only international students who demonstrate their capacity to pay for their studies and to satisfy their basic needs. Thus, we can assume that the majority of international students in Canada are recipient of a scholarship or come from a wealthy family.

The results of multiple regression analysis were used to identify factors that predict more student satisfaction. Students with sociocultural and psychological problems tend to have less academic satisfaction. In contrast, those who adapt socially are satisfied with their academic and personal life satisfaction.

**Conclusion and implications**

The purpose of this exploratory research was to determine satisfaction among African international students vis-à-vis their adjustment to their host country as well as factors that predict their perceptions. Based on the previous works and the results of an exploratory factor analysis, 31 major variables were identified and grouped into six factors. The results indicated that students reported high level of academic and life satisfaction. However, they scored lower on sociocultural, psychological and academic adjustment factors. Multiple regression analysis determined that the most important predictors of the students’ academic satisfaction were their academic adjustment and life satisfaction.

The results of this study could be useful for various universities in Quebec and Canada which wish to attract international students. Investigations of satisfaction levels among African students gives university officials a clear idea of how their students perceive various programs and services available to them. This could become a basis for creating or improving existing student services programs.

This study has some limitations that should be highlighted, particularly with regard to the methodology used in this study. Since the sample is one of convenience, the findings may not accurately represent all the characteristics of the parent population. In addition, the sample is not representative given its small size relative to the population studied. Precautions regarding the generalization of results are required. In addition, the data was collected through a questionnaire, so it is possible that some issues have been interpreted differently according to the respondents. Future studies could include a semi-structured interviews to avoid the problem of interpretation of questions and get answers more explicit and clarified.

Finally, cross-sectional analysis could serve as a limitation. Participants were surveyed at a specific time of their stay, which often lasts between two and five years. It may be difficult to verify the causal relationships in this type of study. Future studies on the subject could use longitudinal analysis to examine temporal fluctuations in the adjustment and satisfaction of African students who study abroad.
References


Satisfaction of International Students vis-à-vis Their Global Adaptation: The Case of African International Students in Quebec


Table 1: Total variance of international student satisfaction
<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>11,473</td>
<td>17,384</td>
<td>17,384</td>
</tr>
<tr>
<td>2</td>
<td>6,249</td>
<td>9,469</td>
<td>26,853</td>
</tr>
<tr>
<td>3</td>
<td>4,208</td>
<td>6,375</td>
<td>33,228</td>
</tr>
<tr>
<td>4</td>
<td>3,537</td>
<td>5,358</td>
<td>38,587</td>
</tr>
<tr>
<td>5</td>
<td>3,376</td>
<td>5,116</td>
<td>43,702</td>
</tr>
<tr>
<td>6</td>
<td>3,038</td>
<td>4,603</td>
<td>48,305</td>
</tr>
<tr>
<td>7</td>
<td>2,324</td>
<td>3,521</td>
<td>51,826</td>
</tr>
<tr>
<td>8</td>
<td>2,173</td>
<td>3,293</td>
<td>55,118</td>
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<tr>
<td>9</td>
<td>1,953</td>
<td>2,959</td>
<td>58,077</td>
</tr>
<tr>
<td>10</td>
<td>1,838</td>
<td>2,785</td>
<td>60,863</td>
</tr>
<tr>
<td>11</td>
<td>1,736</td>
<td>2,631</td>
<td>63,494</td>
</tr>
<tr>
<td>12</td>
<td>1,571</td>
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<td>65,874</td>
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<td>13</td>
<td>1,512</td>
<td>2,292</td>
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<td>14</td>
<td>1,445</td>
<td>2,189</td>
<td>70,355</td>
</tr>
<tr>
<td>15</td>
<td>1,314</td>
<td>1,990</td>
<td>72,345</td>
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<td>16</td>
<td>1,263</td>
<td>1,914</td>
<td>74,259</td>
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<tr>
<td>17</td>
<td>1,173</td>
<td>1,778</td>
<td>76,037</td>
</tr>
<tr>
<td>18</td>
<td>1,125</td>
<td>1,705</td>
<td>77,742</td>
</tr>
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<td>19</td>
<td>1,040</td>
<td>1,575</td>
<td>79,317</td>
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<td>20</td>
<td>1,031</td>
<td>1,562</td>
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<td>21</td>
<td>990</td>
<td>1,500</td>
<td>82,379</td>
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<td>22</td>
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<td>746</td>
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<td>25</td>
<td>723</td>
<td>1,095</td>
<td>87,226</td>
</tr>
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<td>26</td>
<td>677</td>
<td>1,026</td>
<td>88,252</td>
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</table>
Table 2: Average score by factor

<table>
<thead>
<tr>
<th>Factors</th>
<th>Average</th>
<th>Standard deviation</th>
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</thead>
<tbody>
<tr>
<td>Factor 1: Psychological adjustment</td>
<td>2.75</td>
<td>0.896</td>
</tr>
<tr>
<td>Factor 2: Socio-cultural adaptation</td>
<td>2.45</td>
<td>0.973</td>
</tr>
<tr>
<td>Factor 3: Academic satisfaction</td>
<td>3.71</td>
<td>0.883</td>
</tr>
<tr>
<td>Factor 4: Academic adjustment</td>
<td>3.78</td>
<td>0.870</td>
</tr>
<tr>
<td>Factor 5: Live satisfaction</td>
<td>3.42</td>
<td>0.903</td>
</tr>
<tr>
<td>Factor 6: Academic participation</td>
<td>3.68</td>
<td>0.807</td>
</tr>
</tbody>
</table>

Table 3: International students’ psychological adjustment measures

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have crying spells or feel like it</td>
<td>13,62</td>
<td>15,285</td>
<td>.663</td>
<td>.481</td>
<td>.844</td>
</tr>
<tr>
<td>I feel depressed</td>
<td>13,30</td>
<td>14,276</td>
<td>.776</td>
<td>.616</td>
<td>.827</td>
</tr>
<tr>
<td>I often have a poor appetite</td>
<td>13,50</td>
<td>15,792</td>
<td>.553</td>
<td>.369</td>
<td>.858</td>
</tr>
<tr>
<td>I feel down-hearted and blue</td>
<td>13,15</td>
<td>15,423</td>
<td>.706</td>
<td>.529</td>
<td>.839</td>
</tr>
<tr>
<td>I feel anxious</td>
<td>13,09</td>
<td>15,376</td>
<td>.693</td>
<td>.511</td>
<td>.840</td>
</tr>
<tr>
<td>I feel stressed</td>
<td>12,68</td>
<td>15,513</td>
<td>.608</td>
<td>.407</td>
<td>.851</td>
</tr>
<tr>
<td>I feel running in slow motion</td>
<td>12,92</td>
<td>15,394</td>
<td>.509</td>
<td>.285</td>
<td>.868</td>
</tr>
</tbody>
</table>

Table 4: Socio-cultural adaptation means and their degrees of correlation

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding cultural differences</td>
<td>7,68</td>
<td>8,159</td>
<td>.769</td>
<td>.594</td>
<td>.766</td>
</tr>
<tr>
<td>Understanding the local accent/language</td>
<td>7,30</td>
<td>9,076</td>
<td>.641</td>
<td>.458</td>
<td>.818</td>
</tr>
</tbody>
</table>
Satisfaction of International Students vis-à-vis Their Global Adaptation: The Case of African International Students in Quebec

| Understanding the local value system | 7.29 | 7.624 | .733 | .572 | .773 |
| Making friends | 7.14 | 7.012 | .626 | .426 | .842 |

Table 5: Academic satisfaction factor means of students

<table>
<thead>
<tr>
<th></th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am satisfied with my academic experience on campus</td>
<td>7.32</td>
<td>3.728</td>
<td>.665</td>
<td>.453</td>
<td>.667</td>
</tr>
<tr>
<td>I am satisfied with the services offered on campus</td>
<td>7.42</td>
<td>3.879</td>
<td>.636</td>
<td>.424</td>
<td>.699</td>
</tr>
<tr>
<td>I am satisfied with my academic results</td>
<td>7.50</td>
<td>3.546</td>
<td>.582</td>
<td>.340</td>
<td>.765</td>
</tr>
</tbody>
</table>

Table 6: Academic adjustment factor means of students

<table>
<thead>
<tr>
<th></th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussed your career plans and ambitions with a faculty member</td>
<td>13.94</td>
<td>18.458</td>
<td>.756</td>
<td>.675</td>
<td>.826</td>
</tr>
<tr>
<td>Participated with other students in a discussion with one or more faculty members outside of class</td>
<td>13.98</td>
<td>20.077</td>
<td>.672</td>
<td>.548</td>
<td>.839</td>
</tr>
<tr>
<td>Worked with a faculty member on a research project</td>
<td>13.59</td>
<td>17.907</td>
<td>.556</td>
<td>.385</td>
<td>.858</td>
</tr>
<tr>
<td>Talked with a faculty member</td>
<td>13.82</td>
<td>19.074</td>
<td>.696</td>
<td>.637</td>
<td>.834</td>
</tr>
</tbody>
</table>
Table 7: Life satisfaction factor means of African students

<table>
<thead>
<tr>
<th>Item</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>The conditions of my life are excellent</td>
<td>13.74</td>
<td>12.686</td>
<td>.743</td>
<td>.575</td>
<td>.805</td>
</tr>
<tr>
<td>I am satisfied with my life</td>
<td>13.35</td>
<td>12.846</td>
<td>.675</td>
<td>.562</td>
<td>.821</td>
</tr>
<tr>
<td>So far I have gotten the important things I want in life.</td>
<td>13.50</td>
<td>12.562</td>
<td>.685</td>
<td>.488</td>
<td>.818</td>
</tr>
<tr>
<td>In most ways my life is close to my ideal</td>
<td>13.65</td>
<td>13.400</td>
<td>.692</td>
<td>.530</td>
<td>.820</td>
</tr>
<tr>
<td>If I could live my life over, I would change almost nothing</td>
<td>14.12</td>
<td>11.462</td>
<td>.600</td>
<td>.404</td>
<td>.854</td>
</tr>
</tbody>
</table>
Table 8: Academic participation factor means of student participation measures

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did a simulation or case study as part of a course</td>
<td>8.92</td>
<td>3.363</td>
<td>.529</td>
<td>.285</td>
<td>.532</td>
</tr>
<tr>
<td>Discussed ideas on a term paper or project with an instructor</td>
<td>9.29</td>
<td>3.808</td>
<td>.414</td>
<td>.173</td>
<td>.616</td>
</tr>
<tr>
<td>Worked on a paper or project where you had to integrate ideas from various sources</td>
<td>8.59</td>
<td>4.153</td>
<td>.413</td>
<td>.180</td>
<td>.616</td>
</tr>
<tr>
<td>Worked on a class assignment, project or presentation with other students</td>
<td>8.47</td>
<td>4.007</td>
<td>.423</td>
<td>.194</td>
<td>.609</td>
</tr>
</tbody>
</table>

Table 9: Academic Averages of study participants

<table>
<thead>
<tr>
<th>Academic average</th>
<th>Number</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>21</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>B</td>
<td>39</td>
<td>100</td>
<td>71</td>
</tr>
<tr>
<td>C</td>
<td>5</td>
<td>100</td>
<td>62</td>
</tr>
<tr>
<td>D</td>
<td>1</td>
<td>100</td>
<td>43</td>
</tr>
<tr>
<td>N</td>
<td>66</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Table 10: Multiple regression results of satisfaction measures

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>11.384</td>
<td>2.598</td>
<td>4.381</td>
<td>.000</td>
</tr>
<tr>
<td>Academic adjustment</td>
<td>.170</td>
<td>.062</td>
<td>.310</td>
<td>2.734</td>
</tr>
<tr>
<td>Sociocultural adaptation</td>
<td>-.139</td>
<td>.081</td>
<td>-.185</td>
<td>-1.719</td>
</tr>
<tr>
<td>Psychological adjustment</td>
<td>-.105</td>
<td>.067</td>
<td>-.172</td>
<td>-1.556</td>
</tr>
<tr>
<td>Academic participation</td>
<td>.287</td>
<td>.124</td>
<td>.259</td>
<td>2.315</td>
</tr>
<tr>
<td>Life satisfaction</td>
<td>.200</td>
<td>.070</td>
<td>.316</td>
<td>2.864</td>
</tr>
</tbody>
</table>

Dependent variable: Academic satisfaction F (5,60) = 7201, P <.001

Abstract

The rapidly changing global business environment carries with it a dose of uncertainty which poses a serious challenge to international marketers. Existing studies fail to account for this uncertainty as they are mostly conducted from the exporter perspective. In this paper, we seek to fill the gap by measuring host country environment from the final customer perspective in the context of new product diffusion. A survey of 201 Chinese construction companies is conducted. Results after exploratory factor analysis and structural equation measurement model suggest that the environment can be measured by training, information, and normative pressures.

Research Context

Barriers to international trade are falling daily due to lower sea and surface freight, tariff reductions negotiated within the World Trade Organisation (WTO), trade barrier cancellation through economic integration of major trading blocks, finance, insurance charges, know-how movement, and communications charges (Wood, 2002). Axinn and Matthyssens (2002) add production process advances facilitating cost-effective product adaptation. Internationalisation of lifestyles is considered as a key driver of globalisation by Douglas and Craig (1995). A combination of most of these factors and their interdependence produce higher degrees of openness (Puga, 1999), with transportation and communications playing the leading roles (Raballand et al., 2005). Among other benefits, cheaper transportation and communications allow for better international diffusion of knowledge which in turn, improves both human and physical capital (Klenow and Rodriguez-Clare, 2005).

The rapidly changing world business environment carries with it a dose of uncertainty often referred to as turbulence. Moriarty and Kosnik (1989) define uncertainty to encompass a first dimension of ambiguity about the type and extent of customer needs, and the second dimension referring to technology, which includes both product and process technology. Sutcliffe and Zaheer (1998) argue that some uncertainties are nature driven. They are unpredictable and uncontrollable. Some other factors of turbulence can be assessed based on host countries data and buyer behaviour.

A classification of uncertainty by its sources is provided by Davis (1993) in three categories: demand uncertainty, supply uncertainty and technological uncertainty. Focusing on new
product development and launch, Kwaku and Haiyang (2004) elaborate on two types of uncertainty: technology uncertainty and demand uncertainty. The first refers to the perceived speed of change and unpredictability of technology in a firm’s principal industries. The second is inspired from Jaworski and Kohli’s (1993) perceived speed of change and unpredictability of customers’ product preferences and demands as well as the emergence of new customer segments.

To further understand the environment weight and its importance, we refer to two of the three schools of thought found in the strategy literature: the situation specific and the contingency views, with the latter offering a better framework of analysis than the first as it suggests that optimal strategy is subject to a certain set of environmental and organizational conditions (Ginsberg and Venkatraman (1985). A third school of thought based on the universal view which contends that the external environment is irrelevant can hardly cope with the turbulence stemming from globalisation. Formal planning and control mechanisms become inoperative as the environment is unstable.

The developments highlighted above raise additional challenges of understanding new customers better and more profoundly with improved marketing research methodologies and relevant data. Falling trade barriers and related openness are also roots of more competitive forces (Wolff and Pett, 2000.) The resulting competition on and from foreign markets exert incidences on home markets that are less investigated and difficult to quantify (Abbott, 1985). Among other consequences is the fall of the home state capacity to regulate firms as these firms operate in a more open world where cross country differences are exploited (Christmann and Taylor, 2003).

However, we have to distinguish between home country and host country. In the latter, levels of state control vary from country to country, and even from product to product. In addition to state control, professional organisations may exert their influence by dictating norms and rules to obey when using new products and technologies. More importantly, the social networks into which adopting firms evolve create a bandwagon pressure exerted by early adopters on late adopters. Abrahamson and Rosenkopf (1997) contend that the structure of networks through which potential adopters of innovations find out information about these innovations can cause them to adopt the same innovations. They further argue that both the number of network links, as well as small, seemingly insignificant idiosyncrasies of their structures, can have very large effects on the extent of an innovation’s diffusion among members of a social network. Hence, the marketing shift in geographic scope cannot ignore host country social network effects especially in the case of new products and processes.

From a theoretical point of view, five main internationalisation theories are found in the literature: the Uppsala model, the eclectic paradigm, the transactions cost analysis, the interactive network approach of international Marketing and Purchasing (IMP) Group, and the business strategy approach (see Whitelock, 2002 for a review). The eclectic paradigm completes the Uppsala step by step model in that it enables firms to mix strategies in a rational manner, taking into account the transactions cost in the process on internationalisation. The industrial network approach extends the process to include the host country environmental factors as firms’ decisions cannot ignore the context within which the internationalisation will take place. The business strategy approach refines the process to include a trade-off between identified variables.
While the appropriateness of the theories depends on the industrial context to which they are applied (Andersson, 2004), there is a common platform in all the four paradigms: the need of marketing information to inform the internationalisation decision(s) (Whitelock, 2002). However, this information has to be constantly upgraded as the environment is more turbulent than ever. Otherwise, as Axinn and Matthyssens (2002) put it, the ability of each theory to explain behaviours observed today will diminish considerably.

The concept of information has been extended to export market knowledge and communication (Morgan and Katsikeas, 1998). It implies learning from both the domestic and the host country environment. The concept of learning is conceptualized in different ways by the various streams of research in international business. In the Uppsala model it tends to be narrowed as the market-specific knowledge is mainly possessed by individuals, making it difficult to transfer to other individuals and contexts (Forgsen, 2002). It heavily relies on routine activities conducted incrementally in the host market. Therefore, the experiential dimension is very important as well as the imitation of competitors and discovery of new opportunities. However, the type of knowledge and information collected to convey it is barely measured, especially in the launch of new products in emerging markets.

This paper attempts to collect knowledge and analyse a host market environment and its impact on the decision to adopt or reject a new product with its associated process: the wood roof truss technology and process (WRT) in China. Based on a quantitative survey of Chinese building industry key players, a structural equation measurement model of environmental factors is proposed. The paper is organised as follows: a literature review is followed by the research question and objectives; scale items development, data collection, sample profile, non-response bias test, and psychometrics are described in section three; results are analyzed in the fourth section through a rigorous process including exploratory factor analysis, first order and second order confirmatory analysis, and factorial invariance; the fifth section is devoted to the discussion of the three emerging keys factors which define the host country environment a final conclusion in which major findings, contributions, limits, and future research are stated.

**Literature review**

*Internationalization Theories in a Turbulent World*

Internationalisation theories should be revisited in light of recent developments brought on by globalization. Werner (2002) provides an interesting review based on 20 top management journals. It clearly appears from his work that, although ranked number five in twelve categories, global business environment received less consideration than it deserves in a turbulent world. Foreign direct investment, internationalisation, entry mode decisions and international joint ventures were predominant themes while, paradoxically, they take place within contextual settings which should be explored first. Werner (2002) further shows that even when the regulatory environment was studied, very little empirical research was conducted, especially at the industry, network and country levels.

Among the few exceptions cited in the 271 articles Werner (2002) studied are Nehrt (1998) and Rugman & Verbeke (1998) on environmental regulations, competitiveness, and corporate strategies; Sarkar, Cavusgil, & Aulakh (1999) on industry factors and networks; Pan & Tse (2000) on host, home and industry factors followed by mode hierarchy. Whenever the network is studied in the reviewed articles, it refers to alliances and their management for
value creating and profit generation. The review concludes by arguing that societal factors of the global environment should be part of a needed research agenda. In a more recent review, Nakata and Huang (2005) noticed a decrease in international market research devoted to political/legal/regulatory/ethical environment from 5% between 1990 and 1995 to 3% between 1996 and 2000.

**External and Environmental Factors**

External and environmental factors are often combined in internationalisation and new product launch studies. Contextual factors are often used in place of the two. The broad definition include factors relating to organization size, finance and accounting for IT, and management roles and responsibilities (Currie, 1996; Nystrom et al., 2002)). Some authors, such as Song and Zahedi (2006) make a clear distinction between environmental factors based on extent of competition and industry type versus organizational factors comprising size, employee productivity, IT-asset ratio, and age. In a meta-analysis of the technology acceptance model, King and He (2006) showed contextual factors such as gender, culture and technology characteristics as moderators while Nandhakumar et al., (2005) argue that there is limited understanding of how contextual factors shape the emergence of enterprise resource planning (ERP) as a new software. In Scott (2000), institutions play a significant role in the shaping of the contextual factors through regulative processes, normative systems and cultural frameworks as highlighted by Orlikowski and Barley (2001). Howcroft et al. (…) state that there is a significant gap in the literature regarding the influences exerted by institutions through the contextual factors they shape via social and historical forces including explicit laws and implicit cultural understandings.

**Internally Pulled vs. Externally Pulled Influences**

It is recognised that stakeholders exerting influence on the new technology adoption include conventional and non conventional actors. Hall (2005) studied simultaneously social and contextual factors such as social support and network influences from the home and school environment and found both criteria to be of high importance in the adoption process of multimedia technology in the lives of urban middle school students. However, in some circumstances, the internal pull is more important than the external pull as argued in Grover (1993). His findings emphasize the predominance of the internal pull from top management and knowledge champions within the organization as the most important determinant of the adoption of a Knowledge Management System (KMS). Authors advocating internally pulled influence coupled to externally driven factors in the adoption process include Daylami et al., (2005) who studied Application Service Provider (ASP) adoption. They found that top management orientation, integration capability, internal IS expertise and competitive pressure exert a significant impact on the adoption decision.

**Incentives for New Products and Processes Adoption**

Iacovou et al. (1995) argue that in order to reduce the resistance of the adoption of Electronic Document Interchange (EDI), initiators of this technology should provide financial and technological assistance to partners with low organizational readiness. Additional types of incentives include training before and during adoption. Sugar et al., (2004) found that teachers with some technology training (3-5 workshops) and teachers with considerable training (6 or more workshops) showed a positive attitude toward technology that was predictive of their technology adoption intentions while teachers with limited training (1-2 workshops) did not show such attitudes.
Incentives can also include macro-economic policies. Such a conclusion is reached by Gibbs et al. (2003) who conducted multiple cases studies in ten countries. Their findings reveal that enabling policies such as trade and telecoms liberalization are likely to have the biggest impact on e-commerce diffusion. Incentives might also include less classical monetary and financial dimensions to embrace what Rhee and Kim (2004) term as negative and positive social support from family members. They argue that family members can encourage or discourage the adoption process using various methods.

**Governments’ Role and Policies in Emerging Markets**

Ho and Ni (2004) found that in the introduction stage of website adoption, political support of the country’s board of supervisors is a significantly positive factor. This is in contradiction with previous demonstration of the non-influential role exerted by officials in the largest 40 counties studied in Dufner et al. (2003). Gibbs and Kraemer (2004) studied the role of government promotion through incentives and procurement requirements. They found it less important than legislation which, when in favour of technology adoption, speeds up the adoption rate. This is particularly true in China as demonstrated in Xu et al. (2004). The government in China plays a far more critical role in encouraging e-commerce use than in the USA. Xu et al. (2004) reveal that government influence on the decision to adopt new technologies and ideas is more predominant in China than in the more developed countries. According to them, the regulatory environment plays different roles in different economic environments.

Tigre and Dedrick (2004) reach similar conclusion in a ten-country survey of 2,100 firms, including 200 in Brazil. Their findings plead for an adequate legal and regulatory environment to support e-commerce adoption. In the same vein, Zhu et al. (2004) surveyed 612 firms across 10 countries in the financial services sector and found that while financial resources are an important factor in developing countries, technological capabilities become far more important in developed countries. Tan and Ouyang (2004) posit that legal and cultural perspectives fail to accommodate the technology progress in China. However, these barriers can be attenuated by differences among industrial sectors as well as between small and large firms as observable rates of adoption vary considerably when these criteria are considered. They further argue that government regulation plays a much more important role in developing countries than in developed countries. Rhee and Kim (2004) argue that Internet adoption in South Korea is influenced more by family support than by other characteristics, thus bringing a new dimension to influence on adopters’ decision in a particular socio-cultural context of the host country.

**Impact of Peers’ Usage**

In a recent study, Gagnon et al. (2005) demonstrated the importance of peer and collegial control. According to them, the definition of professional roles and responsibilities influenced physicians’ willingness to integrate HTA recommendations into their practice. Gallivan et al., (…) argue that an employee's coworkers exert an important influence on IT usage, whereas individual-level factors exhibit more modest effects. Additional evidence of social influence from peers is brought by Scott W. Campbell and Tracy C. Russo (2003) who argue that technologies are, at least in part, constructed socially among close personal contacts. This transforms the social contacts and social contexts onto key variables in the adoption process.

Peer usage influence can also stem from contagion when potential adopters are highly affected by who has adopted an innovation in the past rather than just by the technical merits of the innovation taken in isolation (Greve, 1995; Teo et al., 2003). The influence from the
social system can be three fold: mimetic when it involves imitating the leaders, coercitive when it implies obeying to rules, and normative when social norms from professional boards for example are introduced (DiMaggio and Powell, 1983).

**Impact of Competitive Pressure**
While it is largely recognized that competitive pressure drives firms to adopt e-business, Zhu et al. (2004) bring an interesting new insight of e-business value associated more with internal organizational resources (e.g., technological readiness) than with external pressure to adopt it. For these authors, competition intensity turns out to be insignificant. However, Chang et al. demonstrated that mobile nursing technologies adoption was significantly associated with business competition, the capability of external supplier, and internal needs. Advocates of externally driven pressure include Kimberly and Evanisko (1981) and Arndt and Bigelow (2000). They believe that this type of competitive pressure ignites technological and administrative innovation. It has also been suggested that it may stem from external creditors urging heavily indebted firms to adopt new technologies and ideas to increase competitiveness and subsequent profitability (Zajac and Kraatz, 1993; Bowman and Singh, 1993)).

**Role Played by Infomediaries**
Documentation quality, location of information sources and current patterns of computer utilization are believed to exert a considerable influence on information handling in the medical informatics and bio-informatics (Hullin et al. 2005). Knowledgeable and skilled users can speed up the rate of adoption more than untrained workers. Cho (2006) put users with sufficient skills and ability in the group of implicit factors including among other facilitating conditions which complete objective factors such as the availability of resources. Burton and Easingwood (2006) posit that customers’ productivity increases if they get quicker information via a channel of their choice. This information is often provided by independent infomediaries. A similar argument is put forward by Moakley (1999) with customers gaining access to infomediaiy sites from which they obtain one-size-fits-all information. This gain of visibility can increase the rate of adoption of new products and process, especially when the host market is new, unknown, and turbulent.

Infomediaries are also a result of the new economy where multinational enterprises need dedicated new intermediaries to undertake numerous alliances and partnerships tasks, perform contract manufacturing, create B2B hubs, and manage the complexity of their relations with subsidiaries and multiple partners in their supply chains (Sambharya et al., 2005). Keil et al., (2001) assert that among the three traditional business-to-business solutions (buyer centric, seller centric, and third party infomediary), the infomediary emerges as the best at organizing control and access to information flows.

**Measurement Pitfalls/Shortfalls**
The literature reviewed above, with the exception of the few articles listed in Table 1, contains mainly qualitative studies with little or no emphasis on measurement psychometrics. However, following multiple calls from various authors such as Liang et al. (1997), Ambler and Styles (2000), psychometrics of environmental factors are receiving increased attention from scholars.

**Time to Integrate Theories?**
The transactions-organization-environment (TOE) framework has inspired most of the recent empirical studies. It encompasses technological context, organizational context, and
environmental context. However, when it comes to assessing psychometric properties of environmental context, authors have utilised semantically different concepts ranging from competitive intensity to state regulation. Intensity and pressure are used as synonyms while external pressure, as opposed to internal pressure, is also used without a global consensus as to its contents. As for technological context, it is deemed turbulent in most studies without clearly separating the internal and the external levels. Variables related to organisational context refer to mixed contents as well, including size, managerial structure, scope, sector, available resources, etc. In a simplified listing, Cho (2006) refers to facilitating conditions which cover legality and ease of access. Few studies have taken the debate to post adoption context (Zhu, 2005). Comparative studies (Zhou, 2006; Xu et al., 2004; Gibbs et al., 2004) are sources of conflicting but enriching findings. Lastly, Table 1 refers to studies closely related to IT, a field in which scholars have benefited from an integration of many research streams.

**Research Objectives and Questions**

Internal and environmental factors with an impact on the internationalization of the firm have been studied from the country of origin perspective (Dunning, 1980). Local conditions prevailing in the country of origin such as regulations, telecom infrastructure, technology adoption patterns, taxation, and exchange rates are believed to influence the internationalisation process from a country of origin to support the firm's business model (Kuemmerle, 1999 cited in Suresh et al., 2001). When it comes to new products and new markets, internationalization should take into account the innovation side of the product and its subsequent influence on a change in strategies.

New product launch in emerging countries has benefited from little research contributions so far. However, as Iyer et al. (2006) state, radical innovations also carry with them the burden of accounting for market and environmental factors that are often not under the control of the firm penetrating a new market. Similar concerns are raised in Ambler and Styles (2000) who posit that contextual factors such as the environment, business sector, macroeconomics, and competition drive performance. Building on the work of Rumelt, (1991), they further argue that evidence from research conducted within the resource-based theory of the firm has played down the direct impact of environmental (e.g. industry) factors. The overshadowing of environmental factors bears with it another void. Indeed, as Liang et al. (1997) put it, exporter behaviour has been extensively studied while importer behaviour remains a largely neglected area of study, even though importers are playing an ever more important (often dominant) role in consummating trade transactions. Despite the importance of environmental context in the adoption process, very few studies have measured this concept empirically.

In this study, and drawing from the semantic quarrel and conflicting findings outlined in the literature review, we examine the environmental factors impacting the introduction of a new product and process in China as an emerging country market. Beyond the semantic battlefield, a classification of the most recurrent researched topics include incentives, government policies and regulations, usage by peers, competitive pressure, and infomediaries.

The above objective leads to three main research questions:
- Can we measure environmental factors in the context of an emerging market?
- Do these factors impact the decision to adopt new products, technologies, and processes?
- Are they structurally invariant across a given group of industrial sector actors?
Methodologies  

Scale Items Development  
The questionnaire drawn from previous theories with an adaptation to the Chinese context and to wood frame construction received inputs from industry representatives. It was submitted for wording and phrasing to a panel of four different readers. To increase face validity, we submitted it to a review process by experts from different backgrounds including two marketing professors, two information systems professors, one forest products marketing professor active in Asian markets, one research methodology professor, one industry specialist in China, and one Chinese professor of architecture at Tongji University, Shanghai. This panel of experts was asked to answer/comment on unclear items, numbers, wording, and to suggest items they felt should be omitted or added.

After the test by a group of experts, the questionnaire underwent iterative translation cycles from English into Chinese Mandarin. Four blind iterations were conducted. Experts contacted for translation included: Two MBA graduates and one forestry PhD student, both fluent in Chinese Mandarin and English. Their work was submitted for convergence and enrichment to one MBA graduate running a construction materials business in Shanghai, a post-doctoral Chinese student in agricultural science, and two Chinese university professors. The version obtained from a consensus in step two was proofread by a Chinese graduate student in architecture. The final version was submitted to industry specialists in China before mailing to the surveyed companies.

The Final Instrument and Data Collection  
Our instrument in appendix A is based on previous literature and comprises 5 constructs and 14 items. We use a Likert type scale ranging from 1 to 5: strongly disagree, disagree, neutral, agree, and strongly agree. This study was carried out in three locations in China: Beijing, Shanghai, and the Guangdong area. A compilation of Chinese statistics by McKinsey (2004) reveals that there are “three Chinas” from the richest provinces of the East to the poorest Western area. Data compiled from the China Business Review (2003) reveal that the 201,000 foreign direct investments are positively associated to three important factors: population, per capita GDP, and the geographically accessible eastern coast. They are the most economically promising areas according to the Chinese Statistical Yearbook (2002). Our survey combined the following sources to set up a usable database:
- printed edition of yellow pages for the four areas to be surveyed;
- Internet edition of yellow pages for the four areas;
- professional listings by different boards or academies;
- newspapers and advertisements therein;
- lists of companies attending professional seminars on wood construction;
- a commercial database purchased from a third party.

From all these sources, 970 companies showed usable data related to name of contact person, telephone, postal address, email, and website and were the first selected. Of these, 670 of them accepted to read and reply to our survey once they received it. The final questionnaire in Mandarin Chinese was mailed to all companies interested in wood frame construction with valid addresses. Three weeks after the initial postage through China Post, 85 companies had returned reply envelopes while 24 had chosen to respond to it via the dedicated website. The following actions were taken to improve response rate: formatting questionnaire, pre-notice, sponsorship, multiple mailings, appeals, promise to share results, steady pressure, subject
interest, and prepaid postage. Following Sudman and Bradburn (1974), we designed on site training of personnel meeting the above criteria in order to enhance:
- their role demands (i.e. rules governing the interviewer's behaviour);
- their actual behaviour (ability to follow rules, comfort with asking sensitive questions);
- the output from their extra-role characteristics (e.g. race, age, social class, geographical origins).

Sample Profile
Out of the 670 questionnaires sent to companies interested in wood frame construction and wood roof truss technologies, 245 were returned. After deletion of unusable questionnaires with missing and outlier data, the final sample comprises 201 respondents. The 36.57 percent response rate compares favourably with similar studies in industrial settings. The following demographic criteria will be used to establish the descriptive statistics for all the surveyed categories. As shown in Table 1, the surveyed domains of activity are: 1 for engineers; 2 for developers; 3 for builders; 4 for architects; and 5 polyvalent companies. The number of employees is reported in categories with 1 for less than 100, 2 for 101-500, 3 for 5001-1000, 4 for 1001-5000, and 5 for more than 5000. The geographical areas covered are 1 for Beijing area (Beijing, GianDao, and Tianjin), 2 for Shanghai area (Shanghai, Nanjing, Puning, and Suzhu), and 3 for Guandong area (Guangzhou, ShengZhen, and LianZhou). The 6 waves of respondents in Table 2 refer to responses received before first follow-up call (1), after the first reminder (2), face to face in seminars (3 and 4), after the second follow-up call (5) and via the website of the survey (6). Skeweness and Kurtosis standard errors between -2 and +2 limits are provided for normality assessment.

Table 1: Descriptive Statistics and Distribution of Variables

<table>
<thead>
<tr>
<th>Domain</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. D.</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domain</td>
<td>201</td>
<td>1</td>
<td>5</td>
<td>4.02</td>
<td>1.19</td>
<td>-1.26</td>
<td>0.17</td>
</tr>
<tr>
<td>Number of employees</td>
<td>201</td>
<td>1</td>
<td>5</td>
<td>1.84</td>
<td>0.87</td>
<td>1.09</td>
<td>0.17</td>
</tr>
<tr>
<td>Geographical area</td>
<td>201</td>
<td>1</td>
<td>3</td>
<td>1.50</td>
<td>0.58</td>
<td>0.69</td>
<td>0.17</td>
</tr>
<tr>
<td>Wave of respondents</td>
<td>201</td>
<td>1</td>
<td>6</td>
<td>3.38</td>
<td>1.76</td>
<td>-0.11</td>
<td>0.17</td>
</tr>
<tr>
<td>Revenue 2003</td>
<td>201</td>
<td>1</td>
<td>4</td>
<td>2.81</td>
<td>0.80</td>
<td>0.07</td>
<td>0.17</td>
</tr>
<tr>
<td>Company age</td>
<td>201</td>
<td>1</td>
<td>55</td>
<td>20.60</td>
<td>15.64</td>
<td>0.98</td>
<td>0.17</td>
</tr>
<tr>
<td>University graduates</td>
<td>201</td>
<td>0</td>
<td>100</td>
<td>45.95</td>
<td>38.52</td>
<td>-0.02</td>
<td>0.17</td>
</tr>
<tr>
<td>Used WRT Yes or No</td>
<td>201</td>
<td>0</td>
<td>1</td>
<td>0.21</td>
<td>0.41</td>
<td>1.44</td>
<td>0.17</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Non-response Bias Test
An often neglected research issue is the non-response bias in mail surveys. Methods to test this bias are rather adhoc and include mainly the following:
- given criteria of a randomly pre-select population compared to all the respondents;
- test of significant differences in characteristics of respondents vs. non-respondents;
- early responders, middle responders, and late responders are compared;
- post survey questionnaires are sent to randomly selected population in the respondents group. Results are compared to those obtained in the survey.
The third method is the most suitable for our survey as there is no public database from which we can derive a pre-survey profile of respondents.

### Table 2: One-way-ANOVA non-response Bias Test

<table>
<thead>
<tr>
<th>Anova</th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domain</td>
<td>4</td>
<td>1.56</td>
<td>0.19</td>
</tr>
<tr>
<td>Revenue 2003</td>
<td>4</td>
<td>1.20</td>
<td>0.31</td>
</tr>
<tr>
<td>Ownership structure</td>
<td>3</td>
<td>1.21</td>
<td>0.31</td>
</tr>
<tr>
<td>Decentralisation intensity</td>
<td>4</td>
<td>0.90</td>
<td>0.47</td>
</tr>
<tr>
<td>WRT already used: yes or no</td>
<td>4</td>
<td>0.44</td>
<td>0.78</td>
</tr>
</tbody>
</table>

To assess differences between waves of respondents, the following demographics were used: the domain of activity, the size with revenue as a proxy, the ownership structure as there were state owned enterprises along with private ones, the decentralization intensity measured by the number of branches throughout China, Asia, and worldwide. A final criterion is related to users and non-users of wood roof truss technology. For the five variables pertinent to this study, there are no significant differences between the five waves of respondents at p<0.05. Hence, we can reasonably assume that there is no non response bias as respondents are similar across the five waves, late respondents being assumed similar to non-respondents.

### Data Analysis and Results

**From Exploratory Factor Analysis to 2nd Order Confirmatory Factor Analysis**

This study being exploratory in nature, with constructs adapted from various fields, we first conduct an exploratory factor analysis (EFA) before the measurement model. EFA is most appropriately used when links between the observed variables and their underlying factors are unknown or uncertain (Barbara, 2005). There is no previous study measuring the same factors using the same observed variables at the best of our knowledge. In the second stage, once our factors and their underlying latent structure are revealed in EFA, we conduct a confirmatory factor analysis (CFA) to test them with our data.

A key component of structural equation modeling (SEM), CFA analysis has proved a necessary complement to limitations associated with EFA and including among others assumption of correlated or uncorrelated common factors, influence by common factors, uncorrelated unique factors, and unsolvable unfitting issues. In CFA on the contrary, only meaningful factor correlations are considered with each factor influencing only those observed variables with which it is purported to be linked while tapping for specified covariance among particular uniqueness and allowing for model specification through indexes of misfit (Barbara 2005). We also extend the analysis to the CFA level in order to be able to account for the differences between our multiple groups of companies involved in the Chinese construction industry.

However, 1st order CFA might yield correlations among factors thus dictating a need for a higher order factor analysis whose main purpose is to account for the relative importance and contribution of each and every factor to a more general underlying concept. In our study, the environment is defined by key factors which might be inter-correlated. This study is therefore based on EFA as a revealing stage, 1st order CFA as a confirmation stage and 2nd order CFA as a final assessment stage of our measurement model of host country environmental factors impacting the decision to adopt new product and processes.
Exploratory Factor Analysis
We conduct an exploratory factor analysis using SPSS 13.0 to reveal items structure per factor, to assess contributions of items to all factors, extract non-contributing items, and verify the reliability of all factors as well as their multi-collinearity. We first did a principal component analysis with varimax rotation to reduce data to a small set of variables while retaining as much variance as possible. We imposed the following constraining rules KMO & Bat sig>0.005, communalities >0.5, factor loading >0.5, and variance extracted >0.6. A measure is loaded significantly on its underlying construct if its factor loading exceeds 0.5 and has a lower factor loading (below 0.4) on other constructs. Hence, for the sake of parsimony, we suppressed all factors loading on two constructs as well as those showing loading inferior to 0.5. Table 3 shows deleted items after all those steps.

INSERT TABLE 3.

To pursue the analysis and find factors pertinent for the next steps, Cronbach’s Alpha reliability coefficients were computed for every construct with acceptable level fixed at 0.6 as this is an exploratory study. Items contributing to the constructs are shown with their respective loadings in Table 3.

1st order Confirmatory Factor Analysis
The exploratory factor analysis revealed a three latent factors structure with three significantly loaded items each: peer usage (Alpha Cr. 0.82), information (Alpha Cr. 0.72), and training (Alpha Cr. 0.72) for a total variance explained above 67 percent. Based on this structure and in order to validate the factor analysis while accounting for potential measurement errors and assessing goodness of fit of the revealed structural relations to our data, we estimate a structural equation model using default ML method provided in LISREL 8.71. The final model obtained after specification search is provided in Figure 1.

INSERT FIGURE 1

2nd order Confirmatory Factor Analysis
As we are in theory generation mode with the presence of correlated low-order factors, the 1st order structure is used to estimate a 2nd order confirmatory analysis. The 2nd order model fitted to our data after taking into account the modifications indices, the residuals as well as dropping non-significant relations is presented in Figure 2.

INSERT FIGURE 2.

Content, Convergent, Discriminant, and Nomological Validities
For all measurement models, content validity was secured in the questionnaire pre-test phase to ensure that wording, phrasing, and content matched the concepts under study. We assessed convergent and discriminant validity both at the exploratory factor analysis and at the confirmatory levels by retaining only measurement items highly loading on their respective constructs while deleting those under 0.5 and double loadings. A nomological validity obtained after additional structural equations model hypothesizing the influence of environmental factors on the decision to adopt new product and process is shown in Figure 3.

INSERT FIGURE 3.
Goodness-of-fit Statistics
Researchers are divided on model goodness-of-fit statistics. The recommended (Wheaton, Alwin, & Summers, 1977) and most commonly used likelihood ratio ch2 statistics index and its related degrees of freedom is found extremely sensitive to sample size and normality (West et al.). An associated source of misunderstanding for this index is the cut point of 2 suggested in Carmines and McIver 1981. Additional fit indices include GFI and AGFI but they are also criticised by Hu and Bentler 1998 for their sensitivity to sample size. Our study does not suffer from the sample size issue given the number of parameters estimated, the number of observations, and the simplicity of our models. We report indices to assess the 3 models fit (1st order CFA, 2nd order CFA, and nomological validity) figures 1, 2, and 3.

Factorial Invariance
A comparison of the fit indices of the 1st and the 2nd order CFA models shows no statistically significant difference. Therefore, comparisons between groups are conducted based on the 1st order CFA model. The following groups are studied in search of differences which might affect the validity of our general measurement model: the category and the size of the surveyed companies. Categories are represented by code 4 for companies specialized in architecture and code 1 for those which are fully integrated (builders, architects, developers, engineers). The number of employees is split into two categories. In both cases, we compare matrices of correlations

With reference to the category, the null hypothesis is that architects are not different from the rest of the key players in the Chinese construction industry. This hypothesis is not rejected ($p=0.155$). Thus, the model can be applied to all categories in our data. As to the size of the companies, the null hypothesis is that small and large companies are similar. It is rejected as their two correlations matrices are found different ($p=0.0247$). However, a comparison of the number of variables between the two groups reveals no statistically significant difference ($p=0.161$). A similar conclusion is reached when comparing numbers of observed and latent variables. One can reasonably assume that our 1st order CFA model is valid for both small and large companies in the Chinese construction industry as represented by our data.

Discussion of Major Findings
Our discussion of findings is twofold: we first cover the irrelevant factors followed by a highlighting of the variables pertinent to the measurement of the contextual environment of the Chinese construction industry as perceived by the key players. We deliberately take the customers’ perspective contrary to most previous studies which ignored the dominant role of importers in trade transactions (Liang et al. 1997).

In contradiction with Ho and Ni (2004), Gibbs et al., (2004), and Tan and Ouyang (2004) findings, political support of the government as well as legal and cultural perspectives are not significantly positive for the innovation under study. Government acceptance is not a prerequisite to adopt WRT technology. Releasing more land to build on is not considered as an important factor and neither are the regulations regarding the introduction of wood roof trusses products and processes. Most of the land is owned by developers in China. As to the regulations, professionals who filled in the survey understood them. In the same vein, there is no statistically significant pressure from competitors or from customers as we are in the
introduction phase of the innovation. The same argument applies to independent information contained in magazines about WRT.

We are far from the externally driven pressure as defined by Kimberly and Evanisko (1981) and Arndt and Bigelow (2000). Moreover, as posited by Zhu et al. (2003), external pressure might be replaced by internal pressure linked to the firms’ own organizational resources including among others the technological readiness. Indeed, grants, subsidies and credit facilities are found not sufficient to enhance adoption rate of WRT, thus confirming that the readiness is more important than the financial incentives. Similar conclusions were reached in Cho (2006) with facilitating conditions not appearing to have significant effect on intention to adopt ($\beta = 0.02$, $p = 0.78$). Additional similar findings can be found in Zhu (2005) who argues that competitive pressure impact significantly e-business use in developed countries only.

After discarding non-factorial pure items, our 1st CFA model defines the environment by three latent factors as shown in Figure 1: peer usage, information, and training. This study covers key players in a networked industrial sector where developers rely on architects and engineers to deliver the product to the final customer. Beyond the contagion effects, it is most likely the normative pressure from the professional board’s social norms which play an important role in the introduction phase (DiMaggio and Powell, 1983). Other people in the construction business (std. $\beta = 0.77$), top management (std. $\beta = 0.74$), and close partners (std. $\beta = 0.72$) are the key indicators. Internally pulled pressure is found to be more important than externally pulled as mentioned in Grover (2003). In addition to this normative pressure which substitutes for competitive pressure, it is worth noting that the Chinese business environment is subject to guanxi: an inter-firm relationships and collaboration system embedded in their culture.

The same normative pressure is reflected in the type of information the companies need to further their adoption of the new WRT. Indeed, the second latent factor contains information publicized by professional associations (std. $\beta = 0.69$), information available from public sources (std. $\beta = 0.57$) as well as detailed engineering design information provided by brokers, designers, and lumber distributors (std. $\beta = 0.76$).

The third latent factor is the training needed to be able to adopt the new WRT. It encompasses three items: training by professional boards (std. $\beta = 0.78$) followed in relative importance by training provided by the Chinese education system (std. $\beta = 0.73$). An additional item in the construct covers the needed partnering with WRT knowledgeable foreign companies (std. $\beta = 0.52$). These results also confirm the presence of a network effect which extends beyond the industry and comprises the professional and governmental training systems which are to be completed by foreign knowledgeable companies. The group of actors in this latent factor confirms previous findings on the role of infomediaries highlighted in our literature review section.

Given the correlations between the three latent factors in our 1st order CFA model, a second order CFA model is estimated in Figure 2 Standardized coefficients reveal the relative high importance of infomediaries in measuring the environmental factors (std. $\beta = 0.86$), followed by training (std. $\beta = 0.71$). The usage by the peers, although significant (std. $\beta = 0.48$), is not as important as the information and the needed training. This hierarchical approach along with the invariant structure discussed previously can be used in defining strategies to enter the
market. It confirms the rationale of a new product and process for which key customers need information and training above all other incentives in the context of emerging markets.

**Conclusion**

In this study, given the difficulties of conducting research in a turbulent environment like China, we use a triangulation approach which goes beyond its common definition to include multiple sources of data, various methods to collect and treat them, and, above all, a mix of disciplines and fields (information systems and internationalization of the firm mainly). We deliberately take the customers’ perspective contrary to most previous studies which ignored the dominant role of importers in trade transactions (Liang et al. 1997). A four-stage rigorous process starting from the exploratory factor analysis and including both 1st order and second order confirmatory analysis followed by structural invariance test was conducted.

From a theoretical point of view, our results suggest that, contrary to popular beliefs, the role of government is fading in China, at least in the construction industry. Another key finding is that the normative pressure and its related *guanxi* are found to be of great importance for Chinese firms who also need training from the professional boards, the school system, and the foreign knowledgeable partners. However, one would argue that the role of government is not fading as such because the education system and the regulatory professional boards are still under the influence of both the provincial and central governments. This research should be extended to other sectors and regions of China and other emerging markets in order to increase generalizability.

Among direct implications for international marketers is the measurement model of a host country environment—the first of its kind—based on key customer perceptions, especially in the context of new product and process introduction. This study can also contribute to the selection of partners and the definition of the type of training they need before adopting a new product or process as well as the intensity of the information to be delivered on the product. Last but not least, the Chinese context bears with it a high degree of *guanxi* which exerts significant normative pressure to be considered when entering this new lucrative market.

**Because of space considerations the References, Figures, Tables, and Appendices of this article are omitted here, but are available from the authors.**
EFFICACY OF STUDENT INTERNATIONAL EXCHANGE PROGRAMS IN TRAINING FUTURE MANAGERS FOR INTERNATIONAL ASSIGNMENTS

ABSTRACT

Context: Business globalization calls for an increasing number of international assignments. Yet it is difficult and costly to select and train managers for success in these assignments. Globalization also impacts student mobility and international student exchange programs become very popular.

Purpose: This paper aims at verifying whether international student exchange programs are an effective way to select and train future international managers.

Method: We use a systematic review of literature from the 2000’s to evaluate success factors and impacts of exchange programs and compare the results to companies’ needs regarding the preparation of international managers. The appendix contains a bibliometric overview of articles reviewed.

Findings: We find that international student exchange programs actually respond to companies’ needs and help lower the cost of selecting and training international managers.

KEYWORDS: Student exchange programs; international assignments; systematic review

INTRODUCTION

The growing diversity of the workforce and globalization in the business world has given rise to the need for a new type of employee in organizations, and particularly in multinational organizations. Today, organizations need people who are open to diversity and adaptable to change, and who thrive in complex uncertain environments. They need workers and especially managers ready for international mid-term to long-term assignments. Academic institutions can play an essential role in the development of this new type of employee by offering exchange programs, or cultural experiences that encourage students to think globally and to be positively responsive to different values and beliefs.

Exchange programs enable students to acquire these new cross-cultural skills by allowing them to complete part of their studies in foreign universities. Encouraging students to participate in these programs not only increases their chances of integration but also allows them to develop important adaptive skills.
For students, it is important to properly conceive of and understand the world we now live in. Ways of learning and teaching vary across cultures. To attain the right cross-cultural skills, it becomes almost obligatory to go outside one’s own borders. Students then learn by experience how to recognize important cultural and social issues.

In general, the term "exchange program" in an international context means a short stay of from three weeks to eight months for a student or a group of students through an organized program such as ERASMUS in Western Europe, or through international inter-university agreements. These visits can take the form of cultural trips, internships in industry, or study for one or two semesters. Other types of stays abroad exist but are not considered short stays. Much research has been done on the intercultural competencies (Rodrigues, 2004), social, psychological and linguistic experiences (Llanes & Munoz, 2009) developed through these exchange programs for students. This is a phenomenon that has gained momentum since the beginning of the twenty-first century, as international agreements between universities have increased dramatically, and the offer of exchange programs is becoming more and more common.

Since many authors have studied the benefits of international student mobility, it seems appropriate to verify through a systematic review whether and to what extent international student mobility is a suitable preparation for international assignments in transnational corporations.

The first stage of this work is to identify and synthesize the various studies on the topic of exchange programs. The second step is to identify from these studies the key success factors of exchange programs, and the impacts of these programs on the level of satisfaction and student attitudes. In a third stage, these results will be discussed and compared to the specific challenges and needs multinational corporations (MNCs) experience in trying to fill international positions, especially managerial ones.

**RESEARCH METHODOLOGY**

**Systematic review**

The foundation of this study consists in a systematic review of findings on international student exchange programs. Over the past ten years or more, a substantial body of literature has been built on the subject. Therefore a systematic review is a scientifically sound way to colligate findings as it is both a rigorous and transparent approach.

We followed the five essential steps in the development of a systematic review according to Bland, Meurer and Maldonado (1995):

1. Definition of the objective.
2. Establishment of a research strategy in several databases, avoiding the introduction of bias.
3. Assessing the validity and relevance of publications by assigning a quality index and defining a threshold for exclusion.
4. Retrieval.
5. Summary of results and presentation of the selected articles in simplified form.

Then, we decided to guide our systematic review with the two following research questions:

1. What are the success factors for international students who participate in an exchange program?
2. What are the impacts of exchange programs on the attitudes and level of student satisfaction?
These questions are relevant for the following reasons. The first question allows us to understand and compare these key success factors with conditions in which internationally assigned managers are put. The second question helps verify whether students who gain experience in exchange programs actually develop the openness and other attributes that are required of future international managers.

**Inclusion and exclusion criteria**

In order to build an appropriate corpus for this systematic review we also established criteria on document type, publication date and document focus.

As regards document type, we decided that all documents had to be scholarly articles drawn from peer-reviewed academic journals. Book reviews, success stories, editorials and books were not selected for this review. The decision to exclude these documents comes from the fact that generally, important scientific contributions appear in scientific peer-reviewed academic journals.

The publication dates we selected cover the 2002-2012 period of time. That time span seemed consistent with a recently expanding phenomenon. Beginning in 2002, our review covers an 11-year period when exchange programs between universities increased significantly and technological advances have also provided opportunities for these exchanges abroad. Thus research published during this period is expected to cover our two research questions.

Finally, the documents had to focus operationally or conceptually on either of the two research questions, that is to say success factors for international students in an exchange program (intercultural competence, language skills, social skills and psychological skills) or impacts caused by these factors on the attitude of the student after the exchange program. In addition, articles that did not directly address either of our two research questions were selected to check whether they dealt with international students and exchange programs of short duration.

**Data sources**

It was determined to use four databases: ABI / Inform Global Proquest, Business Source Premier, Emerald, and Elsevier's Science Direct. The database ABI / Inform Proquest specializes in the fields of economics and management science. It indexes recent articles directly related to these areas. The database includes about 3,000 English-language periodicals. Business Source Premier is one of EBSCO databases commonly used in the fields of business studies. All economic related disciplines are included, that is to say: marketing, management, finance, accounting, and economics. It provides access to over 2,300 journals with full text. The Elsevier Science Direct database lists over 2,000 periodical titles in full text. Finally, the Emerald Abstracts database contains about 250,000 abstracts of articles on management published internationally.

**Research strategy in the databases.**

The following keywords were selected: “International students”; “Foreign students”; “Exchange programs”; “Exchange students”; “Study abroad”; “Short term”. Then, they were combined with the Boolean operator “AND”. Here is an overview of the different strings of words: “Foreign students” AND “exchange programs”; “Foreign students” AND “study abroad”; “Foreign students” AND “short term”; “Exchange students” AND “exchange
programs”; “Exchange students” AND “study abroad”; “Exchange students” AND “short term”.

It is important to note that the phrase "international students" was abandoned because it yielded too many results that had no connection with the present study.

Selection of articles.
The initial electronic search revealed 1,108 items across the four databases mentioned above, the different combinations of keywords having been entered into databases. The period covered in the research is from 01/01/2002 to 01/31/2012. The purpose of this first step was to first gather a maximum number of potential articles. For databases Emerald and Science Direct, tab "journals" was checked in order to have more consistency in our research process. An initial selection of articles was performed with a narrowing of the search fields or skimming. In the EBSCO database, the English language was added, and "article" tab in "search type", and then the tab "PDF full text" were checked. For the Proquest database, tab “Full text document only” was also checked. Finally, in the Science Direct database, several topics were selected for the "Subject", that is to say: "Business, management and accounting", "Economics, econometrics, and finance," "social science". This skimming allowed the exclusion of 795 articles, and left a total of 313 selected articles.

After reading titles and abstracts and eliminating some articles for lack of relevance, 105 articles were included in the study. Finally, a thorough reading of these 105 papers was conducted; only 51 were included in the systematic review. The following diagram represents the process of selecting articles (Figure 1).

Figure 1 goes here

In order to extract the essential information from these articles, a data entry form was created using Microsoft Excel. The information recorded in the form for each article includes authors, and their university affiliation, year of publication, country of origin of the authors and article content (dependent and independent variables), research method used (quantitative, qualitative, or mixed), sampling (sample type, and location), and results obtained. The form contains the information for all 51 articles selected for the review.

RESULTS

In this section, we will only describe results that relate directly to success factors of international student mobility, i.e. geographical area of concern, research methods used to gather data, how exchange programs were operationalized as a variable, and results obtained. The remaining information that we gathered is presented in a bibliometric appendix.

Geographical area of interest
If we look now at the geographical regions and countries on which the authors focused, we observe that North America dominates, at 39.73% of the selected articles. Topping the list is the U.S. with 34.25% of the articles. It is by no means a coincidence, since the U.S. is, according to the OECD (2011), the country hosting the largest number of international students, with about 600,000 students or 21%. Asia and Europe follow. China is the country with the largest number of students enrolled at a foreign institution, with nearly 420,000 students. According to the OECD (2011), France, the UK, and Australia are the countries behind the United States that receive the largest number of foreign students; these three
countries account for 21.92% of the articles. Table 1 sums up the distribution of articles according to the geographical area of interest.

Table 1 goes here

**Research methods used to gather data**

Various methods were used to observe the students throughout their stay abroad: questionnaires, interviews, and case studies. Several kinds of interviews were recorded, such as in-depth interviews, focus groups, open-ended interviews, or narrative interviews. Questionnaires were used in both qualitative and quantitative research designs. Table 2 below shows that among the 51 articles, 61% used questionnaires, 28.10% interviews, and 6.2% case studies. Note that 4.7% of articles did not include any empirical method, given their conceptual or theoretical treatment of the issue.

Table 2 goes here

Questionnaires asked mostly for the level of students’ satisfaction regarding their exchange program, as well as questions on success factors for these same students during a visit or exchange program. These questionnaires were usually sent to foreign students enrolled at a foreign university or to those students upon their return home. Cross-cultural factors, psychological factors, level of satisfaction, and cultural dimensions were most often addressed. The cultural dimensions developed by Hofstede (1980) were also used (Peppas & Yu, 2007; Rodrigues, 2004; Gullekson & Vancouver, 2009).

To investigate the key success factors during a stay abroad, our study reveals that questionnaires were similar. Questions asked of study participants covered the following items: Number of languages spoken, time spent in the language-speaking country, reasons for employment, previous cultural experience (Masgoret, 2006), role of the group (Fairley & Tyler, 2009), role of the family (Van Den Broucke, De Soete, & Bohrer, 2002), meeting with the locals, and role of ethnography (Jackson, 2006).

Regarding the interviews, 75% were conducted in "focus groups". For example, researchers interviewed a group of students at an Australian university to determine their perceptions related to international and cultural issues in order to develop a good business resume (Crossman, 2008). Questions sent to groups of students in a Swedish university dealt with the following topics: aspirations and values, personal development, professional development, disablers and enablers, and culture (Green, Johansson, Rosser, Tengnah & Segrott, 2008). The review also includes some case studies: an examination of international partners of four major universities in the UK, the building of global competencies through experiential study of travel and tourism, and several case studies on international experiences of nursing students. These studies emanate directly from real-life experiences of students who have ventured outside their borders.

Response rates can compromise the effectiveness of the method used, which was the case in several of the articles selected in the systematic review. However it is difficult to assess the degree of limitation since in most cases the articles did not identify the number of responses compared with initial solicitation. The few articles (11) for which a response rate is available show that on average 64% of the sample responded. One article presents a questionnaire to a sample of 165 students of which only 125 were selected. 40 responses were rejected because of linguistic problems since the results showed some inconsistency in their statements and
this was reported to be a language comprehension issue (De Jong, Schnusenberg, & Goel, 2010).

Moreover, in those articles for which there are response rates, studies were performed on a diverse population, which implies a certain limitation for generalization of the samples studied. However, the samples studied in the articles show a multicultural perspective since most of them compare students from different universities and different affiliations. For instance, one paper studies two groups of students from the University of California, a group that is part of an exchange program, and another group that remained in the same university (Carlson & Widaman, 2002).

**Operationalization of exchange programs as a variable**

All articles selected in the systematic review operationalize exchange programs either as a dependent variable or as an independent variable. In the case of a dependent variable, the authors seek mostly to identify factors that have a direct influence on the success of trips abroad, such as student motivation or factors that play a role in the students’ selection of their exchange program (Llewellyn-Smith & McCabe, 2008). Success factors identified are cultural, linguistic, personal, time, and psychological, or the level of student motivation. When the exchange program is considered as an independent variable, the authors try to demonstrate the effect of a trip abroad on the students’ attitudes, including the role of exchange programs as a policy tool for foreign students (Yanik, 2004), how exchange programs can help develop skills and learning for students (Farrell & Ollervides, 2005), or the students' perceptions of their overall business competence through the implementation of exchange programs (Hallows, Wolf & Marks, 2011).

In other words, when authors operationalized exchange programs as a dependent variable, their studies help answer our first research question. When exchange programs were operationalized as an independent variable, studies results are relevant to answer our second research question.

Answers to the research questions

We now present the results of the systematic review for each of the research questions.

**Key success factors of exchange programs.**

In order for an exchange program to be successful, it is important to understand the various factors that have a direct influence on it. Indeed, there are a number of factors that may have either a positive influence or a negative influence. However, so as to answer the research questions about the key success factors, we focus only on those that have a positive influence. They fall into the following four categories: social, cultural, linguistic and psychological.

Social factors are essential determinants of the course of an exchange program. Several social factors were found in the systematic review. First, one can speak of the interaction of the student with host nationals. The greater the number of interactions, the more the influence will be positive for the students and therefore for their stay abroad. The interaction developed by students with the people surrounding them is an essential component in the success of the program. Students who are actively trying to socialize and connect with the host nation showed a better immersion in culture and in their level of satisfaction in their cultural experience (Pedersen, Neighbors, Larimer, & Lee, 2011). However, those interactions take different forms according to the students’ culture. For example, French and American people
interact differently: the French prefer small groups of people, while the Americans want to socialize with many people (Pitts, 2009). Interactions can also create emotional ties since they include components such as humor, the role of the group (Fairley & Tyler, 2009), anecdotes, advice, or comparisons of two different cultures (Llewellyn- McCabe & Smith, 2008). These play a positive role on the outcome of the exchange program.

The role of families is also an essential social component for the successful experience of an exchange program. The level of student satisfaction vis-à-vis the host family when students are placed in a host family, as well as a positive relationship with their own family are essential to provoke the satisfaction of the student abroad (Vance, Sibeck, McNulty & Hogenauer, 2011).

Cultural factors are related to the understanding that students have of the culture of the host country. The five dimensions of cultural differentiation addressed by Hofstede (1980) are important. Those dimensions are power distance, uncertainty avoidance, individualism and collectivism, the male / female dimension, and short term / long term orientation (Hofstede, 1980; Rodrigues, 2004). A thorough knowledge of the culture in which students find themselves will help them avoid the experience of culture shock (Doherty, Dickmann & Mills, 2010).

As students adapt to life in another country, they face many opportunities to integrate into the host culture. The process of acculturation is important as it allows foreign students to identify with the host culture and further pursue their acculturation if they desire, or it can increase their interest in the prospects for future employment in the host country (Jang & Kim, 2010). Healthy identification with a foreign culture also helps them avoid being identified as "different" or "foreign."

It is also found that the period of stress involved in a first experience abroad can greatly reduce a student’s integration into the host culture. If students have already completed an international cultural experience, their cultural integration happens faster than in the case of a first experience (Chak & Makino, 2010).

As regards linguistic factors, active use of the spoken language of the host country obviously has a positive impact on students. Enthusiastically trying to communicate with others allows a better interaction with nationals in the host country, and can only be beneficial to the acculturation process in which students try to identify with the host culture (Masgoret, 2006). This is a key element in relation with the social factors discussed previously because the more students interact with others, the more their language level improves. A qualitative study showed that only one trimester (three months) was needed to see significant progress in writing (Storch, 2009). The language factor is crucial to the success of an exchange program since the student will interact in the educational system of the country visited. Courses and assessments are often in the language studied and the student may encounter obstacles to getting credits transferred because of a language barrier.

As regards psychological factors, students’ motivation directly influences the success of the exchange program. Motivation is what leads to satisfaction from different external stimuli. It allows students to meet their needs through stimulation which may be money, curiosity, power, value, or success (Sanchez, Fornerino & Zhang, 2006). In addition, psychological factors are dependent on factors previously studied, i.e. social and cultural, since the degree of motivation can be altered by other factors. If students do not identify with the community
in which they live, their motivation for success may be affected. Similarly, a bad family situation can lessen their motivation. Table 3 sums up these factors.

Table 3 goes here

**Impact of exchange programs on students’ attitudes.**

In the articles selected in the systematic review, authors examined the impact of exchange programs on students’ attitudes and perceptions in relation to globalization and their cultural awareness. Authors found that at the end of the exchange program, students had learned about and had had experiences in various fields: the role of the host country in the globalization phenomenon, current relations between their country of origin and the host country, cultural sensitivity, and personal development (Lumkes Jr, Hallett & Vallade, 2011). It is also worth noting that, in addition to the previous improvements, students also gained specific knowledge in their field of study, i.e. the business world for business students, or the medical field for those in medicine, which differs from one country to another (Green et al, 2008). Most of the authors agree that students remaining in their home countries will acquire information on the theoretical background and general learning techniques of a country or a culture, whereas those going through an international exchange program will add a more meaningful and important contextualization to that knowledge. Their theoretical learning is transformed through active student participation. The example of perceptual differences between Americans and Russians shows some discernment on the part of students of their respective cultures (Shabalina & Sjoberg, 2010). Exchange programs help students understand their role in today's world, and improve their conception of self-identity as well as their identity in relation to others (Pitts, 2009).

In addition to what has been stated previously, results of an exchange program on a student’s attitudes and perceptions appear rapidly. A radical change is observed in students participating in an exchange abroad. They are quickly able to be much more critical towards their own country and the outside world, their level of interest in international politics, intercultural issues, and cultural cosmopolitanism rises. Thus, exchange programs “develop a positive attitude among students towards the culture studied in comparison with their native culture” (Carlson & Widaman, 2002).

**Integrative conceptual framework**

For clarification purposes, the previous results can be summarized in an integrative model showing the success factors of exchange programs and the changes they generate in student attitudes. The model appears in figure 2 below.

Figure 2 goes here

**DISCUSSION**

We are now in a position to discuss results obtained through the systematic review and compare them with the needs and challenges transnational corporations face when they must fill international managerial positions.

Literature on international assignments in MNCs shows that selecting the right person for such an assignment is difficult. When they are not selected effectively, assignees might return home prematurely or fail to meet objectives in other respects, e.g. low performance. Premature ending of an international assignment is such a problem that it has often been used
as an indicator of the need for MNCs to improve their selection processes (Caligiuri, Tarique & Jacobs, 2009). Expatriate failure is a real problem for MNCs as it costs them a lot of money. Most authors find these failures and ensuing costs are related to a lack of cross-cultural competencies in assignees (Johnson, Lenartowicz & Apud, 2006).

In some instances, companies have tried to develop these competencies through in-house training. The difficulty is that it is extremely complex for companies to know exactly what works or what does not in terms of enhancing cross-cultural competencies, and training programs have shown a great diversity in competencies targeted and learning approaches (Morrison, 2000).

However, more recently, researches converge on what is needed to succeed in an international assignment. It consists in a set of knowledge, skills, aptitudes and others, known by the acronym KSAOs. The “other” attributes refer to elements such as motivation (Johnson, Lenartowicz & Apud, 2006), and personality traits such as openness, cultural flexibility and low ethnocentrism (Caligiuri & Di Santo, 2001). The big five personality dimensions, i.e. openness, consciousness, extraversion, agreeableness and neuroticism, have also been found to be good predictors of international success (Caligiuri et al., 2009). None of the previous KSAOs taken separately is sufficient to bring success. What companies are looking for in a prospective international assignee is similar to an attitude that some have called “cosmopolitanism”:

“[…] a state of mind that is manifested as an orientation toward the outside, the Other, and which seeks to reconcile the global with the local, and mediate between the familiar and the foreign. […] an openness, a willingness to explore and learn from alternative systems of meaning held by others” (Levy, Beechler, Taylor & Boyacigiller, 2007).

Knowing the predictors of international assignment success helps understand why companies meet with mitigated success in their attempts to develop their own training programs. They would need to focus not only on developing knowledge or skills such as command of a foreign language, but also on enhancing traits such as openness. Authors concur that cross-cultural competencies consequently take time and effort to develop. Their development “involves fundamental human transformation” (Mendenhall, 2006). Therefore, didactic training could enhance language skills or general knowledge about one’s country of destination. Yet it cannot suffice to set such a fundamental change in motion. It also takes experiential learning, i.e. experiences abroad, to complete training. However, it comes at a cost since: “These experiential interventions tend to be very effective for improving skills and abilities, but also tend to be labor, cost and time intensive.” (Caligiuri, 2006)

Can international student exchange programs provide effective training for future internationally assigned employees? They offer a first experience abroad, and in the case of some students, several experiences. Such previous experiences are a key factor of success in an international assignment (Caligiuri et al., 2009). Exchange programs are also shown to improve the capacity to adjust cross-culturally. Cross-cultural adjustment is both a predictor of job performance in an international position and a predictor of overall success for an international assignment (Caligiuri et al., 2009). Exchange programs increase knowledge related to the international situation of the host country and help contextualize that knowledge. In addition to what exchange programs allow to improve in terms of KSAOs relevant to cross-cultural competencies, our review shows that they can only be successful if a number of factors are present. We found that specific social, cultural, linguistic and psychological factors are predictors of the success of an exchange program. It follows that when an exchange program is considered successful, it means that those factors are present and verified in the individual. For instance, individual motivation, language skills,
commitment to interacting with nationals in the host country, and capacity to integrate into the host culture (acculturation) are predictors of a successful exchange program. In turn, they are predictors of a successful assignment abroad (Caligiuri et al., 2009) because they increase adaptability and cultural sensitivity (Caligiuri & Di Santo, 2001).

**CONCLUSION**

This systematic review has covered key aspects in the subject of exchange programs for international students. It is essential to add that our study focused on short-term stays, for a period between three weeks and eight months. It addressed two initial research questions, which were to know the factors of success of exchange programs, and the impact of these programs on the students’ attitudes. The success factors of exchange programs that we identified can be classified into four categories: social factors, cultural factors, linguistic factors, and psychological factors. Among the factors most cited by the authors of the articles, the cultural and social factors are those that have a greater influence on the success of exchange programs, including the process of acculturation and social integration in the host country, which are widely discussed. The most important impact on students’ attitudes was certainly that they increase students’ sense of self-identity and identity in relation to others. Finally, we discussed those results by comparing them to needs and challenges that MNCs face when they need to fill an international position. We found that there was a strong consistency between the success factors of an exchange program and that of an international assignment as well as between the outcomes of a successful exchange program and the competencies needed for an international assignment.

We are thus in a position to conclude that international student exchange programs are an effective and efficient way to train future international assignees. They do so by providing both didactic and experiential training previous to recruitment. By selecting students with a successful history of studying in one or more foreign countries, MNCs improve their chances of selecting people who are fit to be assigned abroad and keep training costs in control. A future research avenue would be to design a study in order to verify empirically whether students who took part in one or more international exchange programs prove to be productive international assignees. Another future avenue regards the geographical area of interest of empirical studies conducted on exchange programs. This study found that the majority of authors come from or are affiliated with universities located in the global North and focus on that geographical area (United States, Australia and Western Europe with the exception of China). It would be interesting to research studies conducted by authors affiliated with universities in the global South, to enrich and broaden the scope of the subject matter. It is all the more relevant that researchers expand their area of interest to those countries because companies which recruit students for future international management positions usually do so with developing and transition countries in view. More research is thus needed to ascertain that the success factors for international student exchange programs in the North are still valid in the South or to determine if transitional and developing economic contexts call for a nuanced understanding.

**REFERENCES**


Figure 1: Selection process of articles
### Table 1: Distribution of articles by geographical area of interest

<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Number of articles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>9</td>
<td>12.33</td>
</tr>
<tr>
<td></td>
<td>Turkey</td>
<td>1</td>
<td>1.37</td>
</tr>
<tr>
<td></td>
<td>Russia</td>
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<td>1.37</td>
</tr>
<tr>
<td></td>
<td>India</td>
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</tr>
<tr>
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<td>South Korea</td>
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<td>1.37</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>1</td>
<td>1.37</td>
</tr>
<tr>
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<tr>
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<td>United States</td>
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</tr>
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<td></td>
<td>Canada</td>
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<td>2.74</td>
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<td><strong>73</strong></td>
<td><strong>100</strong></td>
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</table>

*The total number of articles here (73) exceeds the number of articles in the review (51) because a single article may deal with several countries.*

### Table 2: Methods used

<table>
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<tr>
<th>Research method used</th>
<th>Nb of articles</th>
<th>%</th>
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<tbody>
<tr>
<td>Questionnaires</td>
<td>39</td>
<td>61</td>
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<tr>
<td>Interviews</td>
<td>18</td>
<td>28.1</td>
</tr>
<tr>
<td>Case studies</td>
<td>4</td>
<td>6.2</td>
</tr>
<tr>
<td>Theoretical</td>
<td>3</td>
<td>4.7</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>64</strong></td>
<td><strong>100</strong></td>
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</table>
Table 3: Factors influencing the success of an exchange program

<table>
<thead>
<tr>
<th>Factors</th>
<th>Social factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social interaction with the host country</td>
<td>Role of group</td>
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<tr>
<td>Role of the family home and host</td>
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</tr>
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</table>

<table>
<thead>
<tr>
<th>Factors</th>
<th>Cultural factors</th>
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<tr>
<td>Cultural differentiation</td>
<td>Acculturation process</td>
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<td>Cultural experience already lived</td>
<td>Culture Shock</td>
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<table>
<thead>
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<th>Linguistic factors</th>
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</thead>
<tbody>
<tr>
<td>Degree of learning</td>
<td>Academic validation</td>
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</table>

<table>
<thead>
<tr>
<th>Factors</th>
<th>Psychological factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>Identity</td>
</tr>
</tbody>
</table>

Fig. 2: Integrated conceptual framework

An appendix containing bibliometric information about the articles included in the systematic review is part of this paper but is omitted for space considerations. It can be had from the authors on request.
HUMAN DEVELOPMENT INDEX AND REGIONAL AUTONOMY: DOES DECENTRALIZATION POLICY ACHIEVE ITS GOAL?

Abstract

The main focus of this study is to address the questions of whether (1) the human development improves after regional autonomy implementation and (2) how far the improvement takes place. We use panel data over the period of 2004-2011 in the case of regency/municipality in West Papua and Papua provinces. By using elementary inferential statistics, we found that the HDI varies across regency/municipality and the disparity tends to increase after the regional autonomy implementation. We also found that there is no significant HDI improvement between pre- and post-regional autonomy implementation. Those results suggest that the implementation of regional autonomy cannot increase the human development neither strengthens the federation by creating harmony among the regencies/municipalities. Those findings imply to need to reform regional autonomy and fiscal decentralization policy in both provinces.

Keywords: fiscal decentralization, human development, regional autonomy

INTRODUCTION

Fiscal decentralization is considered one of the essential tools to improve the economic growth, efficient public service delivery, and better infrastructure in the case of developing countries. The social sector service delivery is efficiently addressed by the decentralization. It is commonly argued that the devolution of powers and functions may remove the obstacles to government decision making and implementation process (Meager 1999).

Papua and West Papua provinces provide a uniqueness to access the impact of fiscal decentralization on economic growth, in particular, and social welfare in general. According to Act No. 21/2001 and then revised by the Presidential Decree No. 1/2008, they are labeled special autonomy regions, which it implies those provinces receive a substantial amount of the fund from central government especially allocated to develop themselves.

The problems that arise nowadays are the local governments too much rely upon intergovernmental transfer in order to finance their routine and development expenditures (Kang & Setyawan, 2012). On the other hand, the large amount of the fund does not significantly improve the socio-economic conditions. In 2009, for example, most of the regency/municipalities in Papua and West Papua provinces have the lowest income per capita (BPS, 2012).
Many studies concerning the impact of fiscal decentralization on regional income growth either in developed countries or emerging countries (Zhang and Zou, 1998; Davoodi and Zou, 1998; Lin and Liu, 1999; Xie, Zou, and Davoodi, 1999; Atsushi, 2004) and poverty reduction through public spending (Bird and Rodriguez, 1999; Boex et al., 2006; Von Braun and Grote 2002) seem to have become the received wisdom.

In general, however, they emphasized per capita income as a basis analysis. The use of per capita income as a measurement of economic development or in a broader sense, social welfare has been long time criticized. Sen (1999), for example, suggested redefining of the goals of development by bringing in human capabilities at the centre is a major shift from the traditional welfare economics that conflates human welfare with either opulence or utility. Human development has been defined as enlarging people’s choices in a way, which enables them to lead longer, healthier, and fuller lives.

The current issue is therefore centered on the extent to which the various degrees of fiscal decentralization adopted in different countries have influenced human development, especially in a third-world country like Indonesia. This paper would like to analyze whether the human development has been improving after regional autonomy implementation in the case of regency/municipality in Papua and West Papua provinces. The rests of this paper are organized as follows. The next section will explore the theoretical consideration and previous empirical studies. This is preceded by delivering research methodology. The results and discussion are reported in the fourth section. Finally, the concluding remarks are drawn.

**LITERATURE REVIEW**

Traditionally, human development is not directly a theoretical rationale for decentralized public finances. Recently, the fiscal decentralization literature has attempted to provide blanket theoretical justification for human development via the efficiency of government through jurisdictional allocation of resources. This new school of thought deals with "understanding which functions and instruments are best centralized and, which is best placed in the sphere of decentralized levels of government" (Oates, 1999).

The back-up rationale for the above assertion is two fold: sub-national governments are adjudged to have the informational advantage over the central government as regards the needs, tastes and preferences of the local populace (Thieben 2001), and if households are mobile, individuals can “vote by foot” to jurisdictions that produce outputs that best align with their tastes and preferences, thus increasing the potential gains from decentralized provision and delivery of public goods and services (Tiebout 1956).

The decentralized provision of public goods and services encourages jurisdictional competition and thus enhances efficiency. Thus, decentralization may encourage innovations as jurisdictions are (to a great extent) autonomous to adopt new approaches to public policy decisions (Oates 2006). Clearly fiscal decentralization is more likely to breed allocative efficiency and accordingly improve the welfare of the people through efficient service delivery and the matching of expenditure assignments with preferences.

Sepulveda and Martinez-Vazquez (2011) distinguish between direct and indirect effects of fiscal decentralization on poverty and income inequalities. Direct effects are those in which poverty or income inequalities are altered because of changes that the fiscal decentralization
processes impose on public policies or on the behavior of relevant economic agents. In contrast, the indirect effects are transmitted by a number of socio-economic factors that are likely to be affected by the fiscal decentralization process, and that in turn can influence poverty and the distribution of income.

Empirically, there are many studies observed the relationship of fiscal decentralization and social welfare in developing countries. Kiran (2005) studied the gains of decentralization at state-level in India. The results show that the decentralization has the positive effect on the standard of living of residents of the state. Further he includes many social variables like spending on the education and health to find out the impact of decentralization on the social sector and the benefits vary from state to state but fiscal decentralization has overall positive effect on the economic growth at the expense of regional disparity.

Halder (2007) measures the fiscal decentralization in Tanzania by three different measures: expenditure ratio, revenue ratio and composite ratio while the last ratio has a more explanatory power than the previous two. All the measures of decentralization have the same results that the fiscal decentralization has positive correlation with HDI, life expectancy, and GDP while negative correlation with infant mortality rate.

Elhiraika (2007) studies the impact of fiscal decentralization on the public service delivery basic focus is on the sub-national governments’ autonomy measure by own-source revenue in Spain. He finds that the provincial own-source revenue is negatively related to the health expenditure as the health service is assumed to be the responsibility of central government but positive relationship with per-capita income that means if the population gets richer the provincial government will allocate more resources to health, but the result is contradictory. Education demand is also found insignificant to the changes in intergovernmental grants.

Habib et al. (2003) found positive impact of fiscal decentralization on health and education among the provinces of Argentina. He observes that the disparity in educational output and infant mortality rate between high and low income provinces decreases significantly due to rise in per-capita health and education expenditure in the low income provinces. Abay et al. (2001) tests empirically the impact of fiscal decentralization on the rural mortality rates in India. He found the statistically significant negative relation between fiscal decentralization and infant mortality rate.

In the context of Indonesia, the related studies in this area are limited. Kuncoro (2008) analyzed municipality regional income convergence in the pre- and post-fiscal decentralization periods. He used de-concentration fund as the explanatory variable. He found a little evidence on the effect of fiscal decentralization on income redistribution. Surprisingly, tax and non-tax sharing revenues are effective to reduce regional income disparity.

Badrudin (2011) observed the socio-economic effect of fiscal decentralization in Central Java province. Using path analysis, he found that fiscal decentralization has no significant effect on capital expenditure; fiscal decentralization has a significant effect on economic growth and social welfare; capital expenditure has no significant effect on economic growth and social welfare; and economic growth has a significant effect on social welfare.

**METHODOLOGY**

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The robustness of such a conclusion may be empirically questionable, especially in a facts and figure's scenario of country-based and comparative public policy analysis. In a broad sense, there abounds with literature on fiscal decentralization but a few on its impact on human development, scanty country-based quantitative/empirical examination and none examined the peculiarity of the Indonesian situation. Thus, the empirical examination of the impact of fiscal decentralization on human development is still at a preliminary stage of evaluation; hence, there is room for further work.

Instead of constructing a complicated econometric model which required comprehensive data (something rarely in developing country), we prefer to use simple analytical tools merely based on available data. This paper uses the human development indexes (HDI) as the measure of social welfare. The HDI is a rather composite index comprises per capita income, health (life expectance), and education (school attendance). It ranges from 0 to 100. Beyond the weaknesses and criticisms, the index might measure relatively better.

Originally, the HDI was created by an economist Mahbub Ul Haq, followed by the economist Amartya Sen in 1990 and then adopted by UN. Each year, the United Nations Development Program member states are listed and ranked according to the computed HDI. Since 1996, Central Board of Statistics of Indonesia has been adopting the method to construct HDI for regency/municipality and province throughout Indonesia.

To analyze the difference HDI across year and region partially, we use one-way analysis of variance (ANOVA). The method is also used to evaluate the HDI differences between pre- and post-regional autonomy periods. The result of one-way ANOVA will be similar with that of a paired mean difference to compare two sets of measurements to assess whether their population means differ:

\[
\mu - \text{t-stat} = \frac{\mu}{\sigma / \sqrt{n}}
\]

where \( \mu \) is mean, \( \sigma \) is standard deviation, and \( n \) is sample size.

Furthermore, to access the HDI differences across year and region simultaneously, we use two-way ANOVA. It is used to investigate whether there is mean difference among three or more population groups. In this case, the two-way ANOVA will analyze two factors (inter-period and inter-locality).

Mathematically, variance is the squared differences of values and its average, which could be decomposed from the differences of total average and column or row average. The first variance is sum of square total (SST). The second variance is sum of square columns (SSC) and/or sum of square rows (SSR). To get SST, the differences of each values and its grand mean value (\( \mu_t \)) are squared.

\[
\text{SST} = \Sigma [X_i - \mu_t]^2
\]

To get SSC, the differences of each column values and the corresponding column mean (\( \mu_k \)) and the same logics is applied to get SSR.

\[
\text{SSC} = \Sigma [X_i - \mu_k]^2; \quad \text{SSR} = \Sigma [X_i - \mu_r]^2
\]

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Therefore, sum of square error (SEE) is the rest of two variances gotten.
\[
\text{SSE} = \text{SST} - \text{SSC} - \text{SSR} \quad (4)
\]

Each variance values must be corrected by its degree of freedom. SST values are divided by \(n-1\), SSC values are divided by \(C-1\), SSR values are divided by \(R-1\), and SSE values are divided by \([C-1] \times [R-1]\). In this stage, ANOVA is run by comparing column and row variances to undefined variances:

\[
\frac{\text{SSC}}{(C-1)} \quad \text{F-stat (1)} = \frac{\text{SSR}}{(R-1)} \quad \text{F-stat (2)} = \frac{\text{SSE}}{[(C-1) \times (R-1)]}
\]

\(n = \text{number of data; } C = \text{number of columns; } R = \text{number of rows}\)

This study utilizes regencies/municipalities HDI data of Papua and West Papua provinces throughout the period of 2004 until 2011 with the total of 29 and 11 regencies/municipalities respectively. Due to the altered number of regions in both provinces during the study period, the samples utilized in this study are the regions that meet the following criteria: (a) regencies/municipalities that already existed and not experiencing changes (division, unification); and (b) the associated regencies/ municipalities have the complete required data.

Referring to those above criteria, there were only 267 sample points as the sample in this study. All the data are taken from Bappenas (National Development Planning Agency, http://www.bappenas.go.id) and compiled with data from Central Board of Statistics (http://www.bps.go.id) and General Directorate of Fiscal Balance, Ministry of Treasury (http://www.djpk.depkeu.go.id/).

RESULT AND DISCUSSION

Figure 1 presents the average of HDI for West Papua and Papua provinces respectively. It is notable that in all period, the average of HDI in West Papua was higher than that of Papua. The HDI was increasing consistently since 2004. The highest value of HDI average was in 2008 when the regional autonomy policy was begun and then declined sharply in the preceding year. After that, the HDI increased gradually. Overall, the HDI in both provinces is less than other provinces in Indonesia (BPS, 2011).

["Figure 1 goes about here"]

["Figure 2 goes about here"]

Figure 2 reports the coefficient of variation (CV) of HDI for both provinces respectively. The coefficient of variation (standard deviation to mean ratio) indicates the degree of variability. The higher CV, the higher variability. It is notable that CV for Papua was greater than that for West Papua implying that the higher disparity existed in Papua province. Surprisingly, the lowest CV was in 2008 and increased in the following years.

Comparing Figure 1 and 2, it offers an interesting result. The higher value of HDI average is followed by the lower CV. In contrast, the lower HDI average is accompanied by the higher CV. This visual inspection raises a preliminary hypothesis that the regional autonomy could not improve the human development and the disparity of HDI across the region tend to be persistent. We will check more deeply later again.
Table 1 delivers the result of one-way ANOVA test confronting HDI at regency/municipality level in West Papua and Papua provinces. The F-stat value is 39.267 far enough from the suitable F-table at 5 percent confidence level or even lower. Given this, we can say that there is a significant difference between HDI in West Papua and Papua Provinces. This result is in line with visual analysis as found from Figure 1.

["Table 1 goes about here"]

["Table 2 goes about here"]

Table 2 breaks down the HDI partially into period and region for each province. For both provinces, there were significant differences across year and region. The F-stat (1) and F-stat (2) values for both provinces respectively are greater than the suitable F-table at 5 percent or even lower confidence level.

It seems that some regions that already have the higher HDI tend to be higher over time. On the contrary, some regencies/municipalities that already have the lower HDI tend to be lower over time. In other words, the HDI disparity is persistent. Other things being equal, this is harmful for socio-economic conditions in the future. Nevertheless, this finding is in line with Abay et al. (2001) in the case of India.

In general, HDI in West Papua is higher than in Papua. Recall that the regional autonomy was implemented earlier in Papua province. Based on that fact, we conclude that the revised regional autonomy policy for West Papua province in 2008 was relatively more successful compared to Papua province in terms of public goods/services provision, especially health and education. This is tentatively challenged to the result of Halder (2007).

However, there was no evidence of the improvement of HDI within each province. Table 3 presents the one-way ANOVA test results from West Papua and Papua HDI between pre- and post-regional autonomy periods using 2008 as the breaking point. Again, the F-stat values are less than the suitable F-table at 5 percent confidence level. When we combine all regions in both provinces, the one-way ANOVA test provides the same result suggesting that there was no difference of HDI improvement.

["Table 3 goes about here"]

Refer to the previous studies in the context of Indonesia (Kuncoro, 2008 and Badrudin, 2011), it can be explained as follows. The fiscal decentralization in the form of the regional autonomy fund has no significant effect on capital expenditure primarily allocated in health and education. Consequently, the capital expenditure has no considerable effect on economic growth and social welfare. The economic growth is supported rather by private expenditure and de-concentration fund.

The ineffectiveness of regional autonomy to improve socio-economic condition could be caused by several factors. Jutting et al. (2004) argued that it might be characterized by weak institutions and political conflicts. Eventually, the fiscal decentralization could actually make matters worsened. According to Fjeldstad (2001), fiscal decentralization is worsened in the prevailing economic condition due to the high corruption, poorly defined taxes, and distortion in public service. He suggests a need of restructuring, capacity building, and improving the
integrity of the system otherwise decentralization will result in mismanagement and high corruption.

Another possibility is that the regional autonomy is in the preliminary stages. Consequently, the socio-economic impact cannot be identified yet within four years. Refer to Sepulveda and Martinez-Vazquez (2011), it could happen because the direct effect is less than an indirect effect. Unfortunately, the latter takes place only in the long run, which cannot be captured in the short run as done in this paper. However, it could be immediate identified if the central government intervenes to reform budgetary allocations.

CONCLUSION

This paper analyzed the configuration of social welfare in the special autonomy region, i.e. Papua and West Papua provinces. The study employed secondary data published by formal institutions focusing on data at regency/municipality. The motivation of this paper is triggered by the fact that local public expenditure has already decentralized to local government. The large amount of fund and discretionary expenditure stimulate the need to examine the effectiveness of the regional autonomy policy implementation across the region.

This paper adopts elementary inductive statistics to evaluate the persistence of social welfare disparity. We found that the social welfare measured by HDI varied simultaneously across region and across year implying the persistence of social welfare disparity. However, the absolute HDI in West Papua was higher than that in Papua provinces and the variability of HDI in West Papua was lower than that in Papua provinces.

With regard to the fiscal decentralization, we found that there is no significant improvement of HDI. The average values of HDI in pre- and post-regional autonomy periods were relatively the same. We conclude that the regional autonomy policy fails to boost social welfare in both provinces. We guess that the fiscal decentralization in the form of the regional autonomy fund has no significant effect on capital expenditure primarily allocated in health and education. Consequently, the capital expenditure has no considerable effect on economic growth and social welfare.

Refer to those findings, we suggest that local governments need to improve discretionary operating and capital expenditures at the local level, such as prioritize their expenditures and sharpen them – into soft and hard infrastructures. Furthermore, the study leads to the recommendation to improve local business environment, such as streamlining local regulations and reducing harmful local taxes and user charges to attract investors. The local governments also should improve the budget composition as well as enforce the expenditure's efficiency. Last but not least, it needs to reform regional autonomy and fiscal decentralization policies in both provinces.

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BPS. 2012. Produk Domestik Regional Bruto Provinsi- Provinsi di Indonesia, BPS, Jakarta.


Figure 1
Average of HDI

Figure 2
Coefficient of Variation of HDI
Table 1
One-Way ANOVA Test Result of HDI Across Regency/Municipality in West Papua and Papua, 2004-11

<table>
<thead>
<tr>
<th>Source</th>
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<th>F</th>
<th>Sig.</th>
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<td>Within Groups</td>
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<td>265</td>
<td>66.937</td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td>20366.842</td>
<td>266</td>
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Table 2
Two-Way ANOVA Test Result of West Papua and Papua HDI Across Regency/municipality and Year, 2004-11

<table>
<thead>
<tr>
<th>Source</th>
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<th>Mean Square</th>
<th>F</th>
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<td>203.467</td>
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<td>.365</td>
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<tr>
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<td>36.487</td>
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<tr>
<td>Error</td>
<td></td>
<td>60</td>
<td>.365</td>
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Papua

<table>
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<tr>
<th>Source</th>
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<td>Hypothesis</td>
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<tr>
<td>Error</td>
<td></td>
<td>153</td>
<td>.440</td>
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Table 3
One-Way ANOVA Test Result of West Papua and Papua HDI between Pre- and Post-Regional Autonomy Periods

<table>
<thead>
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Papua

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<th>Source</th>
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<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>14.525</td>
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<td>.676</td>
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<tr>
<td>Within Groups</td>
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<td>Total</td>
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Determinants of FDI Location Choice in China: A Discrete-Choice Analysis

Abstract

This paper addresses two questions: What are the determinants of FDI location choice in China? Which factors determine investors’ choice between SEZs, OCCs and ETDZs on one hand, and the other economic zones and cities on the other hand? Based on a data set of 1218 observations, the results of the binary logit regressions indicate that various factors explain the location choice of FDI in China, which differ by country of origin and activity sectors. Overall, the results show that the protection of intellectual rights, the agglomeration economies, the investments in education and the GDP of the region affect the location choice of FDI. These results can be used by policy-makers to divert FDI from coastal to inland regions. Finally, the last part of the paper derives, from the obtained results, implications for future research and theory building.

Keywords: (FDI; location choice; policy; China; foreign investment)

Introduction

Research on foreign direct investment (FDI) has attracted much attention since the publication of seminal work of Dunning (1988) as well as publication in recent years from scholars from multiple disciplines (Girma et al., 2005; Bitzenis, 2006; Das and Pant, 2006; Xing and Wan, 2006). Many factors have been identified as determinants of FDI. Companies face enormous challenges to choose a location out of 193 countries in the world and particularities of each of these possible host countries. The list of determinants include among others relative wages and income convergence (Choi, 2004), GDP of the host country (Shapiro and Globerman, 2003), labor market (Giulietti et al., 2004; Janicki and Wunnava, 2004), intellectual property rights protection (Wu, 2000; Javorcik, 2004), etc. China, the most populous country in the world, has experienced a dramatic increase in FDI inflows since the adoption of the “open-door” policy in late 1978.. The creation of a wide range of export promotion zones, technology parks and special economic zones offering different types of incentives made foreign investments soar to unreached levels. China become the largest receiver of the FDI among the emerging countries (WIR, 2012). To confirm their interest, a growing attention from scholars in international business has been directed to the study of the determinants of location choice in China and empirical studies using both disaggregate and aggregate approaches have flourished in the 1990s and 2000s and continuing till now (Mataloni, 2011; foster, 2011) . Factors including infrastructure, labor quality, agglomeration effects, GDP and education have been identified across studies as determinants of location choice of FDI. Cultural and geographical proximity have also been identified as affecting
investors’ behavior and country of origin has been found to influence foreign investors’ location choice.

The provinces in China are classified into three regions: Eastern, Central and Western. The distribution of FDI among China’s regions remains asymmetrical showing a marked interest of investors for accessible Eastern region, especially the traditional industrial centers among the 14 coastal cities and the Special Economic Zones (SEZs) in Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan. The policies developed by the Chinese government in the late 1970s and in the 1980s favored the Eastern region over the Central and Western regions in China and created enormous regional development differences between coastal and inland cities even though statistics showed that the number of foreign enterprises in inland provinces increased by tenfold and investment values increased by more than 20 times (Luo and O’Connor, 1995) in the 1990s. The sectoral distribution of FDI shows that agriculture has received very little FDI inflows. On the other hand, the service sector, particularly real estate, has generated huge amounts of investments in the 1980s. However, since 1987, policies were developed to discourage investments in the service sector in favor of the industrial sector (Wu, 1991). In this regard, Xu (1992) confirmed in his study that, since 1988, sectoral distribution of FDI in China has favored the industrial sector and discouraged investments in the service sector. FDI in China is usually directed to secondary industries like utilities, manufacturing, and property development, while the primary sector attracts about one fourth of the total FDI.

The Special Economic Zones (SEZs) and the Open Coastal Cities (OCCs), as being the first economic zones created in the late 1970s and early 1980s, still attract FDI even with the fierce competition faced from other economic zones such as FTZs and the He Xie or harmony policy in the 11th five-year plan (Foster, 2011). In this paper, we argue that the probability that foreign investors choose an SEZ, OCC or ETDZ – a more specialized type of economic zone- as a potential location for their investments instead of other forms of economic zones or cities is determined by a set of location choice variables. As an example, the probability that FDI goes to coastal regions, SEZs and in ETDZs is hypothesized to increase when agglomeration economies increase, adding to the list of incentives already offered to foreign investors by these economic zones. At the opposite, chances that FDI be directed to other economic zones and cities will increase if land price increase as fewer incentives will be offered to investors in SEZs, OCCs and ETDZs. A complete set of hypotheses will be developed later in the paper. The objectives of the article are twofold: 1) To study the determinants of FDI location choice in China; 2) To use the obtained results to draw recommendations for policy-makers to boost FDI inflows in inland regions in China. This paper addresses two questions, namely: What are the determinants of FDI location choice in China? Which factors determine investors’ choice between SEZs, OCCs and ETDZs on one hand, and the other economic zones and cities on the other hand? The paper is organized as follows: In a first part, it introduces the different economic zones in China and analyzes, using the literature in international business as a source, the different determinants of location choice in general and in China in particular. The hypotheses are delineated at the end of the first part of the paper. The second part deals with the empirical aspects of the research. It introduces the methodology and data used, the measures of the dependent variables, the descriptive statistics and finally the results of the logit models. The third and last part of the paper is dedicated to the analysis of the results and to the discussion of their implications. The limitations of the study and some suggestions for future research are presented in the last section of the article.
China’s Economic Zones

Economic reform, pro-active policies and creation of various kinds of economic zones with interesting incentives and accession to the WTO have attracted many foreign direct investors to Chinese special economic zones. A series of incentives were provided to encourage FDI including a two-year tax holiday that was granted to foreign subsidiaries on the first two-years of profitable operations while the third to fifth years of profitability were taxed at 50% of normal rates. The creation of these special economic zones boosted undeniably the flow of FDI but difficulties still existed as the infrastructure didn’t meet at that time the international standards, workers productivity remained very low in comparison with international standards and bureaucracy increased the transaction costs faced by foreign investors. The scope of these economic zones was broadened to become open economic cities known as Open Coastal Cities (OCCs) (Zhou et al., 2002). The Open Coastal Cities list includes Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, and Beihai. Even though several of these Open Coastal Cities posses better infrastructures than SEZs, they do not, in general, enjoy the same tax incentives and status than SEZs. Foreign enterprises located in these economic zones generally paid a national profit taxes at rates of 24 to 30% while those in SEZs paid as low as 15%. Similar differences existed in other areas such as exemptions and reductions of profit taxes, import duties, and land use fees (Cheng and Kwan, 2000; Zhou et al., 2002).

While these economic zones and open cities are in their majority located on the coasts, the Chinese government, to encourage the creation of specialized zones, introduced the New and High Technology Industrial Development Zones (NTZ) along with the creation of another type of zone labeled Economic and/or Technology Development Zones (ETDZs). Another type of economic zone labeled Free Trade Zones (FTZ) or Tax Protection Zones whose focus was to foster international commerce (Zhou et al., 2002) by removing or reducing import duties and import quotas and changing the tax structure to foster the development of local and foreign businesses was also created. For the sake of comparison, ETDZs are quite different from SEZs and OCCs as they only cover a small area within cities and that only this small area will enjoy a preferential policy compared to the city wide coverage of SEZ or OCC economic zones. ETDZs also differ from SEZs as administrators within an ETDZ have more freedom to issue preferential policies. The focus of ETDZ is also somewhat different from SEZs as ETDZs focus on enhancing the competitiveness of specific industries by emphasizing the development of productive capabilities and technology research while prioritizing infrastructure development and the provision of energy and communications (Jia, 1994). Special Economic Zones (SEZs), meanwhile, have for objective to encourage export oriented investments. According to Beamish and Wang (1989) and Haytar and Han (1997), SEZs and OCCs were the most prominent in FDI attraction during the 1980s. Beamish and Wang (1989) reported that these economic regions attracted 65.6 percent of the total amount of FDI in China. However, the share of FDI in these areas, particularly in SEZs, declined since the 1990s (Goddard, 1997; Hayter and Han, 1997). The creation of other types of economic zones, especially ETDZs, fueled the decline of FDI invested in SEZs and fierce competition in terms of incentives has led the share of FDI invested in SEZs to sharply decline from its 90% pick in value registered in the late 1980s. At that moment of time, investors had few viable alternatives other than the 19 open cities (5 SEZs and 14 OCCs). This decrease in investments in SEZs can also be explained by the policies adopted by the Chinese government to encourage investments in inland zones and cities. In today’s context, the availability of multiple incentives and attractions along with development of the
infrastructure and inland oriented pro-active policies beyond the coastal regions and special economic zones further complicates the location choice for the incoming FDI in China, That’s where the importance of current study.

**The Determinants of Location Choice and hypothesis development**

Rise of fragmented production and Global value chain have contributed to perennial interest of location choice for multinationals by the scholars in international business and international economics. Dunning (1988) argued that multinationals have been reevaluating their global production strategies following the rapid changes taken place in the advanced emerging countries. He has developed a typology for multinational companies in choosing foreign locations: (1) natural resource seeking, (2) market seeking, (3) efficiency seeking, and (4) strategic asset seeking. He identifies ways how multinationals can reap benefits by pursuing these strategies. Depending of type of objectives for internationalization, multinationals will choose to invest in a particular place if it founds the attributes they are looking for. The location choice must provide foreign investors a competitive advantage and it must be more profitable to invest in that location than in others (Coughlin et al., 1991).

Analyzing the determinants of location choice in China can help understand the impacts of Chinese economic policies and help design specific regional and local policies to attract FDI from a specific country of origin. Study of the determinants of location choice has increased in popularity these recent years and an increasing number of studies has been undertaken to empirically analyze the influential factors on the location choice by foreign investors in the Chinese context. While earlier studies on FDI in china focused on its volume and sectoral characters (e.g. Zhang, 1994; Schroath et al., 1993; Cheng and Stough, 2006), only few of them did take into account the impact of the country of origin on the location choice of foreign investors. Schroath et al. (1993) argued that cultural and geographical factors play an important role in the spatial concentration of FDI. Qu and Green (1997) suggested that the country of origin determines the location choice and demonstrated that FDI from USA, Japan, and European countries is interested in city sizes, consumption levels and infrastructure in its location decisions (Cheng and Stough, 2006). He (2003) concluded, in the same vein, that Japanese investors have special location preferences compared to other investors while FDI from Hong Kong is generally sensitive to geographical and cultural proximity. Agglomeration economies are also a significant factor in the location decisions of FDI in china as FDI usually follows the patterns of prior FDI stock (Broadman and Sun., 1997; Wei et al., 1999). As a matter of fact, investors from the U.S. and Europe seem to be more pragmatic in their location choices than their counterparts, preferring high labor productivity and strong local economic basis to other factors or determinants.

Empirical studies on the location determinants of FDI in China used both aggregate and disaggregate methodologies and their applicable FDI data sets. In the aggregate approach, ordinary least square (OLS) method is generally used and assumes that FDI stocks are normally distributed across cities and provinces and that the city or the province is able to accumulate any specific volume of FDI in any year and over years (Cheng and Stough, 2006). In the disaggregate approach, each individual firm or observation is examined against observable location characteristics. Aggregate studies have shown that factors such as transportation and communication infrastructure, market size, and policy incentives are important determinants at the city level (Gong, 1995; Zhao and Zhu, 2000). At the provincial level, similar findings including positive effects of infrastructure, market size and policies (Fu, 2000; Fung et al., 2002; Sun et al., 2002) have been identified as determinants of FDI. In the same regard, agglomeration economies have been concluded as a significant factor to attract FDI at both city and provincial levels. Studies have also shown that location decisions
may vary over time. In China, market size and transportation conditions were found to play an increasingly important role in attracting FDI from 1987 to 1998 (Zhang, 2001), while as noted previously, the influence of opening up policies has decreased over time (Hong, 2007). While there is a consensus from different empirical studies on the variables that influence location choices of FDI such as labor, cost, skilled labor, agglomeration effects and government policies, it is proven that the capacity of a city or province to compete effectively through the creation of a sustainable competitive advantage and to drain significant flows of FDI depends on the linkages between education, government and industry that encourage in the long run the development of new activities in the region, leading to innovation and further investments (Porter and Stern, 2001). Bhagwati and Srinivasan (1983), and Sun et al. (2002) found, in that regard, a correlation between investments in scientific research and FDI flows. The effects of patent protection on foreign investment (FDI) remain, however, ambiguous. Table 1 summarizes the major determinants of FDI location choice in China from a selected list of recent empirical studies in international business.

Table 1 –here-

**Labor cost**
The effects of labor cost on the location choice of FDI in China are divided. High labor costs have been found to be a deterrent to FDI in some studies (Belderbos and Carree, 2002; Cheng and Kwan, 2000; Fung et al., 2002; Wei and Liu, 2001). Baghwati and Srinivasan (1983), Coughlin et al. (1991) and Wang and Swain (1995) in their respective studies also found a correlation between wage and labor cost. Broadman and Sun (1997), Chen (1996), and Head and Ries (1996) all found a statistically insignificant correlation between the location of FDI and labor cost. Zhao and Zhu (2000), who argued that wage levels need to be linked to productivity levels and not considered in absolute terms, found a positive correlation between high labor costs and FDI attraction. High wages can be interpreted as a sign of high labor cost or a sign of skilled and quality labor force. The argument developed by Zhao and Zhu (2000) has been followed by Cassidy (2002) and Wei et al. (1999) who used the notion of effective wages in the studies and introduced productivity as a control variable. Their results showed that foreign investors avoid locations with high effective wages. He (2001) found that higher effective wages foster the level of FDI. He argued that this is due to the superior labor quality associated with high effective wages claiming that investors would consider investing in areas with large pools of high-quality labor forces. However, agglomeration economies and perception can influence the choice of foreign investors in their location choices. In fact, efficiency seeking multinationals would invest in low-cost countries like China. Thus we propose our first hypothesis:

**H1.** Considering the level of incentives that Special Economic Zones (SEZs), Open Coastal Cities (OCCs) and Economic and/or Technology Development Zones (ETDZs) provide to investors make these economic zones a preferred destination for FDI compared to other economic zones and cities. A high labor cost is hypothesized to discourage foreign investors’ from investing in other economic zones and cities (other than SEZs, OCCs, and ETDZs).

**Agglomeration Economies**
Agglomeration measured by the infrastructure quality refers to the concentration of economic activities that lead to positive externalities and economies of scale (Na and Lightfoot, 2006). Coughlin et al. (1991), Wheeler and Moody (1992) and Braunerhjelm and Svensson (1996) found that the degree of agglomeration was positively correlated with FDI. Clusters are
powerful engines of economic development and drivers of innovation. They provide a fertile business environment for companies to collaborate with research institutions, suppliers, customers and competitors located in the same geographical area (EU 2008). We thus hypothesize that:

\[ H2: \text{agglomeration effects decrease the probability of FDI to be located in other economic zones and cities than SEZs, OCCs and ETDZs as economies of scale and externality effects generated through agglomeration offer SEZs, OCCs and ETDZs additional advantages to attract FDI.} \]

**Intellectual Property**

Wu (2000) and Javorcik (2004) concluded that intellectual property rights protection is a determinant of location choice. Proponents of strong intellectual property rights protection argue that it enhances incentives for innovation and knowledge transfer that might influence more FDI to come in places where the intellectual property rights are available. Branstetter, Fisman, Foley, and Saggi (2007) found in their study that IPR reform in the South leads to increased FDI in the North, as Northern firms shift production to Southern affiliates. This FDI accelerates Southern industrial development. Thus we can make our third hypothesis:

\[ H3: \text{when intellectual property rights are enforced, they tend to foster investments in other economic zones and cities as the list of benefits that investors will take advantage of increases dramatically.} \]

**Market Size**

The market size, measured by the GDP of the region or GRP, directly affects the return on investment. Increasingly MULTINATIONALS not only looking for a production site, they are also looking for the market of their products. The low economic growth, aging and credits constraints due to financial crisis have also influenced multinationals to orient their strategies for new markets in the advanced emerging countries. The larger the market size of a particular region, the more FDI the region should attract. Blomstrom and Lipsey (1991), and Na and Lightfoot (2006) concluded that market size has a positive impact on FDI. Thus we can hypothesis that:

\[ H4: \text{It is hypothesized that other types of investment zones and cities will be preferred to SEZs, OCCs and ETDZs if the GDP of a region is high. The opposite argument applies when the land price increases as it deters investments in other economic zones at the advantage of SEZs, OCCs and ETDZs.} \]

**Education**

Investments in education as well as a high enrollment in high education are hypothesized to offset the disadvantages of the other economic zones and cities. Investments in education are perceived as one of the factors that help increase the pool of skilled workers and attract FDI. With the decline of numbers of Science & technology students in the developed countries, availability of educated work force is one of the most important factor for many multinationals of relocating their production base. The fragmentation of production system or offshoring of production is not only about cost cutting but also about accessing to expertise and a growing number of highly skilled and qualified workers (Manning et al., 2008; Lewin et al., 2009; Mohiudin and Su, 2013). Thus we can make another hypothesis:
H5: High level of Education infrastructure (availability of educated workforce or investment in education to develop human capital) is regarded an important factor for FDI attraction.

Other determinants will be tested in this study including the localization (Metropolis or not), the number of branches, and the country of origin. We will test the probability that foreign investors invest in other economic zones and cities that provide fewer incentives than SEZs, OCCs and ETDZ. Table 2 summarizes the expected effects of determinants of FDI on foreign investors’ location choices.

*Insert Table 2 –here-*

**Methodology and data**
The sample used in this study consists of 1218 foreign firms present in China in 2005. Data was pulled from The China Foreign Enterprise Directory published by China Economic Review in its 2006 edition. The directory provides information about the industry, the location, the country of origin, and the management of foreign companies. The sectors of activity include agriculture, manufacturing, airlines, banking, finance and insurance, healthcare and pharmaceuticals, real estate & construction, technology and communication, and transportation and warehousing. Our interest is to study FDI in Aeronautics and Maritime, automotive, consumer goods, industrial products, materials, paper, packaging and printing, textile, and general manufacturing. These subsectors are identified as part of the manufacturing sector. The data set of 1218 observations from diverse manufacturing subsectors and from different countries of origin is appropriate to study the determinants of FDI location choice in China. Analysts who have observed firms’ actual location choices have generally found that the choice of where to locate a plant tends to dominate the choice of how large a plant to build (Aharoni, 1966, p. 80; and Bass, McGregor, & Walters, 1977, p. 536). In this case, a discrete choice model, such as the logit model, is more appropriate than a model with a continuous dependent variable, such as ordinary least squares. A discrete-choice model, namely, binary logit model is used with disaggregate observations. Discrete choice models empower researchers to reveal each individual choice maker’s preferences, some of which may be lost in the aggregate methodologies (such as OLS) (Cheng and Stough, 2006).

**Measures**
The two discrete-choice models use two dependent variables representing the different types of economic zones that host FDI. In the first model, the dependent variable LOCATION is coded “0” if foreign investments were made in SEZs, OCCs or ETDZs and is coded “1” if these investments were made in other types of economic zones and cities. Following table delineates the definitions of independent variables used in this study.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sub-items</th>
</tr>
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<td>Country of origin</td>
<td>Nominal variable: -coded 1 if country of origin is European, 2 if USA, 3 if Japan, 4 if Hong Kong and South Asia, 5 for other countries</td>
</tr>
<tr>
<td>Activity sector</td>
<td>Nominal variable: -coded 1 if the activity sector is Aeronautics &amp; Maritime, 2 if automotive, 3 if consumer goods, 4 if industrial products, 5 if materials, 6 if paper, packaging &amp; printing, 7 if textiles and 8 if</td>
</tr>
<tr>
<td>Variables</td>
<td>Sub-items</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Multi-branches</td>
<td>Dichotomous variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if country of origin is European, 2 if USA, 3 if Japan, 4 if Hong Kong and South Asia, 5 for other countries</td>
</tr>
<tr>
<td>Wage level</td>
<td>Nominal variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if worker average annual wage is less than 15K, 2 if between 15K and 30K and 3 otherwise</td>
</tr>
<tr>
<td>Land price</td>
<td>Nominal variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if land price is has in average increased less than 10% between 2003 and 2005, 2 if the increase is between 10% and 20% and 3 if the increase is more than 20%</td>
</tr>
<tr>
<td>Educational funds</td>
<td>Ratio funds allocated to the region divided by population</td>
</tr>
<tr>
<td></td>
<td>Dichotomous variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if lower than 1, 2 otherwise</td>
</tr>
<tr>
<td>High education enrollment</td>
<td>Ratio Enrollment rate in the region divided by total enrollment</td>
</tr>
<tr>
<td></td>
<td>Nominal variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if ratio value is less than 2.25, 2 if between 2.25 and 4.5 and 3 if higher than 4.5</td>
</tr>
<tr>
<td>Gross regional product</td>
<td>Nominal variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if GRP is less than 17.5K, 2 if between 17.5K and 35K and 3 if more than 35K (unit: 100 million Yuan)</td>
</tr>
<tr>
<td>Infrastructure Quality</td>
<td>Freight activity in ton-kilometers (railways, highways, waterways)</td>
</tr>
<tr>
<td></td>
<td>Nominal variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if freight activity is lower than 4 million ton-km, 2 if between 4 and 8 ton-km and 3 otherwise</td>
</tr>
<tr>
<td>Localization (Metropolitan/not)</td>
<td>Nominal variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if city population is less than 1 million, 2 if population is between 1 and 2 million and 3 otherwise</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>Ratio number of patents granted divided by number of applications</td>
</tr>
<tr>
<td></td>
<td>Dichotomous variable:</td>
</tr>
<tr>
<td></td>
<td>- coded 1 if ratio value is lower than national average (44.6%), 2 otherwise.</td>
</tr>
</tbody>
</table>

**Descriptive statistics**

Overall, 43.8% of the firms included in the data set are from Europe, while 36.9% are headquartered in the USA. The percentage reached 9.4% for Japanese firms; the rest is divided between investments made by firms located in Hong Kong, in South Asia in general, and in other parts of the world. The percentages are respectively of 56.9% for investments in the general manufacturing subsector, 14.9% in the automotive subsector, 7.3% in the industrial products subsector, 7.1% in the paper industry, and a cumulated percentage of 13.8% for the other sectors of activity. Overall, 35.2% of these firms have one branch in China, whereas 64.8% of the firms included in the data set have multiple branches. The percentage reached 85.4% for firms located in cities with a population of more than 3 million,
Determinants of FDI Location Choice in China: A Discrete-Choice Analysis

while 7.2% of the investments were in cities with less than 1 million in population. The data shows that 70.7% of the investments were made in regions with high GDP, 25.5% in regions with an average GDP, and 3.8% in regions with a low GDP.

Analytical models

In this study, we assume that foreign investors take the decision to invest in a specific location based on a set of factors that will impact and determine their behaviour. Their evaluation of the context surrounding the investment decision includes the assessment of the impact of the agglomeration effects, the GDP of the region, the wage level, the investments in education, the protection of intellectual rights, etc. These predictors of location choice determine foreign investors’ willingness to invest in SEZs, OCCs and ETDZs versus in other economic zones and cities.

The decision to invest in newly created economic zones and cities other than SEZs, OCCs and ETDZs is measured using a binary variable (LOCATION) capturing the fact that foreign investments have been made in other types of economic zones and cities versus in SEZs, OCCs and ETDZs. The data obtained was coded “0” if investments were made in SEZs, OCCs and ETDZs and “1” otherwise.

Results of the regressions corresponding to the location choice of FDI in China are summarized in Table 4. The equations have good predictive power, with 65.3% of correct predictions in the comprehensive model, 92.1% for the “Europe” model, 98.5% for the “USA” model, 86.7% for the “Japan and South Asia” model and 94.9% for the “Europe and USA” model. Therefore, the comprehensive model correctly classified 65.3% of the observations into foreign investments in SEZs, OCCs and ETDZs or otherwise. Other models correctly classified respectively 92.1%, 98.5%, 86.7% and 94.9% of the firms into those located in SEZs, OCCs or ETDZs and those located in other economic zones and cities. The value of the Nagelkerke R² (Pseudo R²) is .842 for the comprehensive model, .849 for the “Europe” model, .918 for the “USA” model, .777 for the “Japan and South Asia” model and finally .87 for the “Europe and USA” model. These values can be considered as reasonable for qualitative dependent variable models. Furthermore, the computed value of the likelihood ratio (i.e., 972.2 for the comprehensive model) is much larger than the respective critical values of the Chi-squared statistic with 11 degrees of freedom at the 1 percent level for the comprehensive model and with 10 degrees of freedom at the 1 percent level for each of the other models estimated. This suggests that the null hypothesis, that the parameter coefficients (except the intercept) are all zero, is strongly rejected for all the models. Consequently, the models are significant at the 1 percent level.

Overall, the likelihood to invest in other economic zones and cities increases as the intellectual property rights protection strengthens, as the infrastructure improves, as the enrolment in high education increases, as the funds allocated to education increase and as the land price increases. However, the likelihood to invest in other economic zones and cities will tend to decrease if the GDP of the region increases and in sectors such as general manufacturing, paper, and textile. Let us turn our attention to each of the country of origin specific models. The likelihood of all countries of origin to invest in other economic zones and cities will increase as intellectual property rights protection improves except for the “Japan and South Asia” model. An improvement in the infrastructure will positively affect the perception that foreign investors have of other economic zones and cities (other than SEZs, OCCs and ETDZs), except for American investors. In the same vein, an appreciation of the amount invested in education and an increase in the enrolment rates in high education have a positive impact on all foreign investors’ perception of potential investments made in
other economic zones or cities, except on European investors and, Japanese and South Asian investors. An increase in land prices will produce the same positive effect except on European investors. The likelihood of investors from all countries of origin to invest in other economic zones and cities is low in the textile, paper and, general manufacturing subsectors compared to the other subsectors of activity. Finally, all foreign investors become more reluctant to invest in other economic zones and cities as the GDP of the region increases except for investments originating from Japan and South Asia.

Let us turn our attention to \( \text{Exp}(\beta) \) corresponding to parameters of some significant explanatory variables in the comprehensive model. When considering these coefficients, one can notice that when intellectual property rights protection increases, investors are 23.01 times more likely to invest in other economic zones and cities, while they are more than 496.06 times more likely to invest if infrastructure improves. Investors from all countries of origin are respectively 2.07 times and 2.18 times more willing to invest in other economic zones and cities when education budgets and enrolment in high education increase. The same investors are 1.92 times more likely to invest in other economic zones and cities when land prices increase. Finally, they are 0.07 times less likely to invest when the regional GDP appreciates and 0.53 times less likely to invest in these zones when investments are planned in the aeronautics & maritime, automotive or consumer goods subsectors. Predicting the behaviour of European investors, the “Europe” model shows that the probability of investing in other economic zones and cities increases respectively by 17.39 times, 3.2 times, and 390.8 times when intellectual property rights are protected, when the city is a metropolis, and when infrastructure improves. Investors are 0.05 times less likely to invest in other economic zones and cities when the regional GDP increases. U.S. investors’ likelihood to invest increases 846.6 times, 34.6 times, and 31.9 times respectively after an improvement of the protection of intellectual rights, an improvement in the enrolment rate in high education and after an increase in the funding dedicated to education. Compared to the other foreign investors, investors from Japan and South Asia will see their likelihood to invest in other economic zones and cities increase by 386.3 times when local governments invest in the infrastructure. Finally, for U.S. and European investors, the likelihood to invest increases 1972.1 times when the infrastructure is developed and by 3.69 times and 4.13 times respectively after an increase in the enrolment in high education and in the amount of funds invested in education.

Two questions have been explored in this paper, namely: What are the determinants of FDI location choice in China? Which factors determine investors’ choice between SEZs, OCCs and ETDZs on one hand, and the other economic zones and cities on the other hand?

In a context where the number of empirical studies on FDI location choice in China is still low, this paper contributes to the advancement of knowledge by providing new evidence on the determinants of the choice that foreign investors make regarding the nature and characteristics of the chosen city or economic zone. It showed that factors such as investments in education or infrastructure and protection of intellectual rights increase the probability that economic zones and cities that do not possess a status of SEZs, OCCs and ETDZs attract FDI. These predictors of location choice can vary by country of origin.
The results of the model showed that the protection of intellectual rights can positively affect the perception that foreign investors have of economic zones and cities that do not possess the preferential status that SEZs, OCCs and ETDZs. This important determinant of location choice makes potential investors from Europe and USA increase their probability of investing in these other economic zones and cities instead of investing in the well-known and recognized zones, usually coastal cities. Japanese and South Asians are not impacted by an improvement in the protection of intellectual rights. This result can be explained by the fact that cultural and geographic proximity makes Asian investors become sensitive to a different set of contextual factors whereas the huge cultural and geographic distance between Europe and the U.S., and China, and their poor knowledge of the Chinese business context increase investors’ aversion to risk. Conditions offered in coastal locations such as SEZs, OCCs and ETDZs, with a high potential of agglomeration economies continue to attract foreign investors. An advanced infrastructure is found to have a positive impact on investors’ behaviour except for investors from USA who still continue to prefer investing in SEZs, OCCs and ETDZs. Investments in the infrastructure can be used by Chinese policy-makers as a lever to encourage investments in the Central and Western regions. The gross regional product does not seem, however, to have a positive impact on foreign investors’ behaviour, as an increase in the GRP lowers the probability that investors pick other economic zones and cities as a location for their investments in China. A higher GRP can be interpreted by investors as an indicator of a high standard of living which impedes foreign investments particularly those who are export-oriented. It is important to notice that Japanese and South Asian investors are not sensitive to an increase of the GRP. An increase in enrolment rates in high education and in the amount of money invested in education offset some of the disadvantages that other economic zones and cities have and increases their degree of competitiveness against SEZs, OCCs and ETDZs. European investors taken a part, as well as, Japanese and Asians do not believe that education provides them with a better investment environment and having access to a large pool of educated workers does not encourage Asians and Europeans to consider other investment plans. An increase in land prices favours cities that do not possess the status of SEZs, OCCs or ETDZs. All investors except Europeans perceive it as an incentive to move away from well-known economic investment zones to other zones or cities. In Addition, the results highlight the sectoral segregation of foreign investors’ behaviours. Results show, in this regard, that investments in some subsectors can easily be moved to other economic zones and cities while agglomeration effects in some other subsectors determine investors’ behaviour. It is the case in manufacturing (identified as general manufacturing in the paper), paper, packaging and printing, and textiles. The paper stresses out that behaviours are grounded in sectoral activities and shows that the extent to which agglomeration impacts FDI location choice differs from one industry to another.

An important contribution of this study is to demonstrate that determinants of location choice of FDI can be used by Chinese policy-makers as a lever to increase foreign investments in Central and Western parts of China. The unbalanced growth in FDI inflows between the Eastern-coastal-regions and the rest of the country plead in favour of a readjustment of developmental forces across regions and of a better distribution of resources between inland and coastal regions. Enforcing intellectual property rights protection can be used a lever to divert investments to inland cities. The study has also shown that agglomeration is a very significant determinant of FDI location choice in China. Investments in education, seen by investors as a promise of the availability of a large pool of high skilled workers, can foster the probability that inland cities and regions get an increasing share of the FDI invested in China. Policy-makers should be aware of the specificities of each sector and develop policies tailored to the meet the specific needs of different groups of foreign investors. Our study
confirmed that agglomeration economies is a significant factor in the location decisions of FDI in China and that, as stated by Broadman and Sun (1997) and Wei et al. (1999), investors from specific sectors tend to follow the patterns of prior FDI stock. The study also pinpointed the tendency of Japanese and South Asian investors to rely on cultural and geographical proximity in their choices with confirms the results highlighted by He (2003), whereas European and American investors are more willing to revise their choices based on economic incentives or advantages. Our results point in the same direction than the study conducted by Qu and Green (1997) who found that the country of origin determines foreign investors’ behaviour. Our study found an insignificant correlation between the location choice of FDI and labour cost. The same result was highlighted by Broadman and Sun (1997), Chen (1996) and, Head and Ries (1996) in their respective studies.

The study contributed to add new evidence to the debate regarding the location choice of FDI in general and in China in particular. It pointed out differences and similarities between the factors explaining the location choice of FDI in China from different countries of origin, identified the determinants of foreign investors’ choice to invest in SEZs, OCCs or ETDZs versus in other economic zones or cities. The study confirmed the importance of agglomeration economies, of intellectual property rights protection, and the role that investments in education play in attracting foreign investors. On another level, the paper confirmed the effect of the country of origin on FDI location choice and, the sectoral differences and their impacts on foreign investors’ behaviour.

The main limitation of our study is that it only studies a specific set of determinants of location choice. Due to data limitation, we were unable to take into account the effects of FDI policies, tax incentives, and cumulative FDI. A larger pool of data regrouping observations from different industries should be used in future studies. Different methodologies should also be combined to identify, with more accuracy, what determines the behaviour of foreign investors. The use of different theories grounded in different fields of study can enrich the explanation of FDI location choice in China. Finally, more work is needed to identify, with more accuracy, the factors affecting the location choice of FDI in general and in China in particular.

References

Determinants of FDI Location Choice in China: A Discrete-Choice Analysis


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Table 1

Selected articles on determinants choice of FDI location in China

<table>
<thead>
<tr>
<th>Authors and dates</th>
<th>Significant determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wang and Swain (1995)</td>
<td>Exchange rate, GDP, labor cost (wage)</td>
</tr>
<tr>
<td>Zhao and Zhu (2000)</td>
<td>Cost factors, infrastructure, market size</td>
</tr>
<tr>
<td>Sun et al. (2002)</td>
<td>Agglomeration economies, degree of openness, labor cost, labor quality, level of scientific research</td>
</tr>
<tr>
<td>Na and Lightfoot (2006)</td>
<td>Market size (GDP), agglomeration, labor quality, labor cost, openness and progress of reforms</td>
</tr>
<tr>
<td>Cheng and Stough (2006)</td>
<td>Agglomeration, labor cost, labor quality, land cost</td>
</tr>
</tbody>
</table>

Table 2

Expected effects of determinants of location choice on dependent variable (SEZs or ETDZs=0 versus others=1)

<table>
<thead>
<tr>
<th>Determinants of Location choice</th>
<th>Expected impacts (SEZs or ETDZs=0 versus OCCs and others=1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country of origin</td>
<td>?</td>
</tr>
<tr>
<td>Activity sector</td>
<td>?</td>
</tr>
<tr>
<td>Multiple branches</td>
<td>?</td>
</tr>
<tr>
<td>Wage</td>
<td>-</td>
</tr>
<tr>
<td>Land price</td>
<td>+</td>
</tr>
<tr>
<td>Education funding</td>
<td>+</td>
</tr>
<tr>
<td>High education enrollment</td>
<td>+</td>
</tr>
<tr>
<td>Gross Regional Product</td>
<td>+</td>
</tr>
<tr>
<td>Agglomeration/infrastructure</td>
<td>-</td>
</tr>
<tr>
<td>Metropolis or not</td>
<td>?</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>+</td>
</tr>
</tbody>
</table>
### Table 3

Estimated Logit models of factors affecting location choice (dependent variable: SZE, OCC or ETDZ versus otherwise)

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Comprehensive</th>
<th>Europe</th>
<th>USA</th>
<th>Japan and South Asia</th>
<th>Europe and USA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coeff. β *</td>
<td>Exp. (β)</td>
<td>Coefficients β *</td>
<td>Exp. (β)</td>
<td>Coefficients β *</td>
</tr>
<tr>
<td>INTERCEPT</td>
<td>-10.2</td>
<td>0.000</td>
<td>-9.175</td>
<td>0.000</td>
<td>-16.592</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>0.093</td>
<td>1.097</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity sector</td>
<td>-0.617* **</td>
<td>0.539</td>
<td>-0.591***</td>
<td>0.554</td>
<td>-1.242***</td>
</tr>
<tr>
<td>Multiple branches</td>
<td>-0.398</td>
<td>0.672</td>
<td>-0.485</td>
<td>0.616</td>
<td>-1.326</td>
</tr>
<tr>
<td>Wage level</td>
<td>-0.403</td>
<td>0.668</td>
<td>-0.358</td>
<td>0.699</td>
<td>-0.258</td>
</tr>
<tr>
<td>Land price</td>
<td>0.654* **</td>
<td>1.924</td>
<td>0.510</td>
<td>0.144</td>
<td>0.882*</td>
</tr>
<tr>
<td>Educational funds</td>
<td>0.783* **</td>
<td>2.187</td>
<td>0.517</td>
<td>1.676</td>
<td>3.464***</td>
</tr>
<tr>
<td>High education enrolment</td>
<td>0.728* **</td>
<td>2.072</td>
<td>0.444</td>
<td>1.559</td>
<td>3.544***</td>
</tr>
<tr>
<td>Gross regional Product</td>
<td>-2.622* **</td>
<td>0.073</td>
<td>-2.837***</td>
<td>0.059</td>
<td>-9.007***</td>
</tr>
<tr>
<td>Infrastructure/Freight</td>
<td>6.207* **</td>
<td>496.0</td>
<td>5.968***</td>
<td>390.86</td>
<td>11.855</td>
</tr>
<tr>
<td>Localization (metropolitan/no)</td>
<td>0.532</td>
<td>1.702</td>
<td>1.164**</td>
<td>3.202</td>
<td>-0.739</td>
</tr>
<tr>
<td></td>
<td>1218</td>
<td>445</td>
<td>391</td>
<td>150</td>
<td>836</td>
</tr>
<tr>
<td>Chi-square (df)</td>
<td>972.28(11)</td>
<td>442.13(10)</td>
<td>396.24(10)</td>
<td>120.866(10)</td>
<td>833.489(10)</td>
</tr>
<tr>
<td>Nagelkerke R² (pseudo- R²)</td>
<td>0.842</td>
<td>0.849</td>
<td>0.918</td>
<td>0.777</td>
<td>0.870</td>
</tr>
<tr>
<td>Percentage of correct predictions</td>
<td>65.3%</td>
<td>92.1%</td>
<td>98.5%</td>
<td>86.7%</td>
<td>94.9%</td>
</tr>
</tbody>
</table>

\* *, ** and *** indicate that variable is significant at 10\%, 5\% and 1\%, respectively.
Internationalization Process of Malaysian Firms: The Mediating Effects of Motivation and Network

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Investigating International Students Mobility and Their Impact on Satisfaction Levels: A Multi-Country Perspective

Universities all over the world are increasingly competing for talented students. However, the attraction of skilled students has received little attention in the scientific literature. To fill this gap, we conducted a survey of foreign students from 3 top universities in three different emerging countries: United Arab Emirates, Brazil, and Mexico. A total of 350 samples were analyzed. Based on findings, some determinants are to be common to these countries, especially those related to the interest in discovering a new culture. Post-graduation work opportunities are common to the three countries. The low cost of living is shared by Mexico and Brazil. Immigration after graduation and the prestige attached to the host university are present in the three countries. Peers’ influence is only determinant for international students in Brazil.

Keywords: international students, students’ satisfaction, exchange students, higher education

INTRODUCTION

When analyzing internationalization of higher education institutions in a global context, Miura (2006) stated that "globalization is presented as a process which impacts higher education institutions’ internationalization process". Therefore, to expedite a sustainable internationalization process, it is important to formulate strategies and politics of internationalization that embrace "curriculum restructure, joint research, international agreements, and exchange programs" Miura (2006). Biddle (2002) also addressed the importance and reasons to aim internationalization.

The international business environment demands highly-skilled employees, prepared to work with complex international business relations (E. Guzman, 2003). In that sense, the development of international abilities and competences are important to compete in the labor market. Travelling abroad and joining exchange program allows participants to other cultures, realities, and languages allowing them to start their development as international employees (Knight, 2004).

According to recent studies (Mills, 2010; Kirk and Napier, 2009), the economic growth of United Arab Emirates (UAE) and Middle East countries started in 1978 mostly contributed by the oil and gas industries that influenced positively the expansion of higher education in the region and created an educational system to train the work force. The consequence of this process is the growth of multitude of state-owned and private
educational institutions - competing to attract students, expatriate students and international students. The Western style of education is reflected in UAE education system. Currently, there are 66 licensed higher education institutions in UAE (Commission for Academic Accreditation, 2010).

Mexico and Brazil are considered as upper-middle-income countries by the World Bank. According to Cantwel (Cantwel, Luca, & Lee, 2009), Mexico sends more students than it receives, and the lack of international support is the reason why universities unable to attract attention from a much greater flow of incoming international students.

In Brazil, the Public Educational hub Rio de Janeiro - São Paulo, and Universidade de São Paulo alone accounts for 4% of national academic publications. Brazil has Programa de Estudante Convênio de Grau de Alto - PEC-G, which allows students from developing countries to study the undergraduate degree in Brazilian State and Federal Universities without tuition as an incentive to help the development of other countries (Ministério da Educação, 2010).

The objective of this research is to investigate why students choose to study in a nontraditional location, (Wells, 2006) and to what extent do these reasons correlate with students' satisfaction. Considering academic experience in Brazil at University of São Paulo, Mexico at Technologico de Monterrey, Campus Queretaro, and American University in Sharjah, Unites Arabs Emirates, this study also examines what influenced them to study abroad and how satisfied they were with the program, considering the host university internal and external environment, infrastructures, and social links.

This paper is organized as following: literature review regarding the factor influencing the decision making of exchange students to study abroad is followed by a conceptual framework based on push and pull factors, and 2-D theories. Factor analysis and multiple regression analysis were adopted to analyze the data. Results are discussed and both managerial and theoretical implications are drawn before the conclusion.

LITERATURE REVIEW

The concept of student mobility draws its essence from the global approach to migration that become the reality of human mobility today. The crossing of persons across borders in search of education represents only 2% of total international movement (UNESCO, 2008). These international students come mostly in a country they know little or not and in a new community that is often foreign (Terrier, 2009). The author also mentioned that being internationally mobile can also mean to be very mobile at other scales, and more local and daily. But this aspect of the phenomenon is not this study matter.

Academic mobility has grown considerably and become a global phenomenon (Altbach & Knight, 2007; Kolster, 2010). The subject encompasses several trends and concepts with some overlap, defined as "international students" or "internationally mobile students" or "foreign students". If the first two expressions can be used interchangeably, then, that of foreign students is disadvantageous to confuse two very different social groups: students of foreign nationality truly in mobility and those who are resident in the host country with their parents (Terrier, 2009). Despite this common experience of studying abroad, international students are a very heterogeneous group in terms of their initial motivations (Terrier, 2009). Students are naturally attracted to the major learning centers in developed countries, but most universities in the developed world are facing a decline in the number of students trained locally (King et al., 2010b). (Indeed, the example is illustrated by the article of Ladika (2006)
which - dealing with the shortage of foreign nationals to study and work in the U.S. - castigates more bureaucracy and increased competition that separate the best international students from the U.S. market. Thus, in one hand, these places of learning are not only seeking to admit more international students, they do establish joint programs with universities overseas – even build complete offshore campuses in countries like the United Arab Emirates, China and Malaysia. On the other hand, these authors note, the developing countries, too, are expanding their higher education and higher education institutes in developed countries will soon be in direct competition with centers of excellence in Singapore, Hong Kong, Shanghai, Beijing, Mumbai and Delhi (King et al., 2010 b). Aihong (2009) highlights the increase in the number of international students and overseas faculty of Tsinghua University in Beijing. These are emerging destinations that have nothing to do with the traditional locations of popular institutions of tertiary education. As such, the migration of students is considered to be a component of globalization (King et al., 2010a).

**Conceptual perspectives**

Reasons of migration phenomenon for studies have been the subject of much academic research. The issue of students’ migration has been addressed by researchers from different angles of view and the main ones are: the *cultural* approach, the *contextual* approach, the *managerial* perspective and the *contingent or mixed* perspective.

The *cultural approach* emphasizes cultural motives (Rodrigues, 2005; Crossman, 2008) and consequences (Aihong, 2009; Brasfield et al., 2011) as a language, intercultural experience, etc. In the *contextual approach* (Lianos et al., 2004; Shabalina & Sjoberg, 2010) either country or university remains the context of the study. The *managerial perspective* (Al-Ayoubi & Habaibeh, 2006, Vance et al., 2011) supported the issue of international student mobility in connection with the organization and management of study abroad. And, finally, the contingency or *mixed perspective* refers to the work whose approach is composed of two or more different approaches mentioned above.

In addition, all these conceptual perspectives have analyzed the phenomenon of international student mobility either from a point of view of its causes (Rodrigues, 2005; Crossman, 2008) or from the perspective of its consequences (effects) (Aihong, 2009; Vance et al., 2011; al-Ayoubi & Habaibeh, 2006; Shabalina & Sjoberg, 2010).

GAO (2007) posited that "the global higher education landscape is changing and providing more alternatives for students, as other countries expand their educational capacity and technology-based distance learning opportunities increase". Such initiatives could play a positive role in the offering country attractiveness (Altbach and Jane Knight, 2007; Kolster, 2010).

Although mobility has been examined in various ways, the unit of analysis depends on the researcher's interest and adopted conceptual perspective. Thus, to analyze the migration of students abroad, some researchers have targeted their investigation on country (Shabalina & Sjoberg, 2010; Lianos et al., 2004; Kolster, 2010) and/or university (Daly & Baker, 2010; Andrus et al., 1995). Others have focused on teachers (Isakovski, 2009) and others on students (Sanchez et al., 2006; Haloviak et al., 2011).

Furthermore, existing research has focused on the individual reasons of international student mobility (e.g., Pieter de Jong et al., 2010; Noeleen Doherty et al., 2010; Kaye Thorn, 2009; Llewellyn-Smith & McCabe, 2008; Carol M Sánchez et al., 2006; Tepecik Adnan et al.,}
2009; neomycin Storch, 2009) as well as on the overall impact of study abroad on these students (eg Karen Hallows et al., 2011; Qinggang Wang et al., 2011). Besides, researcher also dealt with the individual reasons of international student mobility (eg, Pieter de Jong et al., 2010; Noeleen Doherty et al., 2010; Kaye Thorn, 2009; Llewellyn-Smith & McCabe, 2008; Carol M Sánchez et al., 2006; Tepecik Adnan et al., 2009; neomycin Storch, 2009). Although the extant literature has used various interesting methods to address student mobility on the perspective of adoption and the method used, limited studies have addressed this mobility in a multi-country perspective.

**Determining factors**
The decision to participate in an exchange program depends on individual factors and contextual factors (Kallio, 1995; Daly & Baker, 2010), such as policies and student exchange programs of the host university (Daly & Baker, 2010). At personal level, there are certain factors that often cited, such as right skills (Lundstrom et al., 1996). In their study, Chak & Makino (2010) suggested that the preferences of students, their career paths and the potential results of the learning activity are treated as determinants. As for Latin American students, they come to Europe through exchange programs to absorb the business culture of Europe (Guilayn, 2007). In addition, to study abroad, students need opportunities to meet their individual comfort levels, educational objectives and career goals (Mills et al., 2010).

According to Goldbart, Marshall, & Evans, (2005), the factors that explain student mobility are linguistic, cultural, financial and personal.

Contextually, some researchers emphasized on the country context (Shabalina & Sjoberg, 2010; Lianos et al., 2004) and the university context (Daly & Baker, 2010; Andrus et al., 1995 in Fairley & Tyler, 2009). These two levels are considered as they relate to the country of departure (Daly & Baker, 2010) and to the destination (Andrus et al., 1995 in Fairley & Tyler, 2009).

In addition to policies and student exchange programs of the host university (Daly & Baker, 2010), experiential learning and immersion methods are cited as cultural key learning (Andrus et al., 1995 in Fairley & Tyler, 2009). Thus, "one factor that may be motivating students to undertake tertiary studies in Australia is the expectation that this form of immersion will lead to improved English language skills” (Neomy Storch, 2009).

As the nature of the factors are decisive, that is why Lakshmi Goel et al., (2010) "attempt to determine a theoretical framework that explains why these factors must be important in explaining the intention to participate in a program of study abroad". Alternatively, some authors have sought to understand the link between the motivations for students to undertake the journey to study abroad and other factors. For example, academic motivation and social relationships influence the destination choice for students of the program of study abroad. Social motivation emerges as the most important factor influencing the attitude towards the destinations before travel. (Nyaupane et al., 2011). Although some motivations are common among students, it was found that the direction of the relationship between motivation and intention to study abroad varies among countries, that nationality moderates all relationships, and that different levels of barriers moderate the relationship between motivation and intention to study abroad (Sánchez et al., 2006). Moreover, in order to understand the conditions under which students demonstrating a high risk propensity will be more likely to participate in an international experience, Relyea et al., (2008) suggested that this relationship is moderated by the perceived value of career.
The push and pull is a typology that has been used to understand the factors influencing international students’ destination choice. Mazzarol and Soutar (Mazzarol & Soutar, 2002) analyzed over 800 questionnaires responded by students from Taiwan, China, India and Indonesia. The factors shown as important are: “the importance of knowledge and awareness of the host university, the importance of cost issues, the importance of the environment, the importance of social links and geographic proximity”. However, Cantwell, Luca and Lee (Cantwel, Luca, & Lee, 2009) challenge this typology by arguing that even though it is the most common framework used for understanding the phenomenon of exchange student decision process. It fails to explain the flow of students from developed countries to developing ones. This is because it does not consider the host and home countries economic and political influences.

In short, the motivations of international students are well circumscribed; it is most often reasons justifying the journey towards traditional destinations. But the motivations of students applying to study abroad in non-traditional destinations were little or not investigated. What explains or justifies the movement of students seeking knowledge about these unusual places? Knowledge of all factors determining the behavior of students, consumers, exchange programs, could serve as an indication for the formulation of strategies for countries as well as university faculties.

**Consequences and impact on satisfaction levels**

When the objective drained by the motivation has been reached, there is reason to wonder if this realization led to expectations and this, with what level of satisfaction. At the individual level, "exchange programs and study abroad can enhance a comprehensive training program by encouraging behavioral changes desired on doing business with other cultures and nations" (Brasfield, McCoy and Reed, 2011). The partnership between the home university and the host university provides the interaction of peer-to-peer students to improve the value of short (time) trips abroad; value that extends beyond excursions. Shabalina and Sjoberg (2010) Examined the subsequent effects that the experience of study abroad has on the cumulative average, the work results of Justin Haloviak et al. (2011) implied a positive correlation to the increase in average score with students learning abroad over those who do not.

The study by Min Yang et al. (2011) focused on the objectives of Chinese students, the experiences and learning outcomes related to their participation in the study abroad by offering a model called "an intercultural experiential learning model". This model considers studying abroad as an active learning process in which the goals of study abroad motivate students to engage in experiments to improve their intercultural, disciplinary / career, and personal skills. The research results suggested interdependence between the goals of study abroad students, the experiences of the host country and learning outcomes. An instrument of cultural awareness administered to students participating business abroad program in London, England, in the early summer and again at the conclusion of the program - provided that the program enhances cultural awareness and personal development (Tyrone Black, H. and David L. Duhon, 2006).

There are many studies in the literature about the outcomes of an exchange studies, but there are few focusing on factors of attraction, considering non-traditional destinations, and using satisfaction as a dependent variable. Students' satisfaction was studied with a consumer framework focus (Hartman & Schmidt, 1995: 1997). In their study, satisfaction judgment as a "multidimensional construct which depends on " the degree of goal development that a
student has for a particular aspect of his or her educational experience”. Satisfaction With Life (SWL) was studied by David Lackland Sam (Sam, 2001), who posit that the social relations established in host country as well as financial satisfaction affects directly the students satisfaction with life.

The relationship between factors of influence using push and pull approach and satisfaction is brought by an Australian study where "students' desire to travel/and the opportunity for fun and excitement are the primary motivators for undertaking an educational exchange, along with the host country's weather, natural environment and tourist attractions" (Llewellyn-Smith & McCabe, 2008).

Cubillo, Sanchez and Cervino (2006) studied the international student decision process influences with a conceptual approach based on determining factors. They defined the "intension of purchase" influenced by five factors "personal reasons; the effect of country image, influenced by city image; institution image; and the evaluation of the program of study". The final decision is achieved by adding the five factors with the unconscious factors. The Mexican case (Cantwel, Luca, & Lee, 2009: 345) brought as a dependent variable the host country economic and political settings as a dependent variable, which is compared with "cost, diversity, friends' recommendation, ranking, financial aid, research, rejection from first choice destination, degree objective, full-time and degree seeking". Wells (2006) explained why students would be willing to have an abroad experience and why nontraditional destinations can be beneficial for them, as well as for the home and host institution and countries. In his approach, students go abroad to acquire "workforce preparedness, transnational competences, global citizenship, personal growth"; and, a nontraditional destination, provides "greater understanding of global economy and employment issues, greater flexibility, greater problem solving skills, improved language skills, a greater "stretch" of beliefs, values, and opinions". The nontraditional destination has an environment much more different and diverse than a traditional, Anglophone or European environment. The 2-D model was introduced in a Korean case study by Park (2009). The first D is considered as being "driving forces" and the second D is considered as "the directional factor". In this model both the dissatisfaction with home country as well as the factors that influence the student mobility are analyzed.

Hoof and Verbeetem (2005) studied exchange students all over the world and relevant reasons to study abroad. Their findings were related to living within another culture, opportunity to travel, and attraction to the host country. The same research also brings the most important factors that students considered to choose the institution for study abroad: partnership with home institution, attraction to the host country, and the existing experience from people they knew.

In sum, the benefits of programs are numerous. They were identified at both individual and institutional levels. However, at the individual level, not only the effects have not been the subject of study for students in new experiences of non-traditional destinations. However, the impact on their motivation levels of satisfaction is not known yet.

CONCEPTUAL FRAMEWORK
From the literature review, the main research question is related to what factors influence satisfaction level of international students embarked in a study abroad program. To respond to this question, our study uses the Push and Pull, the 3 ratio methodology and 2-D model to build a conceptual framework. Based on the literature review, we formulate the following propositions:

P1: Cultural Learning influences exchange students’ satisfaction level  
P2: Career opportunities in host country influences mobility and subsequent satisfaction level  
P3: The sense of belonging to home country influences the satisfaction level  
P4: Incentives from Home Country influences mobility and students satisfaction level.

These propositions are presented below in the model of Figure 1.

**METHODOLOGY**

We first conduct a focus group to identify a set of items that lead to our preliminary questionnaire. Our focus group discussion is followed by an exploratory factor analysis. Our study is exploratory in nature with constructs adapted from focus group discussions. EFA is the most appropriate first step when links between the observed variables and their underlying factors are unknown or uncertain. Hence, We conduct an EFA to reveal items structure per factor, to assess contributions of items to all factors, extract non-contributing items, and verify the reliability of all factors as well as their multi-collinearity. A principal component analysis with varimax rotation reduces data to a small set of variables while retaining as much variance as possible.

The following rules are observed in our data analysis: KMO and Beta sig >0.005, communalities >0.5, factor loading >0.5 and variance extracted >0.6. For the sake of parsimony, we suppressed all factors loading on two constructs as well as those showing loading inferior to 0.5. Four factors emerge for the four countries. The total variance explained by the four factors exceeds 60%. To pursue the analysis and find factors pertinent for the next steps, Cronbach's Alpha reliability coefficients are computed for every construct with the acceptable level fixed at 0.6 as this is an exploratory study. Multiple regressions are used to assess the impact of all retained independent on the students' satisfaction level.
Descriptive analysis

Of the total sample of 356 respondents, 52% female, 56% does not have a scholarship, 69% bachelor students, 14% Masters Students, 4% in PHD programs. The stay in host country averaged 8 months, and the average age is 21 years old. The Mexican sample has 116 responses. The average age is 22 years old. There are 21 nationalities present in the sample. 41% is from USA and 15% from Singapore. The length of stay in the host country ranged from 1 to 9 months, where 33% stayed 1,5 month, and 22,4% stayed 5 months. The bachelor students account for 75% of the sample, while master students are 10%. There were no PhD students in Mexican sample. 51% are female, and 50% of the students did not have a scholarship.

There are 94 respondents in the context of Brazilian sample. Most students, 23% come from Colombia. The range of months spent in Brazil varies from 2 to 60, where 58% of the sample was in Brazil from 2 till 6 months. Regarding the academic level of the sample, the bachelor students represent 43%, master students 39% and PhD students 15% of the sample. 51% are men and 70% of the sample had a scholarship.

The data collected in United Arab Emirates (UAE) totals 146 responses. Middle Easter born students represents 82% of UAE sample, and 29% of the total sample. The nationalities present in the data sums up to 21 different countries, the average age was is 20 years old. 53% are women, and 75% of the respondents did not have a scholarship.

<table>
<thead>
<tr>
<th>Valid responses</th>
<th>Total</th>
<th>Brasil</th>
<th>Mexico</th>
<th>United Arab Emirates</th>
</tr>
</thead>
<tbody>
<tr>
<td>N of nationalities</td>
<td>356</td>
<td>94</td>
<td>116</td>
<td>146</td>
</tr>
<tr>
<td>% Europe</td>
<td>17</td>
<td>28</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>% Middle East</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>82</td>
</tr>
<tr>
<td>% Asia</td>
<td>11</td>
<td>0</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>% Africa</td>
<td>6</td>
<td>5</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>% Oceania</td>
<td>3,7</td>
<td>0</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>% Latin America</td>
<td>15</td>
<td>51</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>% North America</td>
<td>18</td>
<td>14</td>
<td>42</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Country</th>
<th>Average</th>
<th>Brasil</th>
<th>Mexico</th>
<th>United Arab Emirates</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Bachelor</td>
<td>66,1</td>
<td>42</td>
<td>75</td>
<td>4,1</td>
</tr>
<tr>
<td>% Master</td>
<td>13,4</td>
<td>37</td>
<td>10,34</td>
<td>0,3</td>
</tr>
<tr>
<td>% PhD</td>
<td>4,0</td>
<td>14</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% Unspecified</td>
<td>92,5</td>
<td>43,6</td>
<td>92,3</td>
<td>92,5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
<th>Brasil</th>
<th>Mexico</th>
<th>United Arab Emirates</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Female</td>
<td>52</td>
<td>49</td>
<td>52</td>
<td>56</td>
</tr>
<tr>
<td>% Male</td>
<td>48</td>
<td>51</td>
<td>48</td>
<td>44</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Average</th>
<th>Brasil</th>
<th>Mexico</th>
<th>United Arab Emirates</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Yes</td>
<td>39</td>
<td>69,1</td>
<td>37</td>
<td>21</td>
</tr>
<tr>
<td>% No</td>
<td>56</td>
<td>30,9</td>
<td>50</td>
<td>78</td>
</tr>
</tbody>
</table>

Correlation Analysis

As presented in Table 2, there is no correlation between the items.
Factorial Analysis and Reliability Test

In the Mexican sample, the total variance explained is 68% by 7 factors. The item "New social links created during my stay" had its communalities value 0, 47 and the variables 010 - The presence of friends and family members in Host Country, and 025 - Implication in home country's activities (Patriotism) were not considered as components of the factors. After dropping them from the analysis, the KMO test is 0,726 and the total variance is explained 69,4% by 7 factors as well. Running the factorial analysis for a third time, without the items 004, 010, 025, the KMO = 0,709, and the total variance is 71% explained also by 7 factors. The structures of factors, after 3 analyses with the Mexican sample, were the same. For the Brazilian sample, the KMO = 0,625, and no variables needed to be excluded. Total variance explained by 8 factors is 68%.

In the United Arabs Emirates all variables were considered relevant for the factorial analyses, since all of them had their extraction measures over 0,5 in the communalities test. 70% of the attraction of students to study in UAE is explained by 9 factors. The KMO test measured 0,681.

The factors are illustrated in Table 3. All the tests of reliability were made using the Alpha Cronbach coefficient. For Mexico sample, factor 7 is not considered, since the Cronbach's Alpha is 0,357<0, 5. For Brazilian factor 3, variable "014 - Promotional event(s) in my home country influenced my decision" had Cronbach's alpha if deleted = 0,301. In factor 5, variable "025 - Implication in home country's activities (Patriotism)" had Cronbach's alpha if items deleted = 0,297. For UAE, the factors 7 and 9 could not be tested in the reliability test because those were composed by only one variable. Factor 8 was not considered since the Cronbach Alpha is 0,251.
### Table 3 – Factorial Analysis

<table>
<thead>
<tr>
<th>Satisfaction</th>
<th>Variables</th>
<th>Component loading</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Brazil</td>
</tr>
<tr>
<td>Alpha</td>
<td>0.786</td>
<td>0.856</td>
</tr>
<tr>
<td>Total</td>
<td>0.786</td>
<td>0.856</td>
</tr>
<tr>
<td>Mexico</td>
<td>0.769</td>
<td>0.833</td>
</tr>
<tr>
<td>UAE</td>
<td>0.762</td>
<td>0.770</td>
</tr>
<tr>
<td>001 - Attractiveness of academic environment at host university</td>
<td>0.500</td>
<td>0.686</td>
</tr>
<tr>
<td>002 - Infrastructures at host university</td>
<td>0.778</td>
<td>0.686</td>
</tr>
<tr>
<td>003 - External environment of host university</td>
<td>0.562</td>
<td>0.686</td>
</tr>
<tr>
<td>004 - New social links created during my stay</td>
<td>0.600</td>
<td>0.686</td>
</tr>
</tbody>
</table>

#### FACTOR 1 - Host Country Career Opportunities

<table>
<thead>
<tr>
<th>Alpha</th>
<th>Total</th>
<th>Brazil</th>
<th>Mexico</th>
<th>UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.625</td>
<td>0.774</td>
<td>0.833</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>0.753</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>0.867</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>0.614</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>019 - Finding a professional career is more promising in Host Country</td>
<td>0.707</td>
<td>0.728</td>
<td>0.786</td>
<td>0.719</td>
</tr>
<tr>
<td>021 - Better quality of life in Host Country than in home country</td>
<td>0.710</td>
<td>0.774</td>
<td>0.833</td>
<td></td>
</tr>
<tr>
<td>022 - The possibility of living and working in host country after studies</td>
<td>0.827</td>
<td>0.744</td>
<td>0.787</td>
<td>0.831</td>
</tr>
<tr>
<td>023 - The high number of work opportunities in host country</td>
<td>0.842</td>
<td>0.819</td>
<td>0.838</td>
<td>0.837</td>
</tr>
<tr>
<td>024 - Attractiveness of academic environment at host university</td>
<td>0.568</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>025 - Infrastructures at host university</td>
<td>0.524</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### FACTOR 2 - Home Country Sense of Belonging

<table>
<thead>
<tr>
<th>Alpha</th>
<th>Total</th>
<th>Brazil</th>
<th>Mexico</th>
<th>UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.711</td>
<td>0.667</td>
<td>0.868</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>0.667</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>0.711</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>0.703</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>023 - Desire of seeing family members still in home country</td>
<td>0.657</td>
<td>0.568</td>
<td>0.691</td>
<td></td>
</tr>
<tr>
<td>024 - Possibility of putting a Host Country diploma to good use in home country</td>
<td>0.766</td>
<td>0.807</td>
<td>0.688</td>
<td></td>
</tr>
<tr>
<td>025 - Implication in home country's activities (Patriotism)</td>
<td>0.832</td>
<td>0.846</td>
<td>0.848</td>
<td></td>
</tr>
</tbody>
</table>

#### FACTOR 3 - Cultural Learning

<table>
<thead>
<tr>
<th>Alpha</th>
<th>Total</th>
<th>Brazil</th>
<th>Mexico</th>
<th>UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.811</td>
<td>0.726</td>
<td>0.864</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>0.726</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>0.811</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>0.731</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>023 - Desire of seeing family members still in home country</td>
<td>0.791</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>024 - The opportunity of encountering new cultures</td>
<td>0.792</td>
<td>0.873</td>
<td>0.823</td>
<td>0.684</td>
</tr>
<tr>
<td>025 - The desire to improve my understanding of foreign cultures</td>
<td>0.850</td>
<td>0.862</td>
<td>0.841</td>
<td>0.812</td>
</tr>
<tr>
<td>026 - The opportunity to learn a new language</td>
<td>0.712</td>
<td>0.532</td>
<td>0.743</td>
<td>0.702</td>
</tr>
<tr>
<td>027 - The level of foreign tourism in Host Country</td>
<td>0.558</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### FACTOR 4 - Incentives from Home Country

<table>
<thead>
<tr>
<th>Alpha</th>
<th>Total</th>
<th>Brazil</th>
<th>Mexico</th>
<th>UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.703</td>
<td>0.742</td>
<td>0.801</td>
<td>0.816</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>0.750</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>0.581</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>012 - Friends influenced my decision</td>
<td>0.723</td>
<td>0.742</td>
<td>0.801</td>
<td>0.816</td>
</tr>
<tr>
<td>013 - My university in my home country influenced my decision</td>
<td>0.723</td>
<td>0.742</td>
<td>0.801</td>
<td>0.816</td>
</tr>
<tr>
<td>014 - Promotional event(s) in my home country influenced my decision</td>
<td>0.768</td>
<td>0.753</td>
<td>0.691</td>
<td>0.792</td>
</tr>
<tr>
<td>015 - Financial aid available in my home country influenced my decision</td>
<td>0.729</td>
<td>0.508</td>
<td>0.764</td>
<td>0.751</td>
</tr>
</tbody>
</table>

#### FACTOR 5 - Host Country Costs

<table>
<thead>
<tr>
<th>Alpha</th>
<th>Total</th>
<th>Brazil</th>
<th>Mexico</th>
<th>UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.791</td>
<td>0.810</td>
<td>0.870</td>
<td>0.837</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.667</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>0.757</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>0.672</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>005 - Cost of living in Host Country compared to my home country</td>
<td>0.796</td>
<td>0.830</td>
<td>0.852</td>
<td>0.810</td>
</tr>
<tr>
<td>006 - The cost of studying in Host Country</td>
<td>0.810</td>
<td>0.819</td>
<td>0.870</td>
<td>0.837</td>
</tr>
<tr>
<td>007 - Financial aid in Host Country</td>
<td>0.618</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>009 - The geographic proximity between Host Country and my home country</td>
<td>0.615</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Regression Model**

The regression model is illustrated in Table 4. The Adjusted $R^2$ increases as the factors are added. In the models related to Brazil, Mexico and United Arab Emirates. The Adjusted $R^2$ with only selected cases from Middle East born students is 0.29, and the Model considers all variables significant. When selecting only Master students, the Adjusted $R^2$ is 0.47.
DISCUSSION OF FINDINGS

The present paper identifies the following factors as predictors of student satisfaction in the comparative non-traditional destinations for international exchange students: Cultural Learning, Career Opportunities, Host Country Costs, and Home Country Sense of Belonging.

Our findings are similar to Hoof and Verbeetem (2005) as cultural learning is very important even for exchange students going to non-traditional destinations. This behavior was mostly important in the context of Mexico and United Arab Emirates.

According to Mazzarol and Soutar (2002), financial issues are very important. In our model, the financial incentives are very important for Master students, since they are already in the job market. The geographic proximity can be strongly verified in UAE sample, where 82% of the respondents are from students that come from Middle East. Our findings also corroborate Wells (2006) when it comes to Career Opportunities. In the Brazilian sample, 51% of students are from Latin America, and most students have a scholarship and seek for a career opportunity. One reason could be the importance of Brazilian economy in Latin America and the geographic proximity of students' countries of origin.

IMPLICATIONS

This study, the first of its kind with a multi country approach including nontraditional destinations has both managerial and theoretical implications. Managers in charge of higher education marketing will find reliable instruments for their promotional campaigns. Our
instruments and findings will contribute to the theory on the new international business and marketing of higher education.

Based on this paper's findings, attracting foreign students to enroll in exchange programs hosted by non-traditional destinations should focus on cultural learning and career opportunities that the host country provides. For Master students, it is important to consider that financial aid and scholarships are very important. It is also critical to demonstrate that their experience in the host country will help the student to improve their living conditions once they are back to their home country. The findings showed that promotion is a factor of influence to choose a country and destination, however does not play a key role in influencing satisfaction.

Future research should focus on:

• Comparing the results from non-traditional destinations with traditional destinations.
• Studying how the length of the stay in non-traditional countries affects the satisfaction level
• Assessing the influence of Country of Origin culture in satisfaction with exchange program.

CONCLUSION

The present study analyzed the factors that influence international exchange students in their choice of host country and host institution. The second step was to understand the relationship between the factors and the satisfaction level of the students.

The survey was developed based on literature review and focus group discussions. It was distributed in online format as well as in paper format. A total of 356 observations were collected from Mexico (116), Brazil (94) and United Arab Emirates (146). Five significant factors have emerged to explain students’ satisfaction level. In the general regression model, 4 independent variables (Cultural Learning, Career Opportunities in Host Country, Home Country Sense of Belonging and Host Country Costs) explained 38% of the dependent variable.

The present study is the first of its kind since it confronts results from 3 different host countries and a pool of 55 nationalities, enabling to understand the factors behind the international students mobility. It opens opportunities for potential future research on this growing industry.

An extensive list of References cited by these authors in this article can be had on request of the authors. It has been omitted here due to space considerations.
Internationalization Process of Malaysian Firms: The Mediating Effects of Motivation and Network

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Internationalization Process of Malaysian Firms: The Mediating Effects of Motivation and Network

Abstract

This research examines the internationalization process of large Malaysian firms by focusing on the identifying the effect of mediating forces between internationalization advantage and internationalization intensity. A total of 100 Malaysian firms participated in this research. Using Regression and Hierarchical Multivariate Regression Analyses (HMRA) researchers found the mediating effect of motivation on internationalization advantage and internationalization intensity which indicated a full mediation affect. The results further indicated that network has partial mediation effect on the relationship between internationalization advantage and internationalization intensity. The theoretical and practical implications of these findings were also discussed.

Keywords: Internationalization process, Internationalization Intensity, Mediation effects, Motivation, Network, Emerging Countries

Introduction

Today, internationalization is a key strategy for firms. Firms are no longer interested to stay at home even where there are good prospects in the home market. With the development of internationalization, many firms are growing as a result of scale advantages they derive from the expansion. This has made the process of internationalization a topical issue in many researches. Over the past few decades, business scholars and practitioners have consistently emphasized the increasing globalization and complexity of the international business environment, and have sought to address its implications from the perspective of firms in the international arena. The outcome has been an extensive body of research focusing on a number of complex phenomena associated with international business. The dramatic increase in globalization in recent years has also raised some important issues related to the affective management of internationalized firms.

Many articles related to internationalization process and outward foreign direct investment have been published, but critics of those topics are limited to firms’ activities and development subsequent to the commencement of international operations (Lamb & Liesch, 2002), samples of the companies based in developed countries (Maingan & Lukas, 1997; Root, 1994b; Woodcock, Beamish, & Makino, 1994; Kuada & Sorensen, 2000), and qualitative data from interviews which involve case studies (Condo, 2000; Kossut &
Motivation as Mediating Variable of Internationalization Process

The decision to internationalize business operations is widely considered to be a critical first step in a firm’s internationalization process. The motives for firm to go abroad are generally understood as those factors or considerations that encourage firms to mediate and sustain an ongoing international operation commitment. According to Dunning (1993b), there are four types of motives for outward investment: (1) resource seeking, (2) market seeking, (3) efficiency seeking, and (4) asset seeking. The type of motive for firms to internationalize can affectively determine the choice of foreign location. Resource seeking is dependent on the location where the firm's targeted resources are located. The existence of these resources in a location is the most important factor that drives the firm to relocate to the particular location. Examples of natural resources are oil, raw material and agricultural products. The investor’s need to obtain sufficient, cheap and safe supplies of natural resources justifies majority of the flow of investment in a location with the desired resources. Market seeking is a type of internationalization can be in the form of expanding an existing market or creating new ones. Such factors that drive a firm to relocate in foreign market are transportation costs, government regulation and barriers to enter the market such as high tariff. However, Dunning asserts that there is an association between market seeking determinants and strategic asset seeking determinants (Dunning, 1993b). For this type of internationalization, foreign market size, views of market growth, and level of development such as infrastructures and transportations of the foreign country are the main location determinants (Caves, 1982; Dunning, 1993a). This discussion implies that countries that have larger markets and higher growth rates can attract higher rates of market seeking.

Efficiency seeking is the type of internationalization that relies on less production costs, such as firms that are seeking low costs of labor. Industrial firms are predominant in this type of internationalization since labor cost represents a large proportion of their production cost. In this type of internationalization, firms usually look for unskilled or semi-skilled labor instead of well-skilled labor. For example, many US firms are currently investing and setting-up their plants in China, Mexico, and India in order to exploit the cost advantages that are on offer in these countries. According to Dunning, the determinants of this type of internationalization are exchange rate policies, labor policies, production cost, political stability of the host country, and trade policies - such as tariff rates. Asset seeking is the fastest growing type of internationalization in recent years (Dunning, 1993b). The idea of strategic asset-seeking is to obtain core competencies from the host country’s market. These assets may take a variety of forms from innovative means and organizational building for access to marketing distribution channels and a better understanding of the local consumers' taste (Dunning, 1995). The asset seeking internationalization is becoming more and more important as foreign investors shift their purposes of investment from accessing local market and natural resources to accessing knowledge intensive assets and learning experience of the targeted firm and the business.
environment in the host country (Dunning, Hoesel, & Narula, 1998). Dunning, Hoesel, and Narula(1998) stresses that strategic asset seeking market, in comparison of two other motives of internationalization, does not entail the exploitation of an existing ownership advantage of the firm. As an alternate, this type of internationalization may help the firm to build-up an ownership advantage that will support its long-term expansion in the home country as well as in other countries. This point is critical to Dunning's Eclectic Paradigm because he has asserted that internationalization can occur when a firm has ownership advantages, location advantages, and internalization advantages. Yet, Dunning, Hoesel, and Narula(1998) admitted that location advantages could build and create ownership advantages as more attention needs to be given to the importance of location per se as a variable affecting the global competitiveness of firms. This reveals that the locational configuration of a firm's activities may itself be an O-specific advantage, as well as affect the modality by which it augments, or exploits its existing O-specific advantages. With the gradual geographical dispersion of created assets, and as firms become more multinational by deepening or widening their cross-border value chains, both viewpoints of harnessing new competitive advantages and more efficiently deploying their home-based assets, the structure and content of the location portfolio of firms becomes more critical to their global competitive positions (Dunning, 2006). However, this type of internationalization is affected by the location determinants of market seeking. Other location factors that attract this type of internationalization are level of technology, knowledge-related infrastructure and investment incentive policies in the host country (Dunning et al., 1998).

**Network as the Mediating Variable of Internationalization Process**

Network theory is one of the prominent theories of firm’s internationalization developed by Johanson and Mattsson in 1988, in which they defined a firm’s internationalization of a firm as a gradual involvement in international activities. They clarified that a firm is partially dependent on the resources of other firms. Usually, firms are not capable of having full and complete resources at the beginning, so they co-operate and depend upon each other to get more from international markets, and this can only be done by joining an already existing network. Johanson and Mattsson(1988) explained that, when a firm gets involved in international activities, its importance and strength increases with the strengthening of relationship between different members of the business network. In a network, the firm has relationship with its customers, suppliers, distributors, competitors, government, etc.; all these entities known as ‘actors’ of the network are mutually dependent on each other. In a business network, activities will materialize in the fields where there is coordination between explicit actors, which can give strong benefits, and the business conditions can be transformed into favorable situations. According to Johanson and Mattsson(1988), in a market, all firms need to be embedded in one or more networks by linking their customers, distributors, suppliers and other market players. Further, Johanson and Mattsson(1988) explained that, in network theory, in domestic or international businesses, the firms are engaged in production, distribution and selling of different products and services. All these activities are done with the help of different members of this business process or system. The process or system of providing assistance to carry out different transactions can be described as a network. A network means that the firms are dependent on each other to comply with their basic functions. In a network, the firms have relations with customers, suppliers, distributors, etc. Network theory stresses that, in networks, all members try to establish, develop and maintain long lasting relationships with each other which are significant to all network participants. Such relationships are useful for reducing the production cost and exchange of products. They promote the development of market knowledge for respective
parties, they may give some control to each other, they are useful for acting as bridges for other external parties, and they can be used against the third parties (Tufail, 2008).

In network theory, it is explained that, when a firm internationalizes, it establishes and maintains its relationship with other firms in foreign countries. The relationship creating and maintaining this process is illustrated in three different important stages. Firstly, International Extension, when a firm begins its journey to international markets. The activities are planned in international context. Secondly, Penetration where the firm tries to improve the current commitment to already established networks in foreign markets. Thirdly, International Integration where the firm integrates to improve its position in these networks to enter foreign markets. The network theory stresses that, when firms are starting internationalization they are dependent on each other, which in such circumstances is beneficial for the firm. In network theory, a firm can be characterized by the following factors: Market knowledge information can be acquired from network members; Networks members are there to share resources; New customers, suppliers and distributors can be easily accessed. The network theory is often praised for its compatibility with inter-organizational business environments. This factor enables the firm to cope with many problems which have never been met in domestic environment (Håkansson & Snehota, 1989). Increasingly, international, as well as inter-organization competition has also changed the firms’ operating style in international markets. Firms need to be more sophisticated in all areas of businesses (Forsgren, 1990).

With the help of these networks, the firms are able to exchange the information and acquire the knowledge. Hadjikhani and Johanson(1999) explained that the business networks have lots of potential for new international firms to get valid information and knowledge about these new foreign markets. These interconnected business networks help these firms to cope with different cultural and societal barriers, and they can give better, in-depth understanding of this new market. In network theory, there is an assumption that a firm gets more access to resources, which are controlled by other firms, by utilizing these networks as mediator.

![Figure 1: Conceptual framework – The Malaysian Firm’s Internationalization Process](image)

Based on a review of current literature, the empirical research findings and based on a conceptual framework (see Figure 1) the following three hypothesis groups are developed:

1. Hypothesis concerning the association of internationalization advantage with motivation
   H1: Internationalization advantage associates with motivation
   H1.1: Comparative advantage associates with motivation
   H1.2: Competitive advantage associates with motivation
   H1.3: Comparative advantage and competitive advantage associates with motivation

2. Hypotheses concerning the association of internationalization advantage with network
   H2: Internationalization advantage associates with network
   H2.1: Comparative advantage associates with network
   H2.2: Competitive advantage associates with network
H2.3: **Comparative advantage and competitive advantage associates with network**

3. Hypotheses concerning the association of motivation with internationalization intensity

H3a: Motivation associates with internationalization intensity

H3.1a: **Motivation associates with mode of entry**

H3.2a: **Motivation associates with foreign market selection**

H3b: Market-seeking; efficiency-seeking; resource-seeking; and asset-seeking associates with internationalization intensity

H3.1b: **Market-seeking; efficiency-seeking; resource-seeking; and asset-seeking associates with mode of entry**

H3.2b: **Market-seeking, efficiency-seeking; resource-seeking; and asset-seeking associates with foreign market selection**

4. Hypotheses concerning the association of network with internationalization intensity

H4a: Network associates with internationalization intensity

H4.1a: **Network associates with mode of entry**

H4.2a: **Network associates with foreign market selection**

H4b: Legitimacy; and information benefit associates with internationalization intensity

H4.1b: **Legitimacy; and information benefit associates with mode of entry**

H4.2b: **Legitimacy; and information benefit associates with foreign market selection**

5. Hypotheses concerning motivation as a mediating factor

H5: **Motivation mediates the relationship between internationalization advantage and internationalization intensity**

6. Hypotheses concerning network as a mediating factor

H6: **Network mediates the relationship between internationalization advantage and internationalization intensity**

**Research Methodology**

The self-administered questionnaire was in English and it was deemed appropriate as English was widely used in the corporate sector in Malaysia. Each participant in this survey received an information sheet and a five-page questionnaire (with cover letter attached). The information sheet provides participants with information such as background and aim of the study, their involvement in the study, risks (if any), benefits gained by participating in the study, the survey process, and a contact phone number, email and postal address, in case participants have any questions or they need further information pertaining to the study. Two constructs were developed to elicit information from respondents; internationalization advantage, and internationalization intensity. These constructs have consistently been identified as relevant in previous studies of firms’ internationalization (Bonaccorsi, 1992; Ibeh, 2003; Leonidou, 2000; Reuber & Fischer, 1997; Young, 2001). Furthermore, these constructs were developed in response to the literature review to provide the relevant information required in addressing the research questions. The final section of the questionnaire inquired the demographic characteristics of the participants and their respective organizations. Quantitative data collection techniques were created to yield objective and reliable numerical facts about particular operationally defined components of internationalization process. There are primary ways of data collection in a quantitative study, which are interview and questionnaire. This cross-sectional study employed email survey questionnaire to collect data.

Potential organizations listed under Malaysia Bourse main board directory were contacted personally by telephone. Through the initial telephone conversation, researcher introduced herself, explained the purpose of the call, nature of the survey and the importance of each
response to the success of the study. Once the contacted person agreed to participate in the study on behalf of the firm, a questionnaire was emailed to the participant and the completed form was also returned through email. There were participants who preferred to receive the survey form via postage-mail. These participants were given a set of questionnaire, along with a pre-addressed and postage-paid envelope so they could mail the questionnaire back to the researcher in three weeks’ time. Respondents were provided a phone number and e-mail address to contact in case of any problems related to the survey. For participants who did not return the mailed or emailed questionnaire after one week, a follow-up telephone call and email were used to remind respondents about the questionnaire. Participants were assured that the information provided will remain confidential at all times and will only be used for study purposes. They were also given the option to remain anonymous on the survey forms.

Table 1: Results of Demographic Characteristics of Participants

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of position</td>
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<tr>
<td>CEOs</td>
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<td>5</td>
</tr>
<tr>
<td>Senior Managers</td>
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<td>39</td>
</tr>
<tr>
<td>Others</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Nature of industry</td>
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</tr>
<tr>
<td>Manufacturing</td>
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<td>60</td>
</tr>
<tr>
<td>Service</td>
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<td>40</td>
</tr>
<tr>
<td>Number of employee</td>
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</tr>
<tr>
<td>Below 1,000</td>
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<td>17</td>
</tr>
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<td>1,001 - 2,000</td>
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<td>2,001 - 3,000</td>
<td>21</td>
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</tr>
<tr>
<td>3,001 - 4,000</td>
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</tr>
<tr>
<td>4,001 - 5,000</td>
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</tr>
<tr>
<td>Above 5,001</td>
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</tr>
<tr>
<td>Paid-up capital</td>
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</tr>
<tr>
<td>Less than 10 million</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>10.1 million – 50 million</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>50.1 million – 100 million</td>
<td>8</td>
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</tr>
<tr>
<td>More than 100.1 million</td>
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<td>11</td>
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<tr>
<td>Annual turnover of the firm</td>
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<tr>
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<td>101. million – 50 million</td>
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</tr>
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<td>50.1 million – 100 million</td>
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</tr>
<tr>
<td>More than 100.1 million</td>
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<tr>
<td>Years of operation in international business</td>
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<tr>
<td>6 – 10 years</td>
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<td>22</td>
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<tr>
<td>11 – 15 years</td>
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<td>29</td>
</tr>
<tr>
<td>16 – 20 years</td>
<td>28</td>
<td>28</td>
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<tr>
<td>21 years and more</td>
<td>21</td>
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</table>

Findings

The purpose of H1, H1.1 and H1.2 was to examine whether the internationalization advantage dimensions of Malaysian firms associate with motivation:

H1: Internationalization advantage associates with motivation.
H1.1: Comparative advantage associates with motivation.
H1.2: Competitive advantage associates with motivation.

The result from the correlation test indicates that there is a strong relationship between internationalization advantage and motivation in H1 as is significant with positive correlation of \( r = .745, p < 0.01 \). There is a relationship between internationalization advantage and motivation where internationalization advantage plays a role in motivating firms to go abroad. The absence of motivation would make firms unlikely to expand their business
operations to international markets. H1.1 shows that there is a significant relationship between comparative advantage and motivation with a desirable strong correlation of $r = .727$, $p < 0.01$. The result indicates that the relationship between internationalization advantage and motivation is mainly influenced by the comparative advantage. In addition, the result of H1.2 indicates the correlation of competitive advantage and motivation was moderately significant with positive values of $r = .423$, $p < 0.01$. The result suggests that competitive advantage has a link with the motivation of the firms to go abroad. Based on these findings, H1 was supported. The results for H1, H1.1 and H1.2 indicate desirably significant positive relationship between internationalization advantage dimensions and motivation which leads to the assumption that firms’ internationalization advantage and motivation interplay with each other to influence the firm’s performance of its internationalization.

The purpose of H2, H2.1 and H2.2 was to examine whether the internationalization advantage dimensions of Malaysian firms associate with network:

- H2: Internationalization advantage associates with network.
  - H2.1: Comparative advantage associates with network.
  - H2.2: Competitive advantage associates with network.

The correlation result of H2 suggests that the internationalization advantage ($r = .346$, $p < 0.01$) was significant and positively moderate in correlation with network. The result shows that when the level of readiness increases, firms are more likely to establish network with business community and speed up their internationalization progress. The correlation result of H2.1 notes that comparative advantage and network was significant and moderately correlated with network, with coefficient values of $r = .331$, $p < 0.01$. The result shows that when the efficiency of comparative advantage increases, firms are more likely to establish network with business community in association with internationalization process. Then, for H2.2, the correlation result indicates there was significant but weak correlation between competitive advantage and network with coefficient values of $r = .207$, $p < 0.05$. It seems that firms having competitive advantage are apt to adopt network strategies. Based on these findings, H2 was supported. The results for H2, H2.1 and H2.2 indicate significant positive relationship between internationalization advantage dimensions and network which indicates network plays a significant role in the process of internationalizing. Hence, network relationships have been viewed as part of determinants of Malaysian firms’ internationalization advantage to go abroad.

The purpose of H3, H3.1 and H3.2 was to examine whether the motivation of Malaysian firms associate with internationalization intensity dimensions:

- H3: Motivation associates with internationalization intensity.
  - H3.1: Motivation associates with mode of entry.
  - H3.2: Motivation associates with foreign market selection.

The result for H3a indicates significant but weak relationship between motivation and international intensity with negative coefficient values of $r = -.262$, $p < 0.01$. The result indicates that motivation may inversely affect the internationalization intensity of such firms. The result for H3.1a notes that motivation has significant impact on mode of entry as evidenced by the weak negative correlation of $r = -.299$, $p < 0.01$. The result indicates that firms with motivation may inversely lead to the choice of foreign entry mode, which concludes that the type of mode chosen is related to the firms’ motivation level. Some modes may motivate firms more than the other types of modes in their internationalization process. Conversely, the result for H3.2a indicates no significant relationship between motivation and foreign market selection with a weak negative correlation. It specifies that motivation may
not affect the foreign market selection on such firms. This indicates that selecting the foreign market does not relate to the firm’s motivation to internationalize. Based on these findings, H3a was partially supported. The above findings reveal that the relationship between motivation and internationalization intensity dimensions is contributed by the types of mode entry chosen rather than foreign market selection. The inverse relationship is perhaps caused by differences in Malaysian business context, where motivation is seen as not the only criteria to stimulate the Malaysian firms for international expansion. Instead, their internationalization could be attributed by business network with other firms in foreign markets. The purpose of H3b, H3.1b and H3.2b was to examine whether the motivation dimensions of Malaysian firms associate with internationalization intensity dimensions:

H3b: Market-seeking; efficiency-seeking; resource-seeking; and asset-seeking associates with internationalization intensity

H3.1b: Market-seeking; efficiency-seeking; resource-seeking; and asset-seeking associates with mode of entry

H3.2b: Market-seeking, efficiency-seeking; resource-seeking; and asset-seeking associates with foreign market selection

The H3b result shows that the relationships among the motivation dimensions with internationalization intensity as a composite, at a 95% confidence interval only efficiency seeking and market seeking showed a significant negative correlation of $r = -.234$ and $r = -.230$ respectively with the internationalization intensity. Hence, the strengths between the two motivation dimensions and internationalization intensity are weak and both relationships are in inverse manner. On the other hand, the result indicates that there is no significant relationship between resource seeking and asset seeking with internationalization intensity. Therefore, efficiency seeking and market seeking essentially has some influence on the intensity of internationalization. This findings was partially supported H3b. The H3.1b result determines that there is no significant relationship between resource seeking and asset seeking with mode of entry. However, the relationship between efficiency seeking and market seeking illustrates a moderate significant correlation of $r = -.343$, $p < 0.01$ and $r = -.216$, $p < 0.05$ respectively with the mode of entry. Hence, the strength between efficiency seeking and market seeking with the mode of entry is from moderate to small, and both relationships are in inverse manner. This result explains the primary motives of Malaysian firm in internationalizing their operations which are market seeking and efficiency seeking. For market seeking, the Malaysian firms are more interested in large and fast growing economies, whereas market seeking firms are more towards financial gains. This finding was partially supported by H3.1b. The H3.2b shows correlation result between motivation dimensions which consist of efficiency seeking, market seeking, resource seeking, and asset seeking, and foreign market selection. The results indicate that there is no significant relationship between motivation dimensions with the foreign market selection. As a result, the Malaysian firms’ foreign market selection was not affected by efficiency seeking, market seeking, resource seeking and asset seeking. This finding was not supported by H3.2b. The correlation results for H3b and H3.1b as of efficiency seeking and market seeking dimensions indicates significant relationship but in inverse manner. Whereas, resource seeking and asset seeking as well as H3.2b correlation results revealed no significant relationship. The efficiency and market seeking motives are correlated with firms’ foreign market selection which indicates that Malaysian firms are expanding internationally mainly for competitive reasons. These two motives would enable firms to learn and seek advantage from internalization of their operations, and incorporate them in their organization as well as link them with the foreign market selection. The purpose of H4a, H4.1a and H4.2a was to examine whether the network of Malaysian firms associate with internationalization intensity dimensions:
H4a: Network associates with internationalization intensity
H4.1a: Network associates with mode of entry
H4.2a: Network associates with foreign market selection

The H4a result indicates no significant relationship between network and internationalization intensity. Similarly, the results for H4.1a and H4.2a indicate no significant relationship. It shows that network does not have any relation in the process of internationalization including in the selection of entry mode and foreign market. Therefore, H4a was not supported. The results for Hypotheses H4a, H4.1a and H4.2a indicate no significant impact of network relationships towards the internationalization intensity. This signifies that network is not being considered in the process of determining modes and the location of foreign market. Network seems to be more significant in influencing other decisions such as firms’ readiness particularly in their comparative advantage as showed in the previous results, but not much in the later stage where other factors are more influencing.

The purpose of H4b, H4.1b and H4.2b was to examine whether the network dimensions of Malaysian firms associate with internationalization intensity dimensions:

H4b: Legitimacy and information benefits associates with internationalization intensity
H4.1b: Legitimacy and information benefits with mode of entry
H4.2b: Legitimacy and information benefits with foreign market selection

The results reveal that none of the hypotheses indicate significant relationships. Therefore, Hypotheses H4b, H4.1b and H4.2b were not supported. The results for Hypotheses H4b, H4.1b and H4.2b indicate no significant impact between information benefits and legitimacy in relation to the internationalization intensity. The result shows that from the Malaysian business perspectives, information benefit and legitimacy factors do not influence the intensity of firms’ internationalization. However, these factors have some influence on the firms to internationalize.

The purpose of H5 was to examine whether motivation mediates the relationship between internationalization advantage and internationalization intensity:

H5: Motivation mediates the relationship between internationalization advantage and internationalization intensity.

To test for H5, three conditions as described in Figure 5.1 below have been established in order to determine whether mediation has occurred:

- Condition 1: The IV predicts the DV (path c)
- Condition 2: The IV predicts the mediator (path a)
- Condition 3: The mediator predicts the DV (path b)

**Figure 2: Mediation (Motivation) Conditions Tests**

The result of correlations for H5 illustrates the mediation conditions tests for understanding the roles that motivation can play in the initiation of firm internationalization. This correlations test identifies the relationship between each of the variables and allows the study to conclude as to whether or not there is enough evidence to support the hypothesis. The correlation coefficients for each path are shown in Figure 5.1, which indicate that the links
between each of the variables are statistically significant. There is particularly strong
association between the independent variable which is internationalization advantage, and the
mediating variable which is motivation. These results indicate that, at the bivariate level, each
of the conditions necessary to test for the possible role of a mediator has been met. To test
for mediation, the four step regression analysis approach as proposed by Baron and Kenny
(1986) was conducted. The purpose of steps 1-3 is to establish that zero-order relationships
among the variables exist. If one or more of these relationships are insignificant, researchers
usually conclude that mediation is not possible or likely (although this is not always true).
While in step 4, some form of mediation is supported, if the effect of motivation (path b)
remains significant after controlling for internationalization advantage. The results, as
presented in Table 5.1, indicate that internationalization advantage is not significant when
motivation is controlled; the finding supports full mediation. Therefore H5 was supported.

Table 2: Mediation Effect of Motivation on the Relationship between
Internationalization Advantage and Internationalization Intensity

<table>
<thead>
<tr>
<th>Variables</th>
<th>Beta and Significant Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 1</td>
</tr>
<tr>
<td>Internationalization Advantage</td>
<td>-0.257</td>
</tr>
<tr>
<td>Internationalization Advantage X Motivation</td>
<td>0.823</td>
</tr>
<tr>
<td>Motivation</td>
<td></td>
</tr>
<tr>
<td>Internationalization Advantage X Motivation X Internationalization Intensity</td>
<td></td>
</tr>
</tbody>
</table>

This finding does support previous study by Hiratsuka (2006) that states motivation which
comprised of efficiency seeking, market seeking, resource seeking, and asset seeking are
required to undertake firms’ internationalization. Generally, resource seeking and asset
seeking motives for internationalization are relatively less important for MNCs based in
developing country, whereas efficiency seeking and market seeking internationalization are
the most important motives, and are conducted primarily by MNCs from the relatively more
advanced developing countries which have higher labor costs. It tends to be concentrated in a
few industries such as electrical and electronics, and garments and textiles.

Figure 3: Mediation (Network) Conditions Tests
The test conducted for H6 was based on three conditions to determine whether mediation has
occurred. As in Figure 5.2, it presents the mediation three conditions tests for understanding
the roles that network can play in initiating the firms’ internationalization. Next, to test for
mediation, the four step regression analyses approach as proposed by Baron and Kenny
(1986) was conducted. The purpose of steps 1-3 is to establish that zero-order relationships
among the variables exist. If one or more of these relationships are not significant, usually it can be concluded that mediation is not possible or likely (although this is not always true). While in step 4, some form of mediation is supported if the effect of network (path b) remains significant after controlling for internationalization advantage. If internationalization advantage is no longer significant when network is controlled, the finding supports full mediation. If internationalization advantage is still significant where both internationalization advantage (X) and network significantly predict internationalization intensity (Y), the finding supports partial mediation. The results for H6b presented in Table 5.2 below indicates that internationalization advantage is significant where both internationalization advantage (X) and network significantly predict internationalization intensity (Y), the finding supports partial mediation. Therefore H6 was partially supported.

Table 3:
Regression Results for Mediation (Network)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Beta and Significant Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 1</td>
</tr>
<tr>
<td>Internationalization Advantage X</td>
<td>-0.225</td>
</tr>
<tr>
<td>Internationalization Intensity</td>
<td></td>
</tr>
<tr>
<td>Internationalization Advantage X Network</td>
<td>0.316</td>
</tr>
<tr>
<td>Network X Internationalization Intensity</td>
<td>0.035</td>
</tr>
<tr>
<td>Internationalization Advantage X Network X</td>
<td>-0.0276</td>
</tr>
<tr>
<td>Internationalization Intensity</td>
<td>0.030</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.041</td>
</tr>
<tr>
<td>Significant F change</td>
<td>0.030</td>
</tr>
</tbody>
</table>

N=93

Discussions and Conclusion

The objective was to identify the effect of mediating forces between internationalization advantage and internationalization intensity. To get the answer, analyses were conducted in two parts. The first part of analysis was to identify the role of motivation as mediator. The four step regression analysis concluded that motivation has complete mediation effect on the relationship between internationalization advantage and internationalization intensity. The findings revealed that motivation forces which comprised of efficiency seeking, market seeking, resource seeking and asset seeking plays a vital role in the internationalization process of Malaysian firms. However, efficiency seeking and market seeking forces were dominant in the role. These two forces provided the stimuli to attempt strategy change, based on the Malaysian firm’s interest in exploiting unique competencies or market possibilities. The stronger the firm’s motivation to grow, the larger will be its internationalization process, including search activity for new possibilities in order to find means of fulfilling growth and profit ambitions. Furthermore, Carr, Markusen, and Maskus(2001) have developed the so called ‘knowledge-capital model’ which is the combination of market seeking and efficiency seeking motivations. Consequently, a country like Malaysia which is endowed with advanced technology and skilled labor has a tendency to emerge as a location for firms’ headquarters. Subsequently, from Malaysia, firms started to flow their investments to other low income countries. The fact that the market seeking and efficiency seeking motives attracted many positive responses was not entirely unexpected (Tham, 2005). High levels of revenue, limited home market and market demands are the prerequisites for making profits and battle with
competitors in the global business arena. These are essential for seeking new markets as innovative means of growth. Meanwhile labor shortage in Malaysia, and increase in domestic wages relative to productivity and the unpredictable changes in the foreign labor policy of the country (Tham 2005) being important drivers of internationalization which may significantly influence the choice of an investment location for the efficiency-seeking firms. Malaysia is a developing but very small country. As a result, if without motivation forces mediating the internationalization process, it seems unlikely that many Malaysian firms will establish themselves in foreign countries to access potentially bigger and more lucrative markets.

The second part of the objective was to identify the role of network as mediator. The findings from the four step regression analysis revealed that network has partial mediation effect on the relationship between internationalization advantage and internationalization intensity. As perceived by the firms, the effect of network on internationalization advantage is due to the information benefits and legitimacy of information received by the firms. Conversely, there was no effect of network on internationalization intensity. Network is important as economic actions and outcomes are affected by inter-firm’s relations and by the structure of the overall network of relations (Granovetter, 1992). Network ties of firms are firm specific and difficult to imitate and have consequences along three dimensions namely; (1) the information that is available to the firm, (2) its timing, and (3) referrals (Sharma & Blomstermo, 2003). Firstly, networks are a source of information for Malaysian firms about what goes on in the market. The same information is not available to all the firms in the market. Secondly, network ties influence the timing when a particular piece of information will reach a particular firm. Finally, referrals imply that firms’ interests are represented in a positive light, at the right time, and in the right place. Firms placed centrally in a network receive more, better, and early information compared to their competitors. This may influence the internationalization process of firms (Knight & Liesch, 2002). As a result, the network exposure stimulates the Malaysian firms’ readiness, an impulse is triggered, and whether a subsequent decision to internationalize is made or not depends on whether the appropriate information presented by the impulse can be transformed by the firm into forces for an internationalization decision (Knight & Liesch, 2002). Information benefits and legitimacy through network can be effectively utilized once a firm is aware that it is in possession, can make sense of it, and apply it freely for the firm’s advantage (Lim & Klobas, 2002). Once network provides sufficient information and legitimacy pertinent to internationalization has been acquired and translated into usable knowledge, and resources for internationalization are assembled, a Malaysian firm becomes ready for internationalization.

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Lim, & Klobas (2002). Knowledge management in small enterprises. Journal, 18(6), 420-432


ABSTRACT

This study examines the empirical links between the dimensions of market orientation and new product development, namely, market intelligence generation, dissemination and responsiveness, new product technical development, commercialisation, idea development, opportunity analysis and pretest and new product performance in Thai export ventures. Data were gathered via a self-administered mail survey directed to the marketing and research and development departments of 201 Thai export ventures based in Thailand. The sample came from the electronics and electrical industries. The findings indicate that all independent variables, namely, market intelligence generation, dissemination and responsiveness, new product technical development, commercialisation, idea development, opportunity analysis and pretest were able to significantly discriminate between high and low new product performance.

Key Words: Market intelligence generation, dissemination, responsiveness, new product development, new product performance

INTRODUCTION

New products are the lifeblood of any organization. Their success in the market ensures future sales and company growth (Kok, Hillebrand, & Biemans, 2003). Thus, new product development can be considered the best mechanism for achieving a sustainable competitive advantage (Ettlie and Pavlou, 2006). Furthermore, new product development (NPD) can be a critical business process that enables a firm to increase its diversity and product mix especially in multiple international markets (Rozenfeld and Tahara, 2009). However, rapidly changing customer needs, technological innovation, shorter product life cycles, high costs incurred in R&D and intense competition in the market, will cause NPD to be a highly complex and dynamic and ever changing process (Beverland, Ewing, & Matanda, 2006).

In a dynamic market, successful new products have focused their attention on market oriented behaviour (e.g., Kok et al., 2003; Kok & Biemans, 2009). Furthermore, the significance of market orientation as an antecedent of successful product innovation behaviours, activities
and new product performance have been identified by several researchers (Augusto & Coelho, 2009; Baker & Sinkular, 2005; Gotteland & Boulé, 2006; Im & Workman, 2004; Langerak, Hultink, & Robben, 2004). However, market orientation is concerned about learning, which includes developing an understanding of the market, and using that knowledge for marketing actions (Kok, Hillebrand, & Biemans, 2002). As such, many previous studies have conceptualized market orientation as an information processing activity (e.g., Kok et al., 2002; Matsuno & Mentzer, 2000) and these studies have viewed the development of new products from an organization’s information processing perspective that combines the generation of market information with the dissemination of that information across different departments, together with the responsiveness of the various departments (Baker & Sinkula, 2005; Kok et al., 2002). Baker and Sinkula (2005) found that 94% of the empirical studies that examined the effect of market orientation on new product performance reported a significant positive relationship. This suggests that there should be a causal link between market orientation and new product performance, however, that link is yet to be conclusively empirically verified.

The NPD process begins from the idea development stage to the final product commercialization stage. At each stage of the development process, a large amount of knowledge and skill is needed to create the new product. These include inputs such as market insight, product concept, product design, function features, application of the component and technology, inner engineering design, system combination, assembling skill, process design and improvement, quality control, product function tests, etc. if an effective new product was to be achieved. A quality of well executed developmental activities in NPD is considered as the heart and soul of the new product development process (Song & Noh, 2006). A substantial body of literature has addressed the importance of the proficiency in the NPD process as a key driver in new product performance (e.g., Song & Noh, 2006). The NPD process may deal with market uncertainty and technology uncertainty that affects the quality of the NPD process (Nadia & Thomson, 2010). Market orientation through market information processing (market intelligence generation, dissemination, and responsiveness) helps firms to reduce the market uncertainty and facilitates effective NPD (Hart, Tzokas, & Sarin, 1999).

To date, there is still a lack of studies that examine the empirical link between individual components of market orientation and new product development with new product performance. Therefore this study intends to fill this gap.

**LITERATURE REVIEW**

Many studies have been undertaken to investigate the relationship between market orientation and new product performance, but the majority of them have viewed market orientation as a culture such as that conceptualized by Narver and Slater (1990). Based on an extensive review of the literature this study suggests that few studies have viewed market orientation as a market information processing activity that can enhance new product performance in new product development.

Furthermore, many previous studies have shown the strong relationship between market orientation and new product performance, without isolating the role that the different stages in the NPD process play in new product performance. In addition to that, Langerak et al. (2004) suggested that there is a need to investigate the role that the NPD process plays in all stages of their relationship with new product performance. Therefore, this study aims to
investigate the relationship between the different dimensions of market orientation and the different NPD stages with new product performance.

**Market Orientation**
Market orientation is a dynamic capability of a firm as it is the ability of the firm to integrate or combine organizational resources and capabilities (Eisenhardt & Martin, 2000). Market oriented behaviours include the generation, the dissemination and the responsiveness of the firm to market intelligence. Therefore, this study conceptualizes market orientation as an internal organizational capability identified by three separate market behaviours, namely, market intelligence generation, market intelligence dissemination, and responsiveness to market intelligence.

Many scholars have conceptualized market orientation in different ways using a number of different perspectives. For example, Shapiro (1988) conceptualized market orientation as the organizational decision making process which consists of commitment from top management to have information shared between the functional divisions involved in decision making. Arguably, the pioneers of market orientation, Kohli and Jaworski (1990), conceptualized market orientation as the organization-wide generation of market intelligence pertaining to current and future customer needs, the dissemination of that market intelligence across different departments, and the organization-wide responsiveness to that market intelligence.

Narver and Slater (1990), the other key leaders in the field of market orientation research, however, conceptualized market orientation as an organizational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and accordingly, the creation of continuous superior performance for the firm. Under this theoretical conceptualization, the market orientation construct would incorporate three distinct behavioural elements, namely, customer orientation, competitor orientation, and inter functional coordination.

Ruekert (1992) conceptualized market orientation as the strategy of obtaining and using information from customers to develop a strategy which will better meet customer needs and implementing that strategy to respond to customer needs. On the other hand, Deshpande, Farley and Webster (1993) conceptualized market orientation as focusing on the customer orientation perspective of market orientation that puts the customer’s interest at the forefront and excludes the focus on competitors, while not excluding all other stakeholders such as owners, managers, and employees.

The market orientation concept that was used for this study followed the directions provided by Kohli and Jaworski (1990) and consisted of market intelligence generation, market intelligence dissemination, and responsiveness to market intelligence as three separate and distinct constructs. The reason being is that it is more closely aligned with the NPD process stages which also formed part of the study and its relationship with new product performance. Accordingly, with respect to the new product development process, information is collected internally and externally, then disseminated through the organization, and then used for various product development activities.
New Product Development (NPD)

NPD is a business process implemented by a group of people that transforms data on market opportunities and technical possibilities into useful information for the design of a commercial product (Clark & Fujimoto, 1991). Similarly, Rozenfeld and Tahara (2009) defined new product development (NPD) as a business process that converts market opportunities, technology, and customer needs into technical and commercial solutions. NPD is important for businesses because it enables firms to achieve a sustainable competitive advantage and become market leaders, other than being a key factor driving a business’s success (Chung & Kim, 2003).

The NPD process typically begins with ideas and ends with successful product commercialization in the marketplace. It is typically organized, predictable, and formal, with prescribed sets of activities, questions to be answered, and decisions to be made (Belliveau, Griffin, & Somermeyer, 2002).

There have been numerous models proposed for the NPD process that intend to screen out the “dogs” before expending too many company resources (Carbone & Tippett, 2004). Researchers have investigated the NPD process from a number of different perspectives. For example, Cooper (2001) proposed a stage-gate process. A stage-gate new product process refers to the process of dividing a new product process into a series of gates from creation of the idea to the commercialization stage (Cooper & Edgett, 1996; Howe, Mathieu, & Parker, 2000). Each stage consists of the set of activities undertaken by personnel from different functional departments working together as a team to provide approval and in-depth review. Each stage is then separated by a gate and each gate controls a check point (go or no go) decision. This means that the gate is the point that transforms the outputs from the previous stage into the inputs of the subsequent stage, while reducing the technical and business uncertainties, a stage must be designed to gather vital information.

For this study, the NPD process is defined as five key stages following Song and Parry (1997). Song and Parry (1997) divided the NPD process into five stages: (1) idea development and initial screening, (2) business and market opportunity analysis, (3) technical development, (4) product testing, and (5) product commercialization.

Performance

There appears to be no uniform definition of performance in the literature. There has been a variety of performance measures adopted by previous researchers. These include sales (Zou, Fang, and Zhao, 2003), sales growth (Madsen, 1989; Rose and Shoham, 2002), market share, profitability (Geringer and Hebert, 1991; Johnson and Arunthanes, 1995), access to markets etc. (Johnson, Black, and Sakano, 1993). However, the most frequently used performance measures appear to be economic in nature. As such, in this study we defined new product performance in terms of market and financial success.

Given the issues raised in the literature relating to the dimensions of market orientation and the stages of new product development the following research question is offered for testing in relation to export ventures in Thailand:

RQ: To what extent is new product performance in Thailand at a market level and at a financial level influenced by:

1. Market intelligence generation.
5. New product commercialisation.
7. New product opportunity analysis.

RESEARCH DESIGN

The empirical link between the different dimensions of market orientation, the different stages of new product development and new product performance were examined via an empirical investigation of 201 export ventures located in the Republic of Thailand. The administration of the survey was via mail and a survey packet including a personalised cover letter and self-administered questionnaire was sent to both the marketing and research development departments of each venture. The sample came from the electrical and electronics industries. The questionnaire was developed from existing measures and pre-tested using a small sample before the final instrument was mailed to the sample. All independent variables were measured via five-point bi-polar scales (Julian, 2003).

In this study senior executives of both the marketing and research development departments were used as the key informants. To reach the most knowledgeable key informants, the questionnaire was directed to senior executives of both the marketing and research development departments. From the results of the pre-test, it was expected that these executives would be the executives most knowledgeable about the organisation’s new product performance. The case, where these executives were not directly responsible for the organization’s new product development it was expected that these executives would re-direct the questionnaire to the appropriate executive within the firm.

The measures for each of the distinctive market orientation dimensions and the different stages of NPD encompassed the four learning activities that constitute the firm’s overall organizational learning processes (Huber, 1991; Schein, 1990; Sinkula, 1994; Slater and Narver, 1995). These activities are knowledge acquisition, knowledge sharing, knowledge utilization and unlearning. A key element of the market orientation and NPD constructs is the extent to which a particular capability has been instrumental in outperforming competitors.

**Market Intelligence Generation** - is a measure of the respondents’ perceptions of the firm’s efforts to generate market information by formal and informal mechanisms, which can be in the form of customer surveys, collecting and evaluating market information (competitors, macroeconomic, business environment, social trend, and regulation), contacting and spending time with suppliers, or making contacts with government officials. The measure developed for this construct was an adaptation of the market intelligence generation scale developed by Kohli and Jaworski (1990) and Matsuno and Mentzer (2000). The measure had 8 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.87.

**Market Intelligence Dissemination** - is a measure of respondents’ perceptions of the firm’s effort to disseminate market information in the form of spending time for discussion, sharing market information, and distributing or transferring market information through various departments. The measure developed for this construct was an adaptation of the market intelligence dissemination scale developed by Kohli and Jaworski (1990) and Matsuno and Mentzer (2000). The measure had 8 self-report items that demonstrated acceptable reliability.
and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.88.

**Market Intelligence Responsiveness** - is a measure of respondents’ perceptions of the firm’s responsiveness to market information such as responding to market changes (e.g., customer needs, regulatory change, competitors) by taking actions in the form of market segmentation, planning, and new product development. The measure developed for this construct was an adaptation of the market intelligence responsiveness scale developed by Kohli and Jaworski (1990) and Matsuno and Mentzer (2000). The measure had 8 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.85.

**New Product Development** - measured how well the firm performed NPD activities in each stage, including the idea development stage, the technical development stage, the opportunity analysis stage, the pretest stage, and the commercialization stage. Each new product development construct was adapted from Song and Parry (1997) and Swink and Song (2007). The new product idea development construct was adapted from Song and Parry (1997) and had 5 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.88. The new product technical development construct was also adapted from Song and Parry (1997) and had 9 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.90. The new product opportunity analysis construct was also adapted from Song and Parry (1997) and had 7 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.83. The new product development pretesting construct was adapted from Swink and Song (2007) and had 5 self-report items that demonstrated acceptable reliability and internal consistency, above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.78. Finally, the new product development commercialization construct was adapted from Song and Parry (1997) and had 7 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.92.

**New Product Performance** - was measured in terms of the perceived level of external success of the new product in terms of market success and financial success using such measures of market and financial performance as sales, market share, revenue, profit, and return on investment (ROI). The measurement scale was adapted from Griffin and Page (1996) and had 8 self-report items that demonstrated acceptable reliability and internal consistency, well above the 0.7 recommended by Nunnally (1967), with a coefficient alpha of 0.96.

After the pilot test the questionnaire was directed to a purposeful sample of 201 export ventures in the Republic of Thailand from the electrical and electronics industries, yielding 103 useable questionnaires being returned accounting for an effective response rate of 51.2 percent and considered to be adequate.

**DATA ANALYSIS**

The data were initially analysed using principal components analysis to assess the psychometric properties of the instrument. The primary concern was interpretability of the factors. All items loaded appropriately and no cross loadings above 0.2 were identified with
only factor loadings of above 0.5 being accepted. Each scale was reviewed using factor analysis to establish that they were unidimensional. The final reliabilities for all scales were greater than the 0.70 recommended by Nunnally (1967).

The preliminary results indicated that the psychometric properties of the scale were acceptable and as such it was appropriate to examine the research question. To what extent is new product performance influenced by market intelligence generation, dissemination and responsiveness, new product technical development, commercialisation, idea development, opportunity analysis and pretest when measured by a new product performance measure that includes market and financial measures of performance.

To explore the influence of market intelligence generation, dissemination and responsiveness, new product technical development, commercialisation, idea development, opportunity analysis and pretest on new product performance, a 2-group discriminant analysis was used in order to determine which variables best distinguished between firms with high- versus low-new product performance. All variables were entered simultaneously in the discriminant analysis so as to determine which variables were the best discriminators, after controlling for all other variables (Jackson, 1983). The antecedent variables of market intelligence generation, dissemination and responsiveness, new product technical development, commercialisation, idea development, opportunity analysis and pretest were each measured on composite scales created by summing the items, respectively. In the discriminant analysis, the two groups were identified by splitting the groups at the median score for the composite measure of new product performance that included market and financial measures of performance.

### Table 1 Discriminant Analysis — Structure Matrix

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Alpha Reliability</th>
<th>Composite Measure of Performance</th>
<th>P&lt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Intelligence Responsiveness</td>
<td>0.85</td>
<td>.872</td>
<td>0.001</td>
</tr>
<tr>
<td>Market Intelligence Dissemination</td>
<td>0.88</td>
<td>.662</td>
<td>0.001</td>
</tr>
<tr>
<td>Market Intelligence Generation</td>
<td>0.87</td>
<td>.365</td>
<td>0.001</td>
</tr>
<tr>
<td>New Product Commercialisation</td>
<td>0.92</td>
<td>.326</td>
<td>0.001</td>
</tr>
<tr>
<td>New Product Idea Development</td>
<td>0.87</td>
<td>.303</td>
<td>0.001</td>
</tr>
<tr>
<td>New Product Technical Development</td>
<td>0.90</td>
<td>.210</td>
<td>0.01</td>
</tr>
<tr>
<td>New Product Pretest</td>
<td>0.78</td>
<td>.182</td>
<td>0.05</td>
</tr>
<tr>
<td>New Product Opportunity Analysis</td>
<td>0.83</td>
<td>.180</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

All variables used for the discriminant analysis were measured on five-point interval scales
Correctly Classified: 93.2%
Wilks’ Lambda = 0.381, p<0.001
Canonical Correlation = 0.787

In the discriminant analysis, new product performance perceptions were examined by using a composite measure of new product performance that included financial and market success. In the discriminant analysis, the discriminant function was significant (Chi Square [composite measure of new product performance] = 93.708, df = 8; p = 0.000). Table 1 gives the correlations between each discriminating variable and its respective discriminant function. For the composite measure that was used to assess new product performance the strongest predictors were market intelligence responsiveness, dissemination, and generation, together with new product commercialization, new product idea development, new product technical development, new product pretest and new product opportunity analysis. In fact all antecedent variables were strong predictors of new product performance.

To assess how effectively the derived discriminant functions were able to classify cases, a confusion matrix was generated and the jackknife (leave-one-out) method was applied for classification (Crask and Perreault, 1977). For a composite measure of new product performance, market intelligence responsiveness, dissemination, and generation, together with new product commercialization, new product idea development, new product technical development, new product pretest and new product opportunity analysis, 93.2 percent of the grouped cases were correctly classified.

Largely, the results indicate that the new product performance of Thai export ventures at a market and financial level is influenced by market intelligence responsiveness, dissemination, and generation, together with new product commercialization, new product idea development, new product technical development, new product pretest and new product opportunity analysis.

DISCUSSION

This study sought to examine the influence of the different dimensions of market orientation and the different stages of new product development, namely, market intelligence generation, dissemination and responsiveness, new product technical development, commercialization, idea development, opportunity analysis and pretest on new product performance in Thai export ventures. Although the market orientation literature provides strong evidence to suggest that there is a significant empirical relationship between the different dimensions of market orientation and performance, there is limited empirical evidence between the different dimensions of market orientation and new product performance together with limited empirical evidence on the relationship between the different stages of new product development and new product performance. This study’s finding overcomes this void in the literature finding that the different dimensions of market orientation and the different stages of new product development were all able to significantly discriminate between high and low export performance.

Market orientation has been theorized to have a significant positive effect on overall export performance. The results of this study, therefore, contribute to the body of knowledge by identifying that market orientation also has a significant positive effect on new product performance confirming that a sustainable competitive advantage and superior performance can be achieved by being equipped to respond to current and future market needs via accurate information gathering. This finding further suggests that market orientation via successful
intelligence generation, dissemination and responsiveness is a necessary ingredient for successful new product performance.

The findings of this study suggest that market orientation is a three-dimensional construct consisting of market intelligence generation, market intelligence dissemination, and market intelligence responsiveness. Each of the three dimensions of market orientation influences new product performance significantly and positively. Market intelligence responsiveness as a predictor variable is the strongest predictor of new product performance for the Thai export ventures. This is followed by market intelligence dissemination and generation. It is important for the management of Thai export market ventures to be aware of these findings for future success. Therefore, for higher new product performance in their export ventures the management of the Thai export ventures need to have a dedicated focus on intelligence dissemination. In other words, the higher the firms’ intelligence dissemination, the higher their new product performance. The logic behind this contention is that the greater the dissemination of intelligence amongst the firms different departments the greater the knowledge of their customers’ needs and wants will be through all the firm’s different departments and through this knowledge it will enable management to better position the firm with respect to its competitors thereby yielding better new product performance. In relation to the different stages of new product development each different stage had a significant positive impact on new product performance suggesting that all stages of new product development were important when it came to new product performance.

The study findings contribute to the debate in the strategic management literature in two primary ways. First, the study introduces new product performance into the marketing capabilities-based competitive strategy research as applied in international marketing identifying all three market orientation dimensions as key antecedents of new product performance. Second, the study findings suggest that all stages of the new product development process have a significant impact on new product performance.

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IS GOOD CORPORATE GOVERNANCE FRIEND OR FOE?  
EVIDENCE FROM BANKING SECTOR IN EMERGING MARKET

Abstract
This study examines the value of companies in banking industry from 2008 to 2011. By using the Good Corporate Governance (GCG), Earnings Management (EM) and Dividend Payout (DP) as a proxy measurement of impact on firm value (PBV), we investigated 30 Indonesia bank recorded on the Indonesia Stock Exchange for four consecutive years and applied multivariate regression analysis to test the proposed hypothesis. The results indicate that GCG and Earning Management have the effect of lowering the value of the firm (PBV). These unique findings opened interesting analysis on banking industry in emerging market.

Keywords: Good Corporate Governance, Earning Management, Dividend Payout, Price to Book Value

INTRODUCTION
Along with the development of banking supervision as a sector that provides services to the community, the bank functions become wider, and have a central role in economic development and business. Trust is a major factor in allocating one’s funds into the bank. Unfortunately, there are still banks that pervert this trust at the expense of the customer and investors resulting trust to the banking industry declined.

Some evidence of such cases that hit the global investment was Lehman Brothers Inc., which performed 'cosmetic accounting', causing the bank to collapse, Bearing Brother Inc., which was the oldest bank in the UK eventually went bankrupt because of a 827 million pounds lost due to trading, until the most-recent banking cases that hit several banks in Indonesia starting from the case of Duta Bank and Century Bank due to lost in clearing, which causes deficits in the bank, customer funds fraud cases by the bank personnel at Citibank Indonesia, until the major cause of Bank of Indonesia Liquidity Assistance (BLBI), which is BLBI assistance scheme (loan) provided by Bank of Indonesia to banks experiencing liquidity problems at the time of the 1998 monetary crisis in Indonesia. This scheme is based on an agreement with the IMF Indonesia in addressing the crisis. In December 1998, Bank of Indonesia has distributed BLBI of Rp 147.7 trillion to 48 banks.

These phenomenal cases raise a series of questions by the public as bank customers and investors, in particular, as to why this could happen? Are banks still can be considered as an institution that at the same time can be trusted by the public and business investor? Why does the manipulation of customers and investors keep recurring? Why are these manipulation's
practices often too late to be detected? There are also some questions referring to the transparency and accountability of company’s performance.

The implementation and management of Good Corporate Governance (GCG) is the key to successful management of a service industry, especially in the banking sector, where corporate governance is a concept that emphasizes the importance of the right of shareholders to obtain the correct, accurate and current information. It also shows the company's obligation to disclose all corporate financial performance information in a precise, current and transparent. Therefore, every company should look at GCG as an effort to increase the performance and value of companies instead of a mere accessories (Tjager, 2003).

Financial statements as information products are created by the company, cannot be separated in the drafting process. There is a tendency to pay attention to earnings by the management based on the behavior that tends to encourage Earning Management. Lately, financial reports have been a central issue as a source of manipulation of information that could be detrimental to the parties concerned. Earning management can also occur because managers were given the freedom to choose any accounting methods that will be used to record and disclose its private financial information. The financial statements presented by management can be engineered to produce a desired level of profit in achieving certain goals. Earning Management done so as if company has earnings quality is good and stable, with the expectation of earnings reported a positive response by the market (Kusindratno and Sumarta, 2005).

Since there was some inconsistency in the previous studies, this research is motivated to prove the role of the application of existing regulations such as the implementation of good corporate governance by the banks. It will directly provide a positive impact for the bank and indirectly the value of the company. This research is also intended to explore the content of the information that should be very useful both for the investors and customers. This study is expected to be able to contribute both to science (body of knowledge), the Government as regulator, customer and society as economic actors and other business activities. The importance of the information obtained either gained from the company or acquired from other parties is the main goal of this study. Therefore, with such information as customer communities and businesses can see clearly the performance of banks that existed at this time, especially banking in Indonesia to make a rational decision.

In order to provide empirical evidence, this paper is organized as follows. Literature review and prior studies on Good Corporate Governance and Bank Performance are briefly outline in second section of this paper. The third section of this paper is methodology and research model and followed by research findings and discussion in fourth section. We provide some concluding remarks in fifth section.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The development of Good Corporate Governance in modern economics is essentially arisen due to changes in industry structure, where previously the company only employed the family members (family own business), but nowadays company has been very open to hiring a professional. In economics literature that emerged in 1960 to 1970, explores risk sharing between individuals or groups. Many problems that arise due to differences in objectives between the owners of the company (principal) and professionals (agents) are employed by the principal (Steven Ross, 1973; Jensen & Meckling 1976).
Some study combines the legal and economic perspectives (Berley and Means 1932). The findings of this study suggested the separation of risk-bearing functions of ownership and management control functions to create the conditions in which professional managers can take action to determine the owner and their own personal gain. The importance of this study is to create new and reliable communication channels in order to protect the interests of shareholder by allowing them to assess managerial performance in their role as sources of company resources. The study was based on a situation where in 1929 a crash occurred on property industry in United States. Berley and Means' work became the foundation of further study by Jensen and Meckling on the capital market agency model in accounting.

With the separation between ownership controls by the principal to the agent in an organization tend to cause an agency conflict between the principal and agent. Jensen and Meckling (1976) revealed the agency relationship in an organization. The company is a nexus of contracts, the owners of economic resources or commonly called the principal, with the managers of the organization (manager) or called agents who take care of the use and control of these resources. Efforts to overcome the agency problem will impact on the emergence of cost agency, where agency costs will be borne by both the principal and agent as manager of the company.

Several researchers have made observations on the implementation of GCG. Johnson (2000) provides empirical evidence that the poor level of corporate governance implementation has a negative impact on the stock market and the value of the currency during the Asian crisis. Meanwhile, Black (2001) argues that the influence of corporate governance practices on firm value will be stronger in developing countries than in developed countries. This is due to the more varied practices of corporate governance in emerging countries compared to developed countries. Durnev and Kim (2002) provide evidence that corporate governance practices are more varied in countries with weaker legal environment. Currently, other researchers found that there is a strong influence among the GCG implementation on firm value (Klapper and Love, 2002; Mitton 2000).

In the Indonesian banking industry, the implementation of good governance became mandatory for all banks operating in Indonesia. It is especially for banks that have gone public. The reference of this regulation is issued by Central Bank Indonesia, i.e. Bank of Indonesia's regulation No. PBI/89/2010 that the GCG assessment is based on Transparency, Accountability, Responsibility, Independency, and Fairness principles. Each component is a weighted index, which a higher index means the higher the value, the better the implementation of GCG in the bank. Thus, the hypothesis can be constructed as follows:

Hypothesis 1: The applications of good corporate governance have a significant impact on firm value.

GCG is also intended to reduce Earning Management actions that occur in the company. Earning Management actions can cause dilution effect for interested parties to a financial statement, which is the act of choice by Earning Management manager off accounting policies, or action affecting, so as to achieve earnings reported some specific object. (Scott 2009), this revealed that earnings management can have a positive impact or negative impact on the value of the company.
There are some patterns that motivate agents to engage in the act of Earning Management; Taking Bath, Income Minimization, Income Maximization, Income Smoothing. An empirical evidence can be presented in the agent motivation in doing Earning Management in order to get Bonus Plan (Healy, 1985; Mc Nichlos and Wilson, 1988; Jones 1991; Holthousen, Larcker, and Sloan, 1995), another motivation is Contracting Motivations where enterprises seek to delay or postpone debt due date (Sweeny, 1994; De Angelo, De Angelo and Skinner, 1994; Bowen, DuCharme, Shores 1995).

Research on Earning Management has been done many times, by showing inconsistent results, some researchers have proven that there is a positive impact of Earning Management application done by the company (Stöcken and Verrecchia 2004) in which earnings management can be used to reveal inside information to investors to make good imposes a cost since, if it is buried in operation. Other evidence reveals that earnings management made a positive impact on the stock market responded using Jones model (Subramanyam 1996).

However there are contradictory proof where earning management was used and it gave a negative impacts for the value of the company, it was revealed in the research done by Dechow, Sloan, Sweeney (1996), who Examined 92 firms in the United States. Their investigations revealed a common motivation for implementing earnings management was debt covenants. Other studies revealed agent’s motivation in implementing earnings management is to pursuit of bonus where the bonus is taken from the net profit of the company, this will decrease the value of the company (Hanna 1999). With that the second hypothesis can be constructed as follows:

Hypothesis 2: Behavior earnings management will have a significant impact on firm value.

Dividend announcement is a sign given by the managers in regards to their beliefs about future developments in the company (Miller and Rorke, 1985). Managers as agents have access to a better understanding of the company and their ability to convey his belief about the company’s future to the investors by showing dividend announcement. Gelb (1994) proved that the dividend is a good sign to convey the intent of the company to investors. Dividend announcements can be used by investors to reduce information asymmetry with the manager, so the announcement of the dividend is useful information for decision making. Therefore, dividend announcements containing useful information.

Research on dividends have been carried out with inconsistent results, some investigators failed to prove the information content of dividends (Gonedes, 1978; Brooks, 1996) while other researchers had found the information content of dividends (Petit, 1972; Aharony and Swary, 1980; Bajaj and Vijn, 1995; Benartzi, Michaely and Thealer, 1997; Mikhail, Walther and Willis, 1999). Gonedes (1978) tested the information content of dividends to 258 dividend announcements during the period 1952-1972 in the United States. The result showed that there was no significant abnormal return when it is declared. Dividend announcement was not used by investors to make informed decisions. Brooks (1996) examined the effect of dividend announcement on the information asymmetry between managers and investors. The result showed that there was no difference in information asymmetry in the period before and after the announcement of the dividend announcement. The results of Gonedes (1978) and Brooks (1996) suggest that dividend announcements have no information content for investors.
Research conducted in Indonesia also did not produce consistent results. Amsari (1993), Soetjipto (1997), Raharjo (2000) have failed to prove the information content of dividend announcements. Suparmono (2000), Setiawan and Hartono (2003). Amsari (1993) conducted a study of 57 companies who declared their dividends at the Jakarta Stock Exchange during 1990 to 1992 showed result that the dividend announcement has no effect on the share price at the Jakarta Stock Exchange. The study failed to find evidence that dividend announcements has information content for investors

Soetjipto (1997) tested on the effect of dividend announcement on stock exchange returns in the Jakarta Stock Exchange. The sample used in the study were 40, divided into : 12 with increase dividend announcements, 9 with fixed dividend announcements and 19 with decline dividend announcements. Results of these studies did not prove the information content of dividends. That means the dividend announcement does not contain information that is meaningful to investors

Raharjo (2000) conducted a study at the Jakarta Stock Exchange using a sample of 84 companies that pay dividend increases and decreases. Results of these studies showed that the dividend announcement has no significant effect on stock returns in the Jakarta Stock Exchange during 1994. Changes in dividend payments have no effect on stock returns during 1994. The results Amsari (1993), Soetjipto (1997) and Raharjo (2000) suggested investors not to use the dividend announcement information to make investment decisions. Based on the review of literature that has been done, the hypothesis related to the information content of dividend announcements are as follows.

Hypothesis 3: Dividend payout would have a significant impact on firm value

We choose sample research from 2008 to 2011, which the 2008 is used as the basis for calculation of Earning Management in 2009 and the 2011 is used as the basis for distribution of dividend declared a year earlier. The data used for this study are all companies listed on the Stock Exchange Banking Company, amounting to 20.

This study uses multiple linear regression model to answer the hypothesis, in which the test is conducted prior in order to meet the assumptions of classical regression estimation properties are Best Linear Unbiased Estimator / BLUES (Sutrisno 2010). This study was designed to determine the effect of the independent variables with the Good Corporate Governance Index Bhuiyan models Biswas (2007) who measured with:

\[
IPC_{it} = \frac{\text{Total score items disclosed by firm}}{\text{Maximum score that should be disclosed by firm}} \times 100\%
\]

\(Earning \ Management\) measured using model Beaver and Engel (1996), as measured by:

\[
\text{NDA}_{it} = \alpha_0 + \alpha_1 \text{Co}_{it} + \alpha_2 \text{LOAN}_{it} + \alpha_3 \text{NPA}_{it} + \alpha_4 \Delta\text{NPA}_{i,t+1} + \varepsilon
\]

\[
\text{DA}_{it} = \text{TA}_{it} - \text{NDA}_{it}
\]

Dividend Payout is the dummy variable if a company shares its dividend will be given a score of 1 and 0 if otherwise. While the dependent variable in represented Company Value with Price to Book Value (PBV) can be measured by:

\[
PBV = \frac{\text{stock market price}}{\text{Book value of Firm}}
\]
So the basic model in this study can be formulated as follows:

\[ \text{PVB}_{it+1} = b_0 + b_1 \text{GCG}_i + b_2 \text{EM}_i + b_3 \text{DP}_i + e_i \]

Standard statistical features and test, including descriptive test Adjusted R², F-Test, t-test

**RESEARCH RESULT AND DISCUSSION**

Descriptive of the test showed that the value of a firm that represented with PBV showed an average standard deviation of 1.92313 to 0.988488. Value of the company exceeds the number 1. This shows that the market value of the stock is greater than its book value. The greater value of the PBV ratio indicates that the company's prospects will be an attraction for investors to buy the stock, so it will lead to increased demand, which will drive the stock price to increase. While good corporate governance variables showed a minimum value of 0.755 and a maximum value of 1.00 and the average value of 0.9427. The standard deviation is 0.6704; this shows that the majority of companies have implemented good corporate governance (GCG) in accordance with Bank of Indonesia Regulation. 8/4/PBI/2006.

While the earning management (EM) variable, which measured by using specific accrual models (Beaver and Engel, 1996), shows the average value of -5.033 with a standard deviation of 9.660, the minimum value -4.19372, and the maximum value 7.0300. In average, the results show that the marked negative earnings' management behaviors of firms in the sample were observed doing most of the earning's management with lower earning's enterprise. And this variable indicates in average less than half of the sample distribute dividends to its investors.

[“Table 1 goes about here’]

**Hypothesis testing for the effect of GCG's implementation on the enterprise value (PBV)**

T-test results for the variable of good corporate governance (GCG) at -0.211 with a significance value of 0.040 which is under 0.05, and the coefficient is negative for GCG -4.012. Judging from the level of significance <0.05 was accepted hypothesis 1. This means that the implementation of good corporate governance is a significantly negative effect on firm value.

**Hypothesis testing for the effect of earning's management (EM) on firm value (PBV).**

T-test on earning's management (EM) at -3.61 with a significance value of 0.001 which is under 0.05 with a negative coefficient of -4.9 is accepted. This means that earning's management has significantly negative effect on firm value that the higher the earnings' management, the lower the value of the company. This mean hypothesis 2 was accepted.

**Hypothesis testing for the effect of dividend payout (DP) on firm value (PBV)**

T-test for dividend payout (DP) the amount of - 0.982 with significant amount 0.330 are above 0.05 with a negative coefficient of - 0.264. Thus, the hypothesis 3 is rejected.

[“Table 2 goes about here’]
Testing the hypothesis by using the partial F-Test
Based on the table below, it shows the F value of 5.028 with a significance of 0.004. The significant-probability value of the test is less than $\alpha$ (0.05), it can be concluded that there is a significant relationship between good corporate governance, dividend payout, and earning's management simultaneously to firm value.

[“Table 3 goes about here”]

[“Table 4 goes about here”]

Discussion
In corporate banking implementation of good corporate governance is mandatory and must be complied with, as stated in the PBI No.8/4/PBI/2006. Violation of Bank of Indonesia Regulation constitutes is a violation of administrative sanctions, but based on the statistical results indicate the implementation of good corporate governance has a negative effect on firm value. This is due to the implementation of good corporate governance in the banking industry just as to fulfill the Bank of Indonesia's regulation No.8/4/PBI/2006. Not because the necessity to implementing good corporate governance but rather in the direction of compliance with the rules. Application of the principles of good corporate governance in weak banking environment could undermine investor confidence and stakeholders, will affect the share price and also the confidence to invest money from customers, especially for the banking industry which essentially is the trust between the storage and the channeling of funds, clearly this will affect to lower the value of the company.

In this study, we found a tendency for banking companies conduct earning's management behavior by minimizing income that can be seen in the descriptive statistics that the average banking company did reducing profits, which could be seen from the negative point of view. This will impact on the decreasing value of the firm. Motive behind the earning's management behavior is due to the lower profit agency wants to delay on payments on maturity of debt with debt covenants and renegotiation of tax saving's motive so that agents get bonuses in the year to come.

Dividend show has no significant impact on PBV, this result strengthening of previous research conducted by Amsari (1993), Soetjipto (1997), and Raharjo (2000). It shows it shows that the capital market in emerging markets, especially Indonesia, is still speculation and irrational. Where the use of the information provided cannot be fully utilized by market participants.

CONCLUSION
Our study reveals several important findings related to the implementation of good corporate governance, earning's management behavior and dividend payout on firm value. Study revealed that the implementation of GCG, which is mandatory from Bank of Indonesia, as the central bank is run by almost all banks that go public, which is expected the implementation of GCG could reduce earning's management behavior by agents. However, the empirical findings show that the implementation of GCG does not generate a positive impact on the value of the company. It is because the role of agents in the banking industry that is still very dominant, leading to asymmetric information between the principal and agent.
In addition, the un-optimized implementation of GCG is related to the characteristics of Indonesian investors who are still irrational. It can be seen in lack of utilization of financial statements, which relatively they do not pay full attention to the information regarding the distribution of dividends. Furthermore, due to the number of existing investors in Indonesia is mostly corporations, which are leading market players in emerging markets, are speculators.

REFERENCES


Table 1
Descriptive statistics

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<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
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<td>.674</td>
<td>4.638</td>
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<td>.988488</td>
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<td>Valid N (listwise)</td>
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Sourced: Data Processed
**Table 2**

Regression Analysis

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<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
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<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
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<td>1</td>
<td>(Constant)</td>
<td>5.567</td>
<td>1.763</td>
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<tr>
<td></td>
<td>EM</td>
<td>-4.9E-014</td>
<td>.000</td>
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<td></td>
<td>GCG</td>
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<tr>
<td></td>
<td>DP</td>
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<td>.268</td>
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a. Dependent Variable: PBV

Sourced: Data Processed

**Table 3**

F-Test

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<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>4.064</td>
<td>5.028</td>
<td>.004*</td>
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<tr>
<td>Residual</td>
<td>44.452</td>
<td>55</td>
<td>.808</td>
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</tr>
<tr>
<td>Total</td>
<td>56.643</td>
<td>58</td>
<td></td>
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</table>

a. Predictors: (Constant), DP, GCG, EM

b. Dependent Variable: PBV

Sourced: Data Processed

**Table 4**

Model Summary

<table>
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<tr>
<th>Model</th>
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<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
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<td>R Square Change</td>
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<tr>
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<td>.464*</td>
<td>.215</td>
<td>.172</td>
<td>.89901</td>
<td>.215</td>
<td>5.028</td>
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</table>

a. Predictors: (Constant), DP, GCG, EM

b. Dependent Variable: PBV

Sourced: Data Processed
LECTURER QUALITY AND STUDENT ACHIEVEMENT: EVIDENCE FROM RELIGION-BASED HIGHER EDUCATION INSTITUTION

Abstract

The inconclusive findings on the relationship between lecturer quality and student performance have driven this study to re-examine this challenging topic in the context of religion-based higher education institution. By using 56 respondents as the sample and Chi Square analysis to test six-aspects of lecturers’ teaching performance in one year academic (2009-2010), this study finds that lecturers’ teaching performance does not affect statistically student achievement. Even though, in certain aspects of lecturers’ teaching performance, such as lecturers’ discipline, material mastery, and personality, the students perceive it highly positive related to their material comprehension. It implies that those aspects play important role to create conducive learning process. In the other words, lecturers’ soft-skills are important in religion-based higher education institution’s learning environment to deliver and disseminate knowledge effectively.

Keywords: lecturer quality, student achievement, religion-based higher education institution

INTRODUCTION

In the competitive higher-education environment nowadays, many scholars, university administrators, parents, and students, believe that lecturer quality, which is considered widely as one of the university's distinctive advantages, plays an important role (Ferguson, 1991, 1998; Goldhaber, 2002; Sanders, 1998, 2000). They argue that to improve student learning, lecturers will need to increase their skills. This belief is bit contradiction by the fact that there is the lack of consistent empirical findings regarding the relationship between lecturers’ observable characteristics and student achievement (Hanushek, 1986; Wright, Hom, & Sanders, 1997). Prior studies reveal little constant evidence that students perform better when their lecturers have more 'desirable' characteristics. Those facts have led some scholars to conclude that, even though lecturer quality may be important, the effect of lecturer quality on student achievement is possibly driven by certain characteristics that are relatively difficult to measure (Wright et al.,1997; Rowan, Correnti & Miller, 2002; Rivkin, Hanushek & Kain, 2005)

In Indonesia, the study on lecturer quality and its effect upon the education process become important since the government ratifies the Law No. 14/2005 on Teacher and Lecturer, which regulate and require certain teacher and lecturer qualification referred to the education level served; presumably, it is driven by the perception of lagging student achievement caused by inappropriate lecturer qualification. Some scholars argue that the quality of learning and teaching’s processes and outcomes is ultimately determined by the quality of academic
interactions between lecturers and students. Therefore, this argument becomes important since in the Islamic philosophy it is a very high appreciation for teachers and lecturers. The position of teachers/lecturers is placed just under prophets and apostles because teachers/lecturers are always associated with science.

The important position of lecturer in teaching and learning process is the main reason of this study to reexamine the effect of lecturer characteristics on student achievement. Different from prior studies, the purpose of this study is to evaluate which aspects of lecturer quality influence the academic performance of Islamic-based higher education institution students. This study will provide some significant contributions by provoking the questions: Does the Islamic values-based learning process provide supportive environment for certain aspects of lecturer quality to improve students’ academic achievement? If so, which aspects are more dominant? Are there no differences between Islamic values-based higher-education institutions and the secular ones in terms of the effect of lecturers’ characteristics on students’ achievement? It will also expand the empirical findings regarding the effect of certain religion values in the university learning process in developing countries. By using more recent data, this study will present a more comprehensive picture of the education improvement strategies.

To present the empirical findings, the paper is organized as follows. The literature review and prior studies on lecturer characteristics, student achievement, and learning process aspects are briefly outlined in Section 2. The methodology and research model is described in Section 3, followed by the research results and discussion in Section 4. We provide some concluding remarks in Section 5.

**LITERATURE REVIEW**

The search of the answer on how or whether teachers/lecturers affect student achievement is often referred to Coleman's Equality of Educational Opportunity, released in 1966 (Coleman, 1990). The study, which is frequently referred as the Coleman report, uses aggregated measures of school inputs in terms of facilities, teacher characteristics, such as the average educational level of the teachers' families, the average years of experience, and the teachers' average level of education, and student population characteristics to investigate the effect of schools on students' educational achievement. Interestingly, the report reveals that teacher and schools’ characteristics have little effect on student performance.

Related to the report, prior studies demonstrate that there is a substantial shift of theoretical and practical emphasis on education. These increasing researches, which acknowledge the lecturers as one of the principal components of any pedagogical program in higher-education institutions, centered on the main aspects of lecturer quality (Ballou & Podgursky, 2000a; Darling Hammond, 2000; Goldhaber & Brewer 2000; Monk, 1994; Wenglinsky, 2000a; Wilson, Floden, Ferrini-Mundy, 2001). However, the empirical evidence has thus far failed to identify specific lecturer characteristics, such as experience, professional development, teaching efficacy, and higher-level degrees that are linked to higher students’ achievement scores. These inconclusive results create a dilemma for educators and policy makers in determining the actual driver of student achievement. It is especially related to the facts that some lecturers are much more successful than others within the classroom, but there is no persuasive evidence on how to raise the overall quality of classroom teaching (Porter & Brophy, 1988).
Referred to the inconclusive findings of the effect of lecturer characteristics on student achievement, at least there are two contradictory sides. In the positive influence side, Sanders (1998) find that the effectiveness of teachers has more influence on student achievement than any other schooling factors. Wright, Hom, and Sanders (1997) also believe that improving the effectiveness of teachers is the way to upgrade education. Strauss and Sawyer (1986) reported a modest and positive relationship between teachers’ performance and students’ academic achievement. Meanwhile in the less-influence side, Hanushek (1986) showed that most explicit measures of lecturer qualifications like experience and education had a little effect on student achievement. The study of Aaronson, Barrow, and Sander (2007) reported that lecturer characteristics, such as highest level of education, experience, credentials, and selectivity of the college that the lecturer attended, only account for 10 percent of the variance in lecturer effects on student learning. In the other word, 90 percent of the variance in lecturer effects on student learning was explained by other factors. These findings supported a review of five studies by Rice (2003), which examined student achievement in a wide variety of grades and subject areas. It found that lecturers having completed an advanced degree had no significant effect on student performance (Summers & Wolfe, 1977; Link & Ratledge, 1979; Murnane & Phillips, 1981; Harnisch, 1987; Monk, 1994).

Despite the surprisingly few studies to exist that link the qualifications of individual lecturers to the performance level of students, this mix of results triggers another question, i.e. which dimensions are actually used to measure the lecturer quality? Prior studies centered mostly around eight areas of research relating to teacher/lecturer qualifications as they relate to student achievement. The first section contains information about teacher quality. The second section focuses on subject-matter knowledge/preparation. The third area focuses on teacher certification. The other sections focus on alternative certification, i.e. the academic degree major or minor, highest degree attained, teaching experience, teacher working conditions and student achievement in schools. However, in this study, the lecturer qualification is measured as a combination of six dimensions proposed by Sanusi (1999) and Indonesian Ministry of Education and Culture (1980).

**Five dimensions of lecturer quality**

In the context of Indonesia’s education environment, Sanusi (1999) argues that the quality of lecturers lies in the performance of duties and responsibilities in five dimensions, namely, subject/course mastery, the ability to perform his duty full-responsibly, proportionately in taking decision, and the ability to apply good teaching methodology in the class. Meanwhile, the Indonesian Ministry of Education and Culture (1980) establish ten basic capabilities that teachers/lecturers should have, i.e. the ability to: (1) master the material, (2) manage the teaching and learning program, (3) manage the classroom, (4) use the teaching and learning media, (5) master the basis education, (6) manage the interaction within teaching and learning process, (7) assess the students achievement, (8) know the functions and programs of guidance and counseling services, (9) recognize and administer the school, and (10) understand and interpret the principles of educational research for teaching purposes.

Those capabilities can be grouped into two important aspects, i.e. lecturer efficacy and lecturer’s teaching style. Prior studies have shown that lecturers with a strong sense of efficacy often take more risks, set higher standards for themselves and their students, and provide the potential for better academic gains among learners (Pajares, 1996; Schunk, 1991; Wood & Bandura, 1989). Lecturers’ adoption of innovations is strongly related to their efficacy, which this behavior has the potential to impact student achievement (Gusky, 1988; Smylie, 1988). It also relates to the classroom management strategies (Gibson & Dembo,
which preserve student motivation and self-esteem, both with the possibility of being translated into more success for individual students. Good and Brophy (2003) find that lecturer efficacy may influence student achievement through teacher persistence, which lecturers with high efficacy take responsibility for student learning and may view student failure as a push for greater effort to improve achievement. Good and Brophy (2003) also argue that lecturers with high efficacy are risk-taker and more self-confidence in overcoming classroom challenges, which contributes to higher student achievement.

Meanwhile, according to Conti and Welborn (1996), teaching style refers to a lecturer’s pervasive qualities that persist even though situational conditions may change. It is the expression of the totality of lecturer’s philosophy, beliefs, values and behaviors (Jarvis, 2004). It is often associated with various acquirable and identifiable sets of consistent classroom behaviors by the lecturer regardless of the content that is being taught. Prior studies (Knowles, 1980; Heimlich & Norland, 1994) report that teaching style is a very influential factor in the students’ learning experiences and is a critical component in determining the extent of students’ learning. It is because lecturers provide the vital human connection between the content and the environment and the learners, and it stems from an educational philosophy that lends direction and purpose to a teacher’s teaching (Galbraith, 1999). Teaching style effectiveness has a comprehensive body of research, especially in mainstream education, which links it also to student achievement outcomes (Black, 1993; Conti, 1985; Cupkie, 1990; Miglietti & Strange, 1998; Welborn, 1996). This extensive research is based on the premise that lecturers do not all teach alike, and that classroom teaching styles are not all equally effective (Baily, 1984).

In this study, those two lecturer’s important aspects are divided into six dimensions of lecturer quality, i.e. the ability in the teaching-learning process, the ability in using learning-media, the material mastery, discipline behavior, personality, and motivation. The first three dimensions are the representatives of lecturer efficacy. Meanwhile, the other three dimensions are for teaching style. This study hypothesizes that six dimensions of lecturer quality affect student academic achievement. Figure 1 shows the research framework in this study.

[“Figure 1 goes about here”]

**METHODOLOGY**

This study employed a correlative method aiming to determine whether there was significant relation between six dimensions of lecturer quality and student academic achievement or not. By distributing questionnaires to 56 respondents and observing their grade-point average (GPA) as the proxy of academic performance, this study used Chi-square test the relationship of students’ perception of lecturer’s quality dimensions and their GPA.

To classify each dimension’s level, this study set five (5) as the lowest score and 15 as the highest one, which there were five score-range, as shown in Table 1.

[“Table 1 goes about here”]

Meanwhile, to classify the students’ academic performance, this study used the Indonesian common GPA range category as shown in Table 2.
FINDINGS AND DISCUSSION

The descriptive statistic implicitly reveals that students perceived certain lecturer quality’s dimensions, i.e. ability in teaching-learning process, teaching-learning material mastery, and personality as the important factors influencing their academic performance (see Table 3). These dimensions get in average 50% of very good category. It means that the ability in teaching-learning process, material mastery, and personality play an important role in triggering and attracting students’ interest to follow the learning process given their lecturers. In the lecturer efficacy’s aspect, students perceive that the ability in teaching-learning process and material mastery are more influential than the ability in using learning-media. This finding is in line with the study of Gibson & Dembo (1984). The lecturer capability in classroom management strategies has been perceived positively by students, as they feel more motivated and highly self-esteem. Motivated and confidence students have more possibilities of being more success in their academic achievement. In the lecturer teaching style’s aspect, personality is much more important than lecturers’ discipline behavior and motivation. It means that friendly, helpful, attentive, and extrovert lecturers are preferable for students to learn effectively in the classroom (Appleton & Stanwyck, 1996; Teachout, 2001).

Related to lecturer’s discipline behavior, Moskowitz and Hayman (1976) argue that lecturers need to control their classroom. This needed control is part of classroom management. Allen (1986) reports that from the student’s perspective, effective classroom management involves clear communication of behavioral and academic expectations as well as a cooperative learning environment. This study reveals that the students perceive lecturer’s discipline behavior is good (53.57%). It means that lecturer’s well-disciplined behavior represents his or her effective classroom management whose classrooms are orderly, have a minimum of student misbehavior, and have high levels of time-on-task (Kounin, 1970).

To test whether lecturer quality relates to student achievement, this study uses Chi-Square analysis. We will reject the hypothesis if Ch-Square statistic values are lower than the table’s values (df = 4, \( \alpha = 0.05 \)). Table 4 reveals the results.

Our empirical findings reveal that all lecturer quality dimensions are not related to student achievement, which it means there are other factors influencing student achievement. These findings are in line with the work of Hanushek (1986) that shows lecturer qualifications do not affect student achievement. It also supports the work of Aaronson, Barrow, and Sander (2007) that find 90% of the variance in teacher/lecturer effects on student learning was explained by other factors. Even though logic dictates that if the teaching-learning process, which lecturer quality dimensions are the proxies, improves, then student achievement will enhance as well, it does not work in our study. It means that even in the religion-based higher-education institution, lecturer quality does not have significant influence on student achievement. It implies that higher-education institution should find the other factors influencing student achievement. It is because the impact of a lecturer on a student may not be immediately observable and there are various factors influencing a student’s achievement.
LECUTRER QUALITY AND STUDENT ACHIEVEMENT:
EVIDENCE FROM RELIGION-BASED HIGHER EDUCATION INSTITUTION

besides their lecturer. Due to the possibility of all other factors and all the potentials for bias, it seems impossible to create a value-added model that on its own will accurately reveal a lecturer’s quality. Consequently, it is necessary for the further studies to make more complex, accurate models possible to explain the rest of the variation by subjective means.

CONCLUSION

The study of relationship between lecturer quality and student achievement provide little evidence that the proposed six dimensions of lecturer quality do not affect student academic performance. Even though lecturer is an important determinant of a student’s achievement, there is no direct connection between the traditionally assumed measures of teacher effectiveness and student achievement over time. Therefore, this finding poses a problem for educators and policymakers seeking to the other factor influencing student achievement. At the same time, even though the results statistically are not significant to support the hypothesis, we still believe that enhancing lecturer quality is still one of many ways to improve teaching-learning process that leads to better student achievement.

Based on the empirical findings, this study offers several policy implications. First, while it is evident that some lecturers are much more effective in classroom management and improving the student academic performance than others, the study’s findings suggest that traditional measures of teacher quality do not predict classroom performance. Therefore, education experts and policy makers might wish to rethink the current knowledge requirements of new lecturers and develop alternative measures that will more accurately predict classroom performance. Second, in the context of religion-based higher-education institution, it might be promising to reward lecturers for their performance rather than for qualifications that are not associated with their ability to improve student achievement. Currently, most of the compensation systems remunerate teachers for their years of experience and education. Government could create a new system of rewards covering some indicators of lecturer performance, including student evaluation of their lecturer performance in managing classroom.

REFERENCES


Rowan, B., Correnti R., Miller, R. J., 2002. What large-scale research tells us about teacher effects on student achievement: Insights from the Prospects study of elementary schools, Teachers College Record, 104(8), 1525-1567.


Table 1
Score Classification of Lecturer Quality

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Category</th>
<th>Performance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-15</td>
<td>Very Good</td>
<td>A</td>
</tr>
<tr>
<td>11-12</td>
<td>Good</td>
<td>B</td>
</tr>
<tr>
<td>9-10</td>
<td>Fair</td>
<td></td>
</tr>
<tr>
<td>7-8</td>
<td>Not Satisfactory</td>
<td>C</td>
</tr>
<tr>
<td>5-6</td>
<td>Poor</td>
<td></td>
</tr>
</tbody>
</table>

Table 2
Score Classification of Students’ Academic Performance

<table>
<thead>
<tr>
<th>GPA</th>
<th>Predicate</th>
<th>Performance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.50 - 4.00</td>
<td>Cum laude</td>
<td>A</td>
</tr>
<tr>
<td>2.75 – 3.49</td>
<td>Very Good</td>
<td>B</td>
</tr>
<tr>
<td>2.00 – 2.74</td>
<td>Satisfactory</td>
<td>C</td>
</tr>
</tbody>
</table>
Table 3
Descriptive Statistic on Six Dimensions of Lecturer Quality

<table>
<thead>
<tr>
<th>Dimension Category</th>
<th>Lecturer Efficacy</th>
<th>Lecturer Teaching Style</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ability in teaching-learning process (%)</td>
<td>Ability in using learning-media (%)</td>
</tr>
<tr>
<td>Very Good</td>
<td>42.85</td>
<td>10.71</td>
</tr>
<tr>
<td>Good</td>
<td>28.57</td>
<td>30.35</td>
</tr>
<tr>
<td>Fair</td>
<td>17.85</td>
<td>35.71</td>
</tr>
<tr>
<td>Not Satisfactory</td>
<td>7.14</td>
<td>14.28</td>
</tr>
<tr>
<td>Poor</td>
<td>3.57</td>
<td>8.92</td>
</tr>
</tbody>
</table>

Source: Elaborated data

Table 4
Chi-Square Test on the Relationship between Lecturer Quality and Student Achievement

<table>
<thead>
<tr>
<th>Relationship between Lecturer Quality Dimensions and Student Achievement</th>
<th>Chi-Square’s Statistic Values</th>
<th>Chi-Square’s Table Values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability in teaching-learning process ↔ GPA</td>
<td>2.286</td>
<td>9.48773</td>
<td>Reject hypothesis</td>
</tr>
<tr>
<td>Ability in using learning media ↔ GPA</td>
<td>1.211</td>
<td>9.48773</td>
<td>Reject hypothesis</td>
</tr>
<tr>
<td>Teaching-learning material mastery ↔ GPA</td>
<td>2.901</td>
<td>9.48773</td>
<td>Reject hypothesis</td>
</tr>
<tr>
<td>Discipline behavior ↔ GPA</td>
<td>3.347</td>
<td>9.48773</td>
<td>Reject hypothesis</td>
</tr>
<tr>
<td>Personality ↔ GPA</td>
<td>1.944</td>
<td>9.48773</td>
<td>Reject hypothesis</td>
</tr>
<tr>
<td>Motivation ↔ GPA</td>
<td>2.460</td>
<td>9.48773</td>
<td>Reject hypothesis</td>
</tr>
</tbody>
</table>

Source: Elaborated data
LOCAL GOVERNMENT EXPENDITURES CONVERGENCE: LESSON FROM SPECIAL AUTONOMY POLICY IMPLEMENTATION

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LOCAL GOVERNMENT EXPENDITURES CONVERGENCE: LESSON FROM SPECIAL AUTONOMY POLICY IMPLEMENTATION

Abstract

This paper observed the convergence of public sector activity in the case of Special Autonomy Region West Papua and Papua Provinces. We developed a model that is consistent with the macroeconomic growth literature, which predicts convergence in local government spending. Based on this framework, we test for convergence in local government spending using detailed panel data of regency/municipal government expenditure categories over the 2007-2010 periods. Our empirical investigation provides compelling evidence of convergence in local government spending only for capital and total expenditures. The convergence process did not exist for operating expenditure category. Moreover, the speed of convergence is weak implying need to reform the corresponding expenditure decentralization in both provinces. However, this work adds to the growing body of evidence demonstrating the existence of underlying dynamic forces that determine growth of local government.

Keywords: Public Expenditures, Private Expenditure, Economic Growth, Convergence

INTRODUCTION

Papua and West Papua provinces are two of special autonomous regions according to Act No. 21/2001 and then revised by the Presidential Decree No. 1/2008. Given the political support, it is not surprising that funding for those provinces has increased dramatically covering General-Purpose Grant, Specific Purpose Grant, and tax/non tax sharing revenues. However, unlike other provinces, the three regions also earn Special Autonomy Fund.

In general, General-Purpose Grant and Tax/Non Tax Sharing Revenues are mainly allocated to the operating expenditures. In contrast, Specific Purpose Grant and Special Autonomy Fund are directed to finance the capital expenditures. Given the large amount of fund and expenditure allocation discretionary, this brought about the need to examine the configuration of sectoral budgetary allocations across the region to generate critical information in decision making and prioritizing expenditure.

It is commonly thought that higher spending on the particular region translates into better regional outcomes. It should not be surprising to discover that lagged states in funding try to catch up to states that place more effort in regional funding. States that lag in funding face the considerable risk. It means that the future vitality of their economies will suffer from the lack of endowments. In the long term, it could be expected that all the states will relatively have an equal funding as Tiebout (1956) suggested.
The link between regional funding, expenditure, and economic outcomes is tenuous at best. According to the efficiency hypothesis, we should expect a convergence towards the highest levels of productive expenditures and the lowest levels of social welfare spending. However, according to Rodrik (1998), the more open to trade localities are more subject to outside shocks and; therefore, citizens demand their local governments to provide more social insurance to mitigate this exposure to external risk.

Furthermore, Scheve and Slaughter (2006) contend that political support for globalization is associated with the protection of the social welfare system. Therefore, it is not clear whether governments would be able to engage in a race towards the top levels of productive expenditures and towards the bottom levels of non-productive expenditures.

This paper will explore the convergence mechanism of local government expenditure. The specific question of this paper addresses convergence in regency/municipality spending – “Is local government spending across the regency/municipality converging and if so, is that convergence conditional on the particular category of spending?” The rests of this paper are organized as follows. The next section will explore the theoretical consideration and previous empirical studies. This is preceded by delivering research methodology. The results and discussion are reported in the fourth section. Finally, the concluding remarks are drawn.

**LITERATURE REVIEW**

The concept of convergence originally comes from the macroeconomic growth model. In principle, the central issue of the theory and empirics of economic growth is whether there is a tendency for the poorer economies to grow faster than the richer economies and thereby to converge in living standard. If it holds the needier regions tend to grow more rapidly than rich ones (Barro and Sala-i-Martin, 1992).

The idea is then adopted in the public finance, in particular, government expenditure. Consequently, the discussion of fiscal convergence cannot be separated from income convergence in the neoclassical production function frameworks. Theoretically, government expenditures entering as an input in the private production function and having a direct effect upon economic growth are classified as productive expenditures.

Productive expenditures generally include spending with substantial physical or human capital component. In contrast, government expenditures not entering in the private production function and; therefore, not affecting the steady-state rate of growth are considered nonproductive expenditures. Non-productive expenditures include spending which, nevertheless, might be utility-enhancing as social welfare expenditures (Deller and Skidmore, 2005).

However, in fact, most government activity probably can be interpreted as some kind of investment. Even investments in “quality of life” attributes such as parks, recreational and cultural services are playing an increasing important role in the functioning of local economies (Dissart and Deller 2000; Deller et al., 2001). In a sense, government spending can be seen as an endogenous element in a regional growth process.

There is significant empirical work that demonstrates that as income increases the demand for public services will also increase; there will be a natural tendency to increase government spending. From a demand perspective, the question hinges on the income elasticity of
Local governments that have a high level of government spending. Therefore, have limited incentives to expand spending while those with relatively small government sectors will want to increase public spending. This will lead to convergence of government spending across localities.

Annala (2003) examined conditional convergence among fiscal policies of US states over the period 1977 to 1996. His theoretical framework hinges on the Solow (1956) model, noting that if taxes are a constant proportion of output and outputs are converging, as Solow’s (1956) model suggests, then taxes and spending will also converge.

While Annala (2003) does not provide an explicit justification of the constant tax rate assumption, Barro’s (1990) analysis provides some support. Annala and Chen (2011) proceed to test for convergence in total taxes and three subcategories (property, general sales and income taxes), finding that tax revenues are converging much more rapidly than cross-state GDP. They also find evidence of rapid convergence in most categories of state government expenditure.

Afxentiou and Apostolos (1996) offer a different theoretical and econometric framework. Despite policies that encourage harmonization across EU countries, Afxentiou and Apostolos (1996) find no evidence of convergence in government consumption expenditures, transfers or subsidies. They attribute their finding to strong domestic political forces that overwhelm economic forces in determining government spending. In a separate study of Canadian provinces, Afxentiou and Apostolos (1999) again find limited evidence of convergence in government spending.

Merriman and Skidmore (2002), however, find that U.S. state government spending on health care converged over the 1988 through 1998 period, suggesting that convergence is the result of a higher marginal benefit of health care spending in low spending states. Again, Skidmore, et al., (2004) using the same theoretical structure outlined to here find strong evidence of convergence across a sample of more than 120 countries over the period 1960-2000.

The work of Scully [1991] contends that migration may contribute to the convergence of fiscal policies. Scully begins his analysis with the assumption that voter preferences for net public income transfers are similar across regions. From this core assumption, Scully builds a framework to demonstrate that fiscal regimes will converge as incomes converge. Scully's accompanying empirical analysis shows that convergence of total state and local taxes coincides with convergence of per-capita incomes across states.

Recent studies exploit advanced econometric method to assess fiscal convergence. Skidmore and Deller (2008) conducted an empirical investigation provides compelling evidence of convergence in per-capita government spending for all the expenditure categories. Annala and Chen (2011) uses two-panel unit root tests to show that state and local tax revenues and spending exhibit unconditional convergence between the forty-eight contiguous United States. Pjesky (2013) found convergence of lotteries earn and education spending.

**METHODOLOGY**

Those studies reveal the differing results of local public expenditure convergence. Those differences may be attributed to category of spending data, period to be covered, and method. However, it is notable that financial source is closely related to local government expenditure.
convergence, and the latter is lined with regional income convergence. It leads to incorporate local income in the convergence analysis.

To test the existence of fiscal convergence, we adopt the conventional Cobb-Douglas production function and applied at regency/municipality level in Papua and West Papua Indonesia. By definition, fiscal growth (fg) is the relative change of fiscal variable of interest (F) from previous (t-1) to the current (t) period. In the logarithmic form, it can be written as follows:

\[ fg_{it} = \log F_{it} - \log F_{it-1} \]  

(1)

Subscripts i denotes regency/municipality, t is time, and e = random disturbance terms. Equation (1) can be written as

\[ eg_{it} = \alpha + \beta_1 \log F_{it-1} + e_{it} \]  

(2)

where \( \beta_1 \) is coefficient of convergence (\( \beta_1 < 0 \)). Equation (2) is absolute unconditional convergence which can be transformed into conditional relative convergence by entering some variables of interest.

We concern with the composition of local government expenditure and private expenditure (Y). The local government expenditure (GE) can be divided into two broad categories, i.e. capital expenditures (CE, typically investment expenditures) and operating expenditures (OE, representing consumption expenditures).

\[ F = GE \in \{CE, OE\} \]  

(3)

The complete analytical model is as follows:

\[ fg_{it} = \alpha + \beta_1 \log (F_{it-1}) + \beta_2 \log (Y_{it}) + e_{it} \]  

(4)

The neoclassical production theory predicts that an increase in the higher initial expenditure is associated with lower expenditure growth, so we expect \( \beta_1 \) is negative. The estimated value of \( \beta_2 \) could be positive or negative. The negative values of \( \beta_2 \) indicate that the corresponding variable support to expenditure convergence. The positive values of them imply that income variables enhance the regional fiscal growth but worsen convergence.

This study utilizes regencies/municipalities data of Papua and West Papua provinces throughout the period of 2007 until 2010 with the total of 29 and 11 regencies/municipalities respectively. Due to the altered number of regions in both provinces during the study period, the samples utilized in this study are the regions that meet the following criteria: (a) the availability of Local Budget Realization Report data; (b) regencies/municipalities that already exist and not experiencing changes (division, unification); and (c) the associated regencies/municipalities have the complete required data.

Referring to those above criteria, there were only 87 sample point's regencies/municipalities exerted as a sample in this study. All the data are taken from Local Budget Realization Report data published by General Directorate of Fiscal Balance, Ministry of Treasury website (http://www.djpkm.dpkeu.go.id/). Other data come from Central Board of Statistics (http://www.bps.go.id). This study employs regression analysis, i.e. multiple regression
analysis and applied for unbalanced panel data by assuming all requirements in regression analysis are satisfied.

The variables used here are specified as follows. The regional income is the summation of final products measured in 2000 constant prices (million Rupiah). The capital expenditure follows the sectoral/functional budgetary realizations. The operating expenditures cover realizations of wage/salary, goods/services purchases, maintenance, etc. (in million Rupiahs). Those expenditures are then converted into a real term by dividing by GDP deflator (2000 = 1) to avoid money illusion.

RESULTS AND DISCUSSION

Table 1 delivers the descriptive statistics of all variables under study covering mean, extreme, standard deviation, and also kurtosis values covering all regions. Statistically, a variable is said to be volatile if its CV (coefficient of variation, a ratio of standard deviation to mean) is more than 50 percent. Based on the empirical rule, the regional income is the most volatile indicated by the highest CV (197.94 percent) which more than 3.3 trillion contributed by Mimika.

The variability of capital and operating expenditures are also relatively high closes to 37 percent. The total public expenditure is the least diverse revealed by the lowest CV (28.8 percent). This raises preliminary hypothesis that regional income disparity is associated with operating expenditure variability. We will check it more deeply later using econometric tools.

All of variables of interest are asymmetrically distributed (bell-shaped) indicated by the high value of skewness except CE. Intuitively, the null hypotheses that all of the series data is normally distributed can be rejected. Except CE, the Jarque-Bera test supports to the asymmetric distribution. The upper tail of the distribution is thicker than the lower tail (indicated by the positive values of skewness), and the tails of the distribution are thicker than the normal (indicated by the kurtosis coefficient is greater than 3).

Table 2 presents the pair wise correlation linking types of public expenditure and regional income. The correlation index among all types of public expenditure is generally positive. Meanwhile, all types of public expenditure, especially capital expenditure, have a negative correlation to regional income. This raises preliminary hypothesis that regional economic growth support to fiscal equalization across the region.

Table 3 reports the estimation results of log linear model based on the fixed effect model as specified in equation (4) for each type of expenditures respectively. In general, the traditional theory of demand for public goods/services proved here. An increase in income will raise the quantity of public goods/services demanded. Since the public goods/services demanded are normal goods, the coefficient of the corresponding variable is statistically positive.

However, the magnitude of the income coefficient is quite low. The income elasticity ranges from 0.02 to 0.03 indicating that local governments are not responsive with respect to the public demand increase. Even, in the case of operating expenditure, the coefficient is
marginally significant. Based on this, we can say that there are mis-allocation and ineffectiveness of public goods/services provision.

In the case of capital expenditure, the econometric analysis shows that the productive expenditures have pressured regency/municipality government to increase their own levels of productive expenditures, which might be indicating a competition to attract private expenditure. This conforms to the result of correlation analysis above.

Overall, the convergence mechanism exists indicating by statistical significance of the negative coefficient of log (Ft-1). It implies that the higher initial expenditure (especially capital expenditure) tends to have a lower growth. In the long run, this eventually will improve the fiscal distribution. Since the capital expenditure is categorized as productive expenditure, it will support to regional income convergence. This finding is in line with Sanz (2005).

In contrast, there is no evidence of convergence in non-productive government expenditures. The sign of the corresponding coefficient is positive. It seems that the operating expenditure tends to diverge across regency/municipality. The higher initial operating expenditures tend to increase their level so that the operating expenditures are ineffective in relation to public demand. This finding is consistent with Afxentiou and Apostolos (1996). With regard to the operating expenditure, the division/construction of new localities in the spirit of regional autonomy is followed by increasing operating expenditures, but it does not support to fiscal equalization across the region.

[“Table 3 goes about here”]

After discussing the existence of fiscal convergence, we consecutively will calculate the speed of fiscal convergence focusing only on capital and total expenditures. The speed of fiscal convergence presents how fast the fiscal equalization across regency/municipality takes place. The speed of capital expenditure convergence is 0.4327 (1 - 0.567301) or equivalently 4.79 percent a year on the average. In the context of total expenditure, the average speed convergence is 0.4518 (1 - 0.548171) or equivalently 4.70 percent a year.

Compared to the previous studies in the similar circumstances, the speed of fiscal convergence is weak. It means that, other things being equal, the local governments take a longer time to achieve equal fiscal distribution across locality. We predict that it will occur at least in 22 years ahead. However, it could be faster if central government intervenes to reform budgetary allocations.

**CONCLUSION**

This paper analyzed the convergence of public expenditure in the special autonomy region, i.e. Papua and West Papua provinces. The study employed secondary data published by formal institutions focusing on the unbalanced panel data at regency/municipality level. The motivation of this paper is triggered by the fact that local public expenditure has already decentralized to local government. The large amount of fund and expenditure discretionary stimulate the need to examine the configuration of sectoral budgetary allocations across the region.
This paper adopts the macroeconomic growth model to evaluate the persistence of public expenditure disparity. We found that the local government expenditure increases in relation to upsurge in regional income. However, the coefficient of local expenditure with respect to regional income growth is inelastic indicating that local government expenditure is not responsive to the increase in goods/services demanded as income increases.

With regard to fiscal convergence, we found that productive spending tends to converge across local government. In contrast, there is no evidence of convergence in non-productive government expenditures. Moreover, the speed of fiscal convergence is weak. Since the capital expenditure is categorized as productive expenditure, it will support to regional income convergence. In such a case, this work demonstrates the existence of underlying dynamic forces that determine growth of local government.

Refer to those findings, we suggest that local governments need to improve discretionary operating and capital expenditures at the local level, such as prioritize their expenditures and sharpen them – into soft and hard infrastructures. It means that discretionary operating and capital expenditures become to complement to the private expenditures. The local governments also should improve the budget composition as well as enforce the expenditures' efficiency. Furthermore, it needs to reform regional autonomy and fiscal decentralization policies in both provinces. This study only focuses on the local fiscal convergence based on the magnitude of capital and operating expenditures. Further researches are advisable to evaluate the quality of those expenditure's convergence.

REFERENCES


**Table 1**

Descriptive Statistics

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**Table 2**

Pair Wise Correlation between Types of Transfer and Regional Income

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REGIONAL INCOME CONVERGENCE: DOES FISCAL DECENTRALIZATION POLICY REALLY WORK?

Abstract

This paper observed the regional income convergence in the case of regency/municipality in West Papua and Papua provinces in the context of the local autonomy and fiscal decentralization policies. We incorporate two kinds of decentralized expenditure – operational and capital – and also private expenditures. We use an unbalanced panel data over the period of 2007-2010 to investigate them whether regional income convergence exists. We find that the composition of capital and operating expenditures fails to contribute to the regional income convergence. The economic growth and income convergence is comprehensively contributed rather by private expenditure. Those findings suggest needing to reform expenditure decentralization in both provinces.

Keywords: Public Expenditures, Private Expenditure, Economic Growth, Convergence

INTRODUCTION

According to Act No. 21/2001 and then revised by the Presidential Decree No. 1/2008, Nangroe Aceh Darussalam, Papua, and West Papua provinces are three local governments that are labeled special autonomy region. In this circumstance, they receive a substantial amount of the fund from central government, including General-Purpose Grant, Specific Purpose Grant, and tax/non tax sharing revenues. However, unlike other provinces, the three regions also earn Special Autonomy Fund.

In general, General-Purpose Grant and Tax/Non Tax Sharing Revenues are mainly allocated to the operating expenditures. In contrast, Specific Purpose Grant and Special Autonomy Fund are directed to finance the capital expenditures. Given the large amount of fund and expenditure allocation discretionary, this brought about the need to examine and determine the effect of sectoral budgetary allocations on the regional economic growth as well as income convergence to generate critical information in decision making and prioritizing expenditure.

A number of studies concerning the issue have been conducted in Indonesia (for example: Esmara, 1975; Uppal & Handoko, 1986; Garcia & Soelistianingsih, 1998; Wibisono, 2001; Kuncoro, 2002). In general, they found that the regional per capita income disparity in Indonesian economic development was persistent. In line with those studies, Ardani (1992)
found that the intergovernmental transfer in the form of block grant negatively affected on the regional income. However, Devarajan, Swaroop, and Zou (1996) argue that the composition of government spending may induce regional income growth.

The purpose of this paper is to shed light on the relationship between the composition of public expenditure and regional economic growth convergence in the case of regency/municipality in Papua and West Papua provinces. Unlike the previous studies, we identify the elements of public expenditure and also incorporate private expenditure. The rests of this paper are organized as follows. The next section will explore the theoretical consideration and previous empirical studies. This is preceded by delivering research methodology. The results and discussion are reported in the fourth section. Finally, the concluding remarks are drawn.

LITERATURE REVIEW

Convergence of regional economic growth has long concerned both economists and politicians in the last two decades (for more extensive review, for example: Capolupo, 1998; De La Fuente, 2000). The central issue of the theory and empirics of economic growth is whether there is a tendency for the poorer economies to grow faster than the richer economies and thereby to converge in living standard.

Three main concepts of convergence appear in the classical literature (see: Galor, 1996). First, the absolute convergence hypothesis that is per-capita incomes of countries converges to one another in the long run independently of their initial conditions. In the literature, economists state it as unconditional convergence. Sala-i-Martin (1996a; 1996b) stated it as $\sigma$-convergence. It holds if other things being equal the dispersion of the real per-capita GDP levels tends to decrease over time.

Second, the relative convergence hypothesis that is per-capita incomes of countries that are identical in their structural characteristics (e.g. preferences, technologies, rates of population growth, government policies, etc.) converge to one another in the long run independently of their initial conditions. It can be divided further into conditional and unconditional $\beta$-convergence referring to the change of their structural characteristics. It holds if the poorer regions tend to grow faster than rich ones (Barro and Sala-i-Martin, 1992).

Third, the club convergence hypothesis (polarization, persistent poverty, and clustering) (see: Durlauf and Johnson (1995) and Quah (1996) for supporting evidence for the club convergence hypothesis), that is per-capita incomes of countries that are identical in their structural characteristics converge to one another in the long run provided that their initial conditions are similar as well. It means that countries converge to one another if their introductory condition is in the basin of attraction of the same steady state equilibrium.

The classical approach of convergence can be traced back to the neoclassical-economic growth model. If the production function is of the neoclassical-type ($y=f(k)$), it can be shown that there is only one steady state to which the economy converges (see: Barro and Sala-i-Martin, 1992; 1998). This is the well-known property of the Solow (1956) model for a constant saving rate or of the Ramsey-Cass-Koopmans model (for instance: Romer, 1996).

Focusing, for simplicity, on the Solow model the dynamics of the economy can be described by a very simple expression. Denoting the constant saving rate by $s$, the average product of
capital by y/k, and allowing for stable rate of depreciation and population growth, δ and n, respectively, the rate of growth g is given by the following equation (all variables are expressed in per-capita terms):

\[
\frac{f(k)}{k} = s - (\delta + n) \quad (1)
\]

This rate of growth may be positive, negative, or zero. When it takes this last value, it refers to the steady-state situation. Because of the aforementioned assumptions, marginal and average productivities of capital are monotonically decreasing, in which case, there is a unique steady-state level of both output and capital per capita. It means that the neoclassical growth model predicts a unique equilibrium (steady state).

At the empirical level, the facts that not only the observed per-capita GDP levels but also their growth rates varied considerably across countries over the past few decades are widely documented (see Barro and Sala-i-Martin, 1998). There are a number of theoretical results that offer justification for having the different possible growth regime. For example, Quah (1996) points out that coalition of economies with different convergence dynamics, depending upon initial condition, from endogenously. Equally, Jones (1997) argues that there is no reason to expect that current per capita output leaders maintain their position in the long run as the factors determining the entire cross sectional distribution may change.

There are also several factors that may imply possible different growth patterns, such as political instability (Alesina, et.al., 1996), location of countries (Moreno and Trehan, 1997), and free trade (Ben-David and Loewy, 1998). Other factoring implying heterogeneous growth are government intervention (Lee, 1996), regional instability (Ades and Chua, 1997), social conflict (Benhabib and Rustichini, 1996), and the distribution of human capital (Galor and Tsiddon, 1997). In short, those studies offered some useful different approaches to address economic growth and income distribution across economies.

**METHODOLOGY**

To test the existence of income convergence, we adopt the conventional Cobb-Douglas production function and applied at regency/municipality level in Papua and West Papua Indonesia. By definition, economic growth (eg) is the relative change of income or GDP (Y) from previous (t-1) to the current (t) period. In the logarithmic form, it can be written as follows:

\[
e_{it} = \log Y_{it} - \log Y_{it-1} \quad (2)
\]

Subscripts i denotes regency/municipality, t is time, and e = random disturbance terms. Based on (1), equation (2) can be written as

\[
e_{it} = \alpha + \beta_1 \log Y_{it-1} + e_{it} \quad (3)
\]

where $\beta_1$ is coefficient of convergence ($\beta_1 < 0$). Equation (3) is absolute convergence which can be transformed into conditional relative convergence by entering some variables of interest.
We concern with the composition of local government expenditure and private expenditure (PE). The local government expenditure (GE) can be divided into two broad categories, i.e. capital expenditures (CE, typically investment expenditures) and operating expenditures (OE, representing consumption expenditures).

\[ GE \in \{ CE, OE \} \quad (4) \]

Private expenditure is total expenditure minus total government expenditure:

\[ PE = Y - GE \quad (5) \]

To avoid perfect co-linearity among variables above, we specified them in relative terms, i.e. capital to operating expenditures ratio and PE to Y ratio. The complete analytical model is as follows:

\[ eg_{it} = \alpha + \beta_{1} \log (y_{it-1}) + \beta_{2} (CE/OP)_{it} + \beta_{3} (PE/Y)_{it} + e_{it} \quad (6) \]

The neoclassical production theory predicts that an increase in the higher initial income is associated with lower income growth, so we expect \( \beta_1 \) is negative. The estimated value of \( \beta_2 \) and \( \beta_3 \) could be positive or negative. The negative values of \( \beta_2 \) and \( \beta_3 \) indicate that both variables support to regional income convergence. The positive values of them imply that both variables enhance the regional income growth but worsen convergence.

This study utilizes regencies/municipalities data of Papua and West Papua provinces throughout the period of 2007 until 2010 with the total of 29 and 11 regencies/municipalities respectively. Due to the altered number of regions in both provinces during the study period, the samples utilized in this study are the regions that meet the following criteria: (a) the availability of Local Budget Realization Report data; (b) regencies/municipalities that already exist and not experiencing changes (division, unification); and (c) the associated regencies/municipalities have the complete required data.

Referring to those above criteria, there were only 87 sample point's regencies/municipalities exerted as a sample in this study. All the data are taken from Local Budget Realization Report data published by General Directorate of Fiscal Balance, Ministry of Treasury website (http://www.djpkl.depkeu.go.id/). Other data come from Central Board of Statistics (http://www.bps.go.id). This study employs regression analysis, i.e. multiple regression analysis and applied for unbalanced panel data by assuming all requirements in regression analysis are satisfied.

The variables used here are specified as follows. The regional income is the summation of final products measured in 2000 constant prices (million Rupiah). The capital expenditure follows the sectoral/functional budgetary realizations. The operating expenditures cover realizations of wage/salary, goods/services purchases, maintenance, etc. (in million Rupiahs). Those expenditures are then converted into a real term by dividing by GDP deflator (2000 = 1) to avoid money illusion.
RESULTS AND DISCUSSION

Table 1 delivers the descriptive statistics of all variables under study covering mean, extreme, standard deviation, and also kurtosis values covering all regions. Statistically, a variable is said to be volatile if its CV (coefficient of variation, a ratio of standard deviation to mean) is more than 50 percent. Based on the empirical rule, the regional income is the most unpredictable indicated by the highest CV (312.15 percent) which more than 54 trillion contributed by Mimika.

[“Table 1 goes about here”]

The variability of capital expenditure is also relatively high closes to 46 percent. The total public expenditure is the least diverse revealed by the lowest CV (36.25 percent). This raises preliminary hypothesis that capital expenditures and private expenditures support to regional economic growth. We will check it more deeply later using econometric tools.

All of variables of interest are asymmetrically distributed (bell-shaped) indicated by the high value of skewness, especially Y. Intuitively, the null hypotheses that the series data is normally distributed can be rejected. The Jarque-Bera test supports to the asymmetric distribution. The upper tail of the distribution is thicker than the lower tail (indicated by the positive values of skewness), and the tails of the distribution are thicker than the normal (indicated by the kurtosis coefficient is greater than 3).

Table 2 reports the estimation results of semi-log linear model based on a fixed effect model as specified in equation (6) for West Papua, Papua, and both provinces respectively. In general, the convergence mechanism exists indicating by statistical significance of a coefficient of log ($Y_{t-1}$). It implies that the higher initial income tends to have a lower growth. In the long run, this will improve the regional income distribution.

The signs of public expenditure's composition coefficients are contradict across province. In West Papua province, the corresponding coefficient is negative but is positive in Papua province even almost statistically significant. Overall, the sign is insignificant negative indicating that the composition of public expenditure fails to back up regional economic growth and income convergence.

This finding is not in line with Devarajan, Swaroop, and Zou (1996). As found by Colombier (2011), this result implies that the local governments have been mis-allocating public expenditures in favor of capital expenditures at the expense of current expenditures. The other possibility is the public expenditure is indeed unproductive and when used in excess, it could become ineffective.

[“Table 2 goes about here”]

The statistical evaluation of the coefficient of private expenditure relative to total income, fortunately, is statistically significant with an exception for Papua province. In the context of Papua province, we can observe that the composition of public expenditure is marginally significant, in one hand, and the private expenditure, on the other hand, is insignificant. In such a case, we conclude that there is a low substitutability degree between public and private expenditures.
Overall, the increase 1 percent in private expenditure ratio tends to raise local income growth for about 0.08 percent on the average. Looking at the coefficient of private expenditure, the magnitude is higher than that of the composition of public expenditure, especially in West Papua province. In such a case, we conclude that public expenditure is weak enough to play an important role to the economy. To catch up the role of private expenditure, the local government should optimize the expenditure so that it will complement not substitute with the private expenditure.

Given that, we infer that public and operating capital expenditure failed to support regional economic growth convergence suggesting they are unproductive. This finding is in line with recent studies in developing countries, especially for Africa (Olabisi and Oloni, 2012; Mudaki and Masaviru, 2012). With regard to the operating expenditure, the division/ construction of new localities in the spirit of regional autonomy is followed by increasing operating expenditures, but it does not support to economic growth.

In relation to capital expenditure, the allocation may be inefficient, especially in the short term. Eventually, we cannot find a significant impact during the analytical period covering 2007-2010. In the long run, we expect that the impact of capital expenditure will promote regional economic growth and also improve the local income convergence.

CONCLUSION

This paper analyzed the composition of public expenditure and private expenditure in relation to economic growth and income convergence in the special autonomy region, i.e. Papua and West Papua provinces. The study employed secondary data published by formal institutions focusing on the unbalanced panel data at regency/municipality level. The motivation of this paper is triggered by the fact that local public expenditure has already decentralized to local government. The large amount of fund and expenditure discretionary stimulate the need to examine the effect of sectoral budgetary allocations on the regional economic growth as well as income convergence.

This paper adopts production function method to evaluate the present efficiency and effectiveness of both economic variables. We found that the coefficient of local expenditure composition with respect to regional income growth is statistically insignificant indicating that local income convergence is not responsive to the composition of public expenditure. The economic growth and income convergence is comprehensively contributed rather by private expenditure. However, we also found that the convergence mechanism exists in both provinces.

Refer to those findings, we suggest that local governments need to improve discretionary operating and capital expenditures at the local level, such as prioritize their expenditures and sharpen them – into soft and hard infrastructures so they become to complement to the private expenditures. The local governments also should improve the budget composition as well as enforce the expenditure's efficiency. Furthermore, it needs to reform regional autonomy and fiscal decentralization policies in both provinces. This study only focuses on the regional income convergence. Further researches are advisable to evaluate the social welfare convergence, such as education, health, employment, and poverty reduction. The two latest are interesting to be explored further deeply.
REFERENCES


Table 1
Descriptive Statistics

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THE NEXUS OF ECONOMIC GROWTH, UNEMPLOYMENT, AND POVERTY: DO DECENTRALIZATION AND SPECIAL AUTONOMY REALLY MATTER?

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THE NEXUS OF ECONOMIC GROWTH, UNEMPLOYMENT, AND POVERTY: DO DECENTRALIZATION AND SPECIAL AUTONOMY REALLY MATTER?

Abstract
The study aims to reexamine the effects of unemployment and poverty on economic growth in Papua (Indonesia) after 10-year special autonomy implementation, which is considered as one of the main solutions to boost the economic development. By employing 28 regencies and one municipal data in 2011, we used multivariate regression to portrait and retrace the effects of unemployment and poverty on economic growth. The result revealed that both unemployment and poverty had the significant effect on the economic growth. Unemployment is negatively associated with economic growth. However, different from the established prior empirical findings, poverty has a significantly positive effect on economic growth. It implies that special autonomy and decentralization do not really solve the poverty problem in Papua, even though those factors are considered as the prerequisite condition for poverty reduction.

Keywords: Economic Growth, Unemployment, Poverty, Decentralization, Special Autonomy

INTRODUCTION
Prior studies reported that decentralization was the principal institutional development strategy for reaching the regional level, especially in emerging countries (Bardhan & Mookherjee, 2006; Iimi, 2005; Martinez-Vazquez & McNab, 2003). At the time, a government enacted decentralization policies, various strategies and structures of local development were adopted. The scholars believed that good laws and good legal systems, which are represented by institutionalized political decentralization, produce good economic outcomes. However, the facts revealed that development was uneven across sub regions, even within a country (Davoodi & Zou, 1998; Zhang & Zou, 1998; Stansel, 2005).

What happened in Papua after 10-year special autonomy implementation appends the inconclusive findings of decentralization and economic growth’s postulate. The specialized form of decentralization, which attempts to give more economic, social and cultural rights of Papuans and diminish the development disparity between Papua and other regions, has not also brought any substantial improvements in eradication of poverty, public service delivery, government performance, and combating corruption yet. The increased economic growth in
Papua, which is considered as the principal benefit of decentralization through special autonomy, does not fully solve the unemployment, poverty, and inequality problems. The Papua’s gross regional domestic product (GRDP) in 2010 is 6.02%. However, the Papua’s highly poverty rate in the same year, i.e. 31.98%, shows a paradoxical phenomenon with its relatively high annual employment, i.e. 14.3% (BPS, 2010). It is worth noting that elevated average labor productivity does not always result in a low poverty incidence in the province. It implicitly confirms the anomaly relationship of economic growth, unemployment, and poverty reduction in a specialized decentralization policy (Todaro, 2000; Mudradjad, 2003).

Therefore, it is important to reexamine the effects of unemployment and poverty on economic growth in Papua at the most-recent situation to get the most updated portrait of decentralized governance. This study will provide some significant contributions, such as a reverse testing of the effects of poverty and unemployment on economic growth in the context of special autonomy era, which was rarely investigated previously in Papua to the authors’ knowledge. It will also expand the empirical findings on the nexus of poverty, unemployment, and economic growth in developing countries. By using more recent data, this study will present a more comprehensive picture of decentralization’s impact on native people.

To present the empirical findings, the paper is organized as follows. The literature review and prior studies on poverty, unemployment, economic growth, and decentralization are briefly outlined in Section 2. The methodology and research model is described in Section 3, followed by the research results and discussion in Section 4. We provide some concluding remarks in Section 5.

**LITERATURE REVIEW**

Prior evidence in developing countries demonstrated that growth in employment and its productivity can improve the growth rate of the economy (Khan, 2001). This typically developing economy’s characteristic happens when it has a large endowment of labor relative to other factors such as capital. Generally, productive utilization of this relatively abundant resource can make growth faster than it would otherwise be. Therefore, if a developing country’s government changes incentives in favor of more labor-intensive activities and techniques, thereby it can increase employment and/or earnings to the poor, which alleviates poverty. Prior studies on poverty are replete with an equally important finding that high growth alone is not a sufficient condition for achieving poverty reduction. The existence of labor market factors such as employment and wage levels are also extremely important variables in determining the relationship between economic growth and poverty (ADB, 2003). As output declined in the beginning of the 1990’s, the structure of employment changed, unemployment levels rose, and wage levels fell, yet the resumption of economic growth has not led to a general fall in unemployment levels, which partly explains the persistence of poverty in the region (Islam, 2003).

**The nexus of poverty, unemployment, and economic growth**

Economic growth, which is a dynamic terminology, has been an important goal for any advanced and developing countries, whether they apply open economy or not. Kurz and Salvadori (1995) exposited that classical economist focused on the long-period growth and paid a little attention to the short period. Meanwhile, neoclassical economists also started with the same style but soon realized the problems and focused on inter-temporal analysis. Varied definitions of growth, unfortunately, do not consider the disparity in real income distribution. If income distribution is highly skewed in favor of the rich, those definitions
become foully defective. It is why the major challenge of any economic growth’s goals related to inequality and poverty (Khan, 1990; Semboja, Likwelile & Rutasitara, 1999).

In the initial theories of growth, it was little attention on unemployment. In classical and neoclassical economics, unemployment, due to its rigidities, is considered being influenced and determined by the outside factor of labor market, such as wage law, taxes, and other regulations (Hussain, Siddiqi and Iqbal, 2010). Keynesian economics focused unemployment due to insufficient effective demand for goods and service in the economy. The concept of unemployment may apply to any factor of production but in most cases it applies to labor as a factor of production.

Thirwall (1996) and Martin (1997) evaluated that how regional unemployment disparities varied over the business cycle, and Mohlo (1995) found the impact of geographical disparities on unemployment. Meanwhile, Bruno and Sach (1985) and Hicks and Kenworthy (1998) found that institutional had a significant role in minimizing the unemployment which rose in real wage increased the natural rate of unemployment. Furthermore, Kemal (1987) also found that growth rate in Pakistan was really good, but the employment generation was not high. Unemployment increased at elevated rate and manpower planning experience did not produce significant results to minimize unemployment in Pakistan.

In Nordic countries and most of the European countries, the non-accelerating wage rate indicator rose with the rise of actual structural unemployment (Holden and Nymoen, 2002). Zaglar (2006) investigated the link between growth and unemployment of U.K. for the period of 1982-1999, and found that structural change played significant role in job creation and job destruction of an economy. The result showed that a robust and negative relation between unemployment and the growth of rapid emerging economies would face structural unemployment though for a short period. However, Zaglar (2006) believed that unemployment could be minimized through efficient planning and improvement in human capital.

Meanwhile, Obadan (1997) and Sagbamah (1997) observed that growth and employment move in the same direction. If all other things being equal, the higher the growth rate is the higher the employment rate. A corollary to the foregoing is that growth and unemployment move in opposite direction. If the growth rate increases, unemployment rate will fall, all things being equal. Output is, among other things, a function of employment. Increase in employment will, all things being equal, lead to increase in output and hence economic growth. On the other hand, reduction in employment (which is unemployment) will lead to decrease in output and hence in economic growth (all things being equal). Prior studies show that there is a negative correlation between growth and unemployment. Therefore, to reduce unemployment, growth-boosting policies should be formulated and put in place. However, it is important to note that for growth to bring about reduction in unemployment; such growth must be associated with labor-force participation. The classical school of thought believes this situation drives an increase in the demand for goods and services and such leads to increase in the demand for labor services which, in turn, leads to increase in employment and thus decrease in unemployment. However, it is important to reiterate the growth that brings about an increase in employment (or decrease in unemployment) which is highly labor-intensive and goes with increased labor-force participation.

Prior empirical findings show a negative relationship between growth and unemployment. For instance, in the Caribbean, countries that have sustained high growth rates have been decreasing unemployment rates; these countries include Antigua and Barbuda, the Bahamas,
Barbados, and St. Kitts and Nevis (Baker, 1997). In Nigeria, the high rate of growth between 1988 and 1992 was accompanied by a decline in the rate of unemployment (UNDP, 1997). A major strategy that can be used to bring about rapid economic growth and reduction in unemployment is the investment in human capital. A recent World Bank study shows that the most important factor that brought about rapid growth and reduction in unemployment rate in East Asian countries was the investment in human capital (see Obadan, 1997).

Meier (1989) asserted that whether absolute poverty is measured by low income, low life expectancy or illiteracy, there is a strong correlation between poverty and growth: the correlation is negative. Meier (1989) stated that there is a great deal of truth in the proposition that there is a strong inverse association between economic growth and poverty, but this needs to be carefully qualified. A comparison of different countries shows that the relation between absolute poverty and economic growth is far from perfect. This is due to differences in income distribution. Looking at changes within particular countries, the connection between growth and poverty reduction over periods of a decade or two appears inexact. However, there is general agreement that growth in the very long-term eliminates the most absolute poverty (World Bank 2001; Obadan, 1997).

The connection between economic growth and poverty goes both ways. Health, education and well-being of people in industrialized countries are the cause, as well as a result of national prosperity. Similarly, in a less-developed country in which people who are unskilled and sick, those people are limited to make a contribution to a country’s economic growth (Meier, 1989). Economic growth is very crucial in poverty reduction. Growth reduces poverty through rising employment, increased labor productivity and high real wages. Countries in the Caribbean that have sustained high growth rates and invested in human capital have relatively low levels of poverty; these countries include Antigua and Barbuda, and St. Kitts and Nevis. However, poverty has increased in Caribbean countries that have had low or negative rates of growth for protracted periods; these countries include Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago (Baker, 1997). Provision of employment that goes with living wages for the poor is very important in any poverty alleviation strategy; this is in line with the capitalist entrepreneurial theory of poverty. Job's creation and generation of adequate-income opportunities for the poor are made possible through high and sustainable economic growth.

As stated earlier, economic growth that is associated with huge investment in human capital leads to reduction in poverty. And such investment may be made possible by the increase in savings. In the classical theory of growth, in the Harrod-Domar growth model and in the Meade’s neoclassical model of growth, saving is positively correlated with growth. Indeed, when savings are adequately channeled to profitable investment, it brings about growth.

There is a very strong positive correlation between high levels of unemployment and widespread poverty. In most cases, those without regular employment or with only scattered part-time employment are among the very poor. Those with regular paid employment in the public and private sectors are typically among the middle to upper-income class; they are typically among the non-poor. However, it would be wrong to assume that everyone who does not have a job is necessarily poor or that all those who work full time are among the non-poor. There may be some unemployed urban workers who are “voluntarily” unemployed in the sense that they are searching for a very specific kind of job, may be because of high expectation based on their presumed educational or skill qualifications. They refuse to accept jobs they consider to be inferior, and they are able to do this because they have outside
sources of finance (e.g. finance from friends and relatives). Such people are unemployed by definition, but they may not be poor. On the other hand, some people work full-time in terms of hours per day but earn very little income are “fully employed” but often they are still very poor (Todaro, 1985).

Despite prior studies reveal few literal linkages between poverty and unemployment, it still remains true that a major mechanism for alleviating poverty, especially in less-developed countries, is the provision of adequate paying and productive employment opportunities for the very poor. Therefore, employment must be an essential ingredient in any poverty focused development strategy (Todaro, 1985).

Empirical evidence shows that poverty can be reduced through alleviation of unemployment among the poor. For example, in Nigeria, there was a steady decline in unemployment rate between 1987 and 1991, and this was followed by reduction in poverty (Federal Office of Statistics, 1999). In Indonesia and Malaysia, reduction in unemployment among the poor brought about reduction in the level of poverty (World Bank, 1990). The prior studies support the assertion that there is a strong positive correlation between unemployment and poverty.

### DATA SOURCES, SPECIFICATION OF MODEL AND METHODOLOGY

The data employed in this study are a cross-section in the period 2010, namely economic growth, unemployment, and poverty. The study aimed to investigate the causal relationship between economic growth, unemployment and poverty. The data is collected from the BPS-Statistic of Papua Province and Regional Planning Board of Papua Province.

Multiple regression linear analysis method is applied to estimate the effects of unemployment and poverty on economic growth. Multiple linear regression analysis uses Ordinary Least Square (OLS). This method permits us to recognize long run aggregate effects by considering the dynamic effects between these variables. For cointegration assessment, we use the following multivariable growth model, namely:

\[
GRDP_t = f (Unemp_t, Pov_t) \tag{1}
\]

where \(t\) is time subscript, \(GRDP_t\), \(Unemp_t\), and \(Pov_t\), are economic growth, unemployment and poverty respectively. \(GRDP\) (Gross Regional Domestic Product) is used as a proxy variable for economic growth. Open Unemployment is taken as a proxy variables for unemployment. Percentage of People under Poverty Line is taken as a proxy variable for poverty.

The robustness of the economic growth, unemployment, and poverty relationship is tested by estimation of the following relation:

\[
GRDP_{it} = \beta_0 + \beta_1 Unemp_{it} + \beta_2 Pov_{it} + e_{it} \tag{2}
\]

where \(GRDP_{it}\) is economic growth of regencies or city in Papua Province in 2010, \(Unemp_{it}\) is the unemployment level of regencies or city in Papua province in 2010, and \(Pov_{it}\) is the poverty level of regencies and city in Papua Province in 2010, and \(e\) is the random error term.
Test statistics "t-test" is used to look at the significance of the effects of individual independent variable on the variable bound to consider other independent variable is constant. T test using the two following hypotheses:

1. T test for a variable percentage of Unemployment (Uemp). The null hypothesis is obtained from H0: \( \beta_1 = 0 \), it is no effect between unemployment percentage with GDP per capita. The alternative hypothesis was H1: \( \beta_1 > 0 \), there is a positive effect of the percentage of unemployment to GDP per capita. When t count > t table then H0 is rejected and H1 accepted.

2. T test for a variable percentage of poverty (Pov). The null hypothesis was formed from H0: \( \beta_2 = 0 \), it is no effect of the level of poverty with GDP per capita. The alternative hypothesis was H1: \( \beta_2 < 0 \), there is a negative effect of the level of poverty with GDP per capita. When t count > t table then H0 is rejected and H1 accepted.

The coefficient of determination (\( R^2 \)) was used to measure the true model regression analysis. If the value of \( R^2 \) close to 1 then there is a strong relationship between the variable and is closely tied to the independent variable and the use of the model is justified.

**EMPIRICAL RESULTS AND DISCUSSION**

Economic growth performance in the regencies and city in the province of Papua in 2010 was the lowest in Mimika with -14.49 percent and the highest value in the regency of Mamberamo Tengah with the value of 36.73 percent. Overall, the average economic growth in Papua Province in 2010 reached 13.80 percent with a standard deviation of 10.06. From the results of the descriptive analysis of economic growth shows that only 10 regencies have economic growth performance of above-average economic growth and 19 regencies or cities are below average economic growth in Papua Province in 2010.

Unemployment rate in the regencies and city in the province of Papua was the lowest in the regencies of Paniai and Deyai respectively by 0.13 percent and highest in Jayapura city, which reached 12.42 per cent. Overall; the unemployment rate in Papua province reached an average of 3.63 per cent with a standard deviation of 3.71. The results of the descriptive analysis show that the low unemployment rate is only in 10 regencies or cities that have a performance level of unemployment than average unemployment rate. Meanwhile, the other 19 regencies are below the average unemployment rate in Papua province.

The poverty rate in the regencies and city in the province of Papua in 2010 was the lowest in Merauke regency with 14.54 percent and highest in Deyai, which reached 49.58 percent. Overall, the poverty rate in Papua province in 2010 reached an average of 36.15 percent with a standard deviation of 10.15. The results of the descriptive analysis of poverty show that 16 districts have poverty levels higher than the performance of the average performance level of poverty in Papua and 13 regencies or cities are below the average poverty rate in Papua province. Descriptive statistical analysis of the results of economic growth, the level of unemployment and poverty in 28 regencies and one city in the province of Papua in 2010, are presented in the following table.

[“Table 1 goes about here”]

Based on the estimated effect of the level of unemployment and poverty to economic growth, the model equation is obtained as follows:
From the analysis, it can be seen that the value of the coefficient of determination (R^2) equal to 16.90 percent. It means that the variation rate of unemployment and poverty levels to the economic growth can be explained by only 16.90 per cent while the remaining 83.10 per cent is explained by other variables that are not or cannot be included in this research model.

When viewed individually, of the two factors that influence economic growth, the unemployment rate significantly influences economic growth in the value of t-statistics equal to -0.038 and 0.970 significance value of less than 0.05. Thus, the hypothesis H0 is rejected and H1 accepted, which means that the open unemployment rate partially significant negative impact on economic growth in the regencies and city in the province of Papua. This suggests that the higher rate of unemployment will reduce economic growth performance in regencies and city in the province of Papua. The result of unemployment and economic growth move in the same direction as stated by Baker (1997) that there is negative relationship between growth and unemployment. The poverty rate significantly influences economic growth, with the value of t-count equal to 1.685 and 0.104 a significance value of less than 0.05. As a result, the hypothesis H0 is rejected and H1 accepted, which means that poverty is a partially significant positive impact on economic growth in the regencies and city in the province of Papua. These results of the relationship between growth and poverty opposite to the result from Meier (1989) that there is a strong negative correlation between poverty and growth.

Constant value of -0.610, this means that if the unemployment rate and poverty rate held constant (ceteris paribus) the performance of regencies and city and province economic growth are negative for 0.610 percent. Coefficient of unemployment rate was negative to -0.025; this means that if the unemployment rate has now fallen by 100 percent, then the economic growth performance of regencies and city as well as Papua province will increase by 2.5 percent. Coefficient poverty rate of 0.401, this means that if the poverty rate increased by 100 percent, then the economic growth performance of regencies and city as well as Papua province will increase by 40.10 percent

However, growth has been concentrated in the traditionally capital-intensive extractive sector. Agriculture, which employs most people in most Papuan regions, is characterized by low productivity growth, and thus has not provided enough real employment income security to the population, particularly in rural areas. It implies the need for good governance as a prerequisite to successful rural poverty alleviation policy. The formal structures of local governance, therefore, need the support of people-based community organizations to make decentralization work for the people. Decentralized development should be linked to the poor and marginal households through a participatory mechanism so that the poor can take part in the development process.

Good governance is increasingly cited as a key component in any successful strategy to reduce poverty. Decentralization of authority and responsibility is a key factor in good governance. Good governance is concerned with institutionalizing democracy in such a way that the structure produces the expected functions. A recent study has argued that the persistence of poverty in most countries has its origins in problems of governance rather than in an inadequacy of resources.

Decentralization policy is generally regarded as critical for efficiency, equity and participation. With regard to efficiency, decentralization contributes to identify local
priorities, potentialities and resources for the appropriate preparation, implementation and sustainable management of projects. With regard to equity, local governments are often in a good position to administer services that have important redistributive implications, such as primary health care, education, childcare, housing and public transportation. With regard to participation, the identification and mobilization of all available resources and their deployment in accordance with popular needs requires direct participation.

A number of countries in Asia have legislated far-reaching reforms relating to good governance through devolution of authority and responsibility. The challenge of good governance is to ensure the effective implementation of reforms. The recent Asia financial crisis provided the impetus to strengthen local governments to sustain and raise the quality of economic growth. While governments were involved fully in the design of comprehensive reform packages and the related legislation, their inability to ensure implementation limited the impact of such reforms.

CONCLUSION

The empirical findings of this study reveal that economic growth between the regencies and cities in the Papua province was very diverse. Regency of Mimika has the negative lowest economic growth rate (-14.49 percent) and highest rate is in the Central Mamberamo regency (36.73 percent). In average economic growth rate of Papua Province in 2010 was 13.80 percent. The similar situation also happens for the unemployment rate among regencies and cities, which was also very diverse. The regencies Deyai and Paniai had the lowest unemployment rate (0.13 percent) and the highest was in Jayapura city (12.42 percent). Unemployment rate means of Papua province in 2010 was 3.63 percent. The poverty rate among regencies and cities in the province of Papua was also various. The Merauke regency occupied the lowest poverty rate (14.54 percent) and the highest rate was in Deyai regency (49.58 percent). The average poverty rate in Papua province was 36.15 percent.

The test results directly to the multiple regression showed that both unemployment rate and poverty rate effects on economic growth in the regencies and city in the province of Papua. Entanglement effects between tested variables, 16.90 percent can be explained directly by the model resulting from this study, while the remaining 83.10 per cent is explained by other variables that cannot be included in this model. Partially, open unemployment rate had a significant negative effect on economic growth, on the contrary, poverty rate had a significant positive impact on economic growth in the regencies and city in the province of Papua. We assume that the contradict relationship between poverty and economic growth is rooted in the imbalance growth between rural and urban areas. The main contributing factor of Papua’s high economic growth is the fast acceleration development in municipal areas. Meanwhile, in remote and rural areas, the minimum infrastructures are the cause of increasing poverty in Papua. Those variables are needed to be more explored in the future researches that contribute in creating more comprehensive and implementable Papua economic growth models.

REFERENCES


World Bank, ‘*World Development Indicators*’: 2001


**Table 1**

**Estimated Regression Results Effect of Unemployment and Poverty Rate of Economic Growth**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>Beta</th>
<th>t - statistics</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.610</td>
<td>10.482</td>
<td>-0.058</td>
<td>0.954</td>
<td></td>
</tr>
<tr>
<td>Unemployment</td>
<td>-0.025</td>
<td>0.651</td>
<td>-0.009</td>
<td>-0.038</td>
<td>0.970</td>
</tr>
<tr>
<td>Poverty rate</td>
<td>0.401</td>
<td>0.238</td>
<td>0.405</td>
<td>1.685</td>
<td>0.104</td>
</tr>
</tbody>
</table>

Note: Dependent Variable = Economic Growth

**Sources**: Elaborated Data
ABSTRACT

The purpose of this paper is to identify and prioritize effective factors in the Performance Based Budgeting (PBB) in Telecommunication Company of East Azerbaijan, Iran. The participants of the study included 96 people of managers, vice-managers and employees of financial, administrative and budgetary units of the company. The Tool for data collection in this study was a questionnaire including 53 questions which was distributed after proving its validity and reliability. After collecting the questionnaires, the data obtained was summarized and classified using descriptive statistical methods and in order to test the research hypotheses the software SPSS, Excel and TOPSIS method were used. The results showed that environmental, administrative and operational controls are requirements of PBB and its non-compliance in organizations is a barrier in ABB implementation. From afore-mentioned factors, environmental factors are the most influential and executive and control factors go in next, respectively.

Keyword: Performance Based budgeting, environmental factors, executive factors, control factors

INTRODUCTION

Nowadays, budget has a crucial role in the economy and acts as the government financial policy tools (Kiomarsy et al, 2009, 103). One of the methods used in budgeting is PBB; In this method, the separation of funds into tasks, programs, activities, projects, volume of operations and cost of the government operations and government agencies are calculated and measured based on scientific methods such as cost accounting and work measurement method (EbrahimiNejad and Frjynd, 2007, 25). Budget reform in the United States indicates a perpetual tug of war between the executive and legislative branches of government for power. In the past century, the U.S. federal budget reforms have been centralizing (the Budget Act of 1921) performance based activity (performance budgeting of the 1950s), focused on program
evaluation, management-oriented, bottom-up, tight, and concerned with results (Willoughby & Benson, 2011, 2). More than 60 years have passed after emergence and introduction of PBB in the world. However, ABB continues to be an ideal in the minds of officials and policy makers.

Given the fact that Iran's economic policy makers take PBB into account in The Fourth Development Plan, suggests the necessity of allocating resources to government agencies in achieving sustainable development in Iran, taking important and effective steps seems necessary. Considering the PBB establishment in other developed and developing countries and scientific theories in this respect (Such as Shah Model and management model) important steps can be taken of PBB to right track effective factors for establishment. Therefore, in the present study we attempted to prioritize and identify factors affecting establishment of PBB of the case company.

**RESEARCH LITERATURE**

Performance Based Budgeting concept has a very old history. Unlike the program budgeting system component that was in vogue before World War II in the United States, Performance Based Budgeting dates back to the 1950s. The goal of these terms was to offer functional information for budgeting system and change in the government process approach for focus on inputs to outputs. This approach was propagated by Hoover commission, which was in governmental form, in 1949, and its wide implementation was considered. (Hasanabadi & Najarsaraf, 2007) In addition, regarding incretion is a concern to financial constant, increasing expectations about transparency and truth and government responsibility increasing constitutional law awareness, promoting people activities about using taxpayers money (Shah, 2010, 7) have made governments consider Performance Based Budgeting, greatly.

By way of comprising, Performance Based Budgeting is only useful to guide public organizations mangers to manage public affairs and make decisions; While Performance Based Budget controls in addition to guidance, controls the performance of all staffs and governmental departments (Mahdavi, 2007). In program budget, internal costs of programs and activities are predicted on the basis of deciding and cost materials; while in Performance Based Budget, price accounting methods are completed for estimating costs, work measurement is carried out rather than cost materials (Ansarry, 1999, 135). Some different views, ideas and definitions are offered about Performance Based Budgeting. Some of these Performance Based Budgeting definitions are offered below: based on definition of Organization for Economic Cooperation and Development (OECD), Performance Based Budgeting is a type of budgeting that relates allocated credits to measurable results (Schick, 2003, 83). In fact, Performance Based Budgeting concerns with using information performance in every budget cycle process and propagating information to individuals who make decision on optimal allocation of sources, appropriately (Boyle, 2011, 5). Based on the definition of General Accounting Office(GAO), Performance Based Budgetingis a method that it relates the performance information to the budget (Kline, 1997, 47).The Performance Based Budgeting is annual program along with annual budget that it shows a relation between allocated funds to every program and resulted obtained from that program(Young, 2003).Tending to Performance Based Budgeting results in development and keeping accounts in executive financial affairs(Carter, 1999, p.23).In regulating this Performance Based Budgeting, the activity itself and the price of works (Andrew, 2004, p.334-335), which should be done, is considered rather than focusing on the activities executive organizations.
Regarding resources and attempts done for Performance Based Budgeting, it is important to be assured the function of this method. However, it should be mentioned that many of analysts such as Schik believe that implementing Performance Based Budgeting will fail (Willoughby & Melkers, 2000, p.108). Many researchers have evaluated Performance Based Budgeting experience and they have obtained this result.

So that budget department of the United States congress announced that there is a little evidence form improving Performance Based Budgeting in local (Walter, 1972, 148). state and international in other developed and or developing countries and existing scientific theories(such as Shah model and management model), we can use these factors to track environment, executive and control factors, which are all factors in budgeting system, are discussed.

1-environment factors: if we suppose budgeting as a process that it is implemented in organizations which are considered as open systems, this system would deal with two types of macro external environment (Khodadadhosaeiny & Azizi, 2006, 49).

- **Macro-environment**: it is consisted of forces don’t affect short-time organization activities directly; but they have indirect effect and they have effect on organization’s long-term decisions. This part of the environment forms a general area (condition) for management decision-making, and they consist of factors such as economic conditions, social-cultural conditions, and legal-political conditions, technological and natural environmental conditions. Existing between comprised legal-political factor and general prevailing philosophy condition and government political goals and also, governmental laws and regulations have more importance and preference. Since budgeting is a means for a government to obtain its goals and it is appeared by exclusive organization. So, political and governmental dimensions (aspects) should be considered to a large extent.

- **Functional (industry) environment**: it consists of factors that directly affect organization’s activities. It involves real organizations or groups and people that organization should interact with them to succeed. These are environmental factors that they affect organization operation directly. Groups and people such as, customers, suppliers, competitors, supervisors are more important and they are related to executive factors.

- **Internal environments**: it consists of culture and organization resources, in other words it consists of factors that are connected with organization’s implementation of functions.

2- Executive factors: a manager should undertake key responsibilities to help the organization in achieve high performance through all its resources such as humans, money, materials, technology and information.

- **Strategic programming managers**: without planning, managers will not know how to utilize their employees and resources effectively. Strategic program tells the managers in which conditions they are now and it also specifies long-term organization purposes via identifying its organizational environment and, identifying similar competing organizations and thus gives the awareness of possible, realistic, intelligent threats and as well as the opportunities and how to make use of them. In new approaches, financial budgeting is composed of two different processes. In figure (1), only a little percent of annual cost and expenditures is spent for strategic programs. Much cost resulted from products compound and size and product
services. Strategic budgeting programs enable organization in products and new services developing, new powers, new and prompted relations to customers and capacity developing to grow in the future (Kaplan & Norton, 2007, 423).

Figure (1): Performance Based Budget and Strategic Budget

<table>
<thead>
<tr>
<th>Performance Based Budget</th>
<th>Strategic Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>25%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>65%</td>
</tr>
<tr>
<td>Operations</td>
<td>10%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Strategic planning</td>
</tr>
</tbody>
</table>


Strategic budget and Performance Based Budgeting reflect considers programs and required activities to cover distance between successful performance and the performance; which is proved by constant improvement and based on normal business process (Kaplan & Norton, 2007, 423).

B) Human resources management: human resource is one of the basic components of an organizational system. The implementation of BPT system is impossible without expert and effective human force. Thus, executive and legislative forces should approve appropriate bills for selection and training desired (good) human force in financial and budget departments in the management and programming organization of the country. Training human force should be done to understand and implement this system in different dimensions (directions). Additionally, new human force should be employed in budget and financial departments based on scientific tests and entrance exams with higher university degrees in accounting courses.

C) Organization and management: regarding the nature of Performance Based Budgeting and effective involving factors in implementing it, organization is considered as bed and management as an executioner of Performance Based Budgeting. So to identify the best bed for Performance Based Budgeting as well as management, we should understand their different types briefly.

Modern (new) theories not only concentrate on human but to its values, organization and all its directions and performances and finally, organization environment to all its innovation. And it requires flexibility of organizational internal structures to responsibility to innovations it, also, recommends active and effective innovation to control environment changes rather than passive behaviors.

In high innovative changes organizations, organizational structures support innovation (Mirsepasi, 2003, 2). Innovative organizations reorganize for creating smaller units to enable innovative teams (groups) to act and provoke innovative in new projects. Implementing Performance Based Budgeting system is a cooperative work (Irannejadparizi, 2006, 446). It should not be expected that this system is implemented the in budget and financial united framework. Organization management should co-operate with the company.

D) Change management: the fundamental changes in the budget management of the developed countries in economic and development organization are considered by developing countries, which want to adjust their budget system. The experience of these countries shows that designing budget system adjustment requirement, compiling programs and its exact
executive instructions are not very difficult, but changing budgeting system from traditional to operational encounters a major limitation. This limitation has two dimensions: 1-required management capacity to implement budget management. 2-“change management skills” that are required to begin to work new system, to continue adjustments process, to continue implementing new system and compatible with environmental changes (Hasanabadi & Najarsaraf, 2007, 188).

E) Financial management: financial management can be considered as a sub-branch of budget management with the difference that in budget management, type of required management is considered for Performance Based Budgeting; whereas in financial management, the most necessary for accounting methods and financial organizations are considered for the implementation of Performance Based Budgeting, correctly.

3-Control factors (control system): to identify existing deficiencies in implementing Performance Based Budgeting system, activities process should be feedback that this feedback can be obtained by different aspects such as organization structure, human resources, accountancy system and event-record methods, organization goals and finally, results obtained from works weather have enough efficiency, in comparison with organization profitability using Performance Based Budgeting method. Also, organization needs strong internal control systems to preserve critical properties such as cash funds, equipment and information banks like accountancy information and its customers. Performance education system in many organizations is related to such internal control functions. These are important but focusing on only internal control results to be wrong following regulations with (to) proving duties and results. In fact, the last international control systems is information formal system. That senior managers use it to communicate with theirs employees in strategy cases and implementing it.

RESEARCH BACKGROUND

A number of research backgrounds will be discussed:

1- Jordan&Hakbert (1999) carried out a research entitled “implementing Performance Based Budgeting successes and purposes”, their findings showed that program responsibility is more effective in succeeding budgeting system establishment based on performance rather than budget allocation purpose (Jordan & Hakbart, 1999).

2- Grain Brain (2002) carried out a research entitled "the effect of Performance Based Budgeting to states performance", that the effect of budgeting based on performance to annual states performance was studied (Grain & Brain, 2002).

3- political sciences institution, Dong Kong, in a research studied Performance Based Budgeting in the US. It evaluated cases, such as a history of Performance Based Budgeting in America, identifying a number of challenges relevant to theatrical basics and Performance Based Budgeting principles, documenting current operations and researches relevant designing and establishing it, evaluating view relevant to Performance Based Budgeting (Dongsungkong, 2005).

4- Mahmoodi(2005) in a research entitled "evaluating Performance Based Budgeting implementation problems in governmental organizations and offering required approaches to reduce problems" found that there was a meaningful relation between implementing Performance Based Budgeting and management factors, and Performance Based Budgeting implementation problems were related to 1-technical process factor2-humen factors 3-environment and management factor, respectively.so, it was recommended that these problems were identified and then
they were resolved for implementing Performance Based Budgeting (Mahmoodi, 2005).

5- Asadi et al. (2006) in a research called "identification Performance Based Budget establishment programs in Islamic republic of Iran custom based on shah model" found that Performance Based Budgeting establishment preventive factors in an organization are: stimulation acceptance, policy authority, legal authority, organizational authority, technical ability, performance evaluating ability, management acceptance, the ability of human force and political acceptance, respectively (Asadi et al, 2006).

6- Salemsafi (2004) did a research, "evaluating results of Performance Based Budgeting system establishment in distinguishing department of Valieasrhospital in Meshkin city of Ardabil province, Iran focusing on ended services cost" that results obtained from Performance Based Budgeting system in hospital diagnosis activity center were evaluated based on desired proficiency indicators (radiology stereotype number and personal costs rations) and undesired proficiency indicators (experiments number ratio and sonographic number ratio) and based on desired justice indicator (staff receipt ratio) and stability and efficacy indicators regarding total proved allocated revenues ration were studied (Salemsafi, 2004).

7- Mohammdi (2002) in a research, "evaluating budgeting problems in Ilam province, Iran and offering appropriate approach "found that: 1-lack of exact prediction annual budget by executive organization 2-lack of human force that they have sufficient education, experience and experts 3-lack of appropriate budgeting culture cost management and not attention to efficiency and efficacy. 5-lack of appropriate structure and organizational organizations province executive organizations are of budgeting problems in this province (Mohammdi, 2002).

**RESEARCH THEORETICAL FRAMEWORK**

To identify effective factors for establishing Performance Based Budgeting in studied company compound of two theories, Alen Shah and management, consisting 1-environment factors, 2-executive factors, as research theory framework were considered.

**figure (2):** Research Theoretical Framework

![Research Theoretical Framework Diagram](image)

**RESEARCH METHOD**

Current research is practical with a view to method, management and purpose. Current research statistical community is managers, assistants and financial, administration and budged department staff of Telecommunication Company of East Azerbaijan that they were 69. Due to limited statistical community, total statistical community is considered as
statistical sample, in other words, it has been used census way of sampling. Questionnaire information collecting device contains 53 questions (table.1). questionnaire questions have been regulated on firm-point Lickert scale. Questionnaire admissibility is external. Questionnaire stability has been obtained based on Kuronbukh alphabet test, 0.877, 0.974 and 0.945 for environment, exclusive and control factors, respectively, and research questionnaire has high stability.

Table 1. Questions into the Questionnaire

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Number of questions</th>
<th>Questions Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental factors</td>
<td>1. Governance</td>
<td>1 and 2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>2. Political</td>
<td>3 to 5</td>
<td>3</td>
</tr>
<tr>
<td>Executive factors</td>
<td>1. Management Planning</td>
<td>6 to 7</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>2. Human Resources Management</td>
<td>8 to 13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. enterprise management</td>
<td>14 to 20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. changes Management</td>
<td>21 to 25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Financial Management</td>
<td>26 to 32</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Information System Management</td>
<td>33 to 38</td>
<td></td>
</tr>
<tr>
<td>Control factors</td>
<td>1. Performance management and performance indicators</td>
<td>39 to 50</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>2. Reporting System</td>
<td>51 to 53</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>53</td>
</tr>
</tbody>
</table>

RESEARCH FINDINGS

to analyze data obtained from collected questionnaire, descriptive and deductive statistical method have been used. Firstly, abundance distribution tables and responded percent relevant to demography and questions and research variables using Spss software have been offered. for the statistical description of the given answers to research questionnaire questions. In deductive level, Topsis software has been used for the purpose of hypotheses testing. In Topsis method, M option, M point was considered in an N dimension space. In this technique, selected option sound have the lowest distance to positive ideal solution (the best possible condition Ai+) and the highest distance to negative ideal solution (the worst possible every branch is increasing or reductive, uniformly(Azar & rajabzadeh, 2002). In this method, relative importance for every indicator has been given as weights for decision-makers, and their weights have been considered equally, 1.110=0.009. To obtain results required formulas entered Excel software, and finally, using this method available options based on importance and variances were ordered based on information obtained from table 3, its seen that the average environmental, executive and control factors independence variables are 17.4167, 11.66, 89, 89,18 and 43.98, respectively.

Table 2. Frequency and Percentage Distribution of Responses to Questions about General Statistical Sample (Gender, Age, Educational Level, and Years of Service)

<table>
<thead>
<tr>
<th></th>
<th>gender</th>
<th>age</th>
<th>educational level</th>
<th>years of service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>man</td>
<td>total</td>
<td>PhD</td>
<td>five</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>associate</td>
<td>master</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>degree</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Diploma</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Associate Degree</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bachelors</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Masters</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PhD</td>
<td>total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5-10</td>
<td>11-15</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>16-20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>total</td>
<td></td>
</tr>
<tr>
<td>Frequency</td>
<td>96</td>
<td>96</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>55</td>
<td>96</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>40</td>
<td>0</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>54</td>
<td>0</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>19</td>
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<tr>
<td></td>
<td></td>
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<td>2</td>
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<td></td>
<td></td>
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<td>75</td>
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</tr>
<tr>
<td>Percent</td>
<td>100</td>
<td>100</td>
<td>0.1</td>
<td>41.17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>57.3</td>
<td>100</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>0.1</td>
<td>41.17</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>56.3</td>
<td>100</td>
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<td>41.7</td>
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<td>41.7</td>
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<td>0.1</td>
<td>41.7</td>
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<td>41.7</td>
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<td>41.7</td>
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<td>41.7</td>
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<td>0.1</td>
<td>41.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.1</td>
<td>41.7</td>
</tr>
</tbody>
</table>
Table 3. Descriptive Statistics of Variables

<table>
<thead>
<tr>
<th></th>
<th>Environmental factors</th>
<th>Executive factors</th>
<th>Control factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>96</td>
<td>96</td>
<td>96</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td>17.4167</td>
<td>89.18</td>
<td>43.98</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td>18.00</td>
<td>105.00</td>
<td>52.00</td>
</tr>
<tr>
<td><strong>Standard deviation</strong></td>
<td>4.8311</td>
<td>26.744</td>
<td>11.741</td>
</tr>
<tr>
<td><strong>Variance</strong></td>
<td>23.340</td>
<td>715.291</td>
<td>137.863</td>
</tr>
<tr>
<td><strong>Minimum</strong></td>
<td>11</td>
<td>47</td>
<td>25</td>
</tr>
<tr>
<td><strong>Maximum</strong></td>
<td>23</td>
<td>133</td>
<td>62</td>
</tr>
</tbody>
</table>

So that, in table 4, it is seen that agreement of three powers legislative, executive, and judicature in Performance Based Budgeting has been recognized as first and the most factor for establishing as first and the most factor for establishing Performance Based Budgeting in studied company, with highest score between 53 factors.

Additionally, "legislative power co-operation with executive power for approving implementation of Performance Based Budgeting", "adaption of current company reporting system to reality" and ... are next orders.

Table 4. TOPSIS Test for all Components

<table>
<thead>
<tr>
<th>R questions Title</th>
<th>A close relative to the ideal</th>
<th>R questions Title</th>
<th>A close relative to the ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Three branches of the agreement</td>
<td>0.79060159</td>
<td>28 Prime cost</td>
<td>0.38967737</td>
</tr>
<tr>
<td>2 Participation of the legislature with the executive</td>
<td>0.77796891</td>
<td>29 Quality information resources</td>
<td>0.38846511</td>
</tr>
<tr>
<td>3 Adapting to the reality</td>
<td>0.67605451</td>
<td>30 Expertise and management skills</td>
<td>0.38232676</td>
</tr>
<tr>
<td>4 Process indicators</td>
<td>0.67426638</td>
<td>31 Use of IT</td>
<td>0.37998028</td>
</tr>
<tr>
<td>5 Awareness and understanding of Parliament</td>
<td>0.63739633</td>
<td>32 Deviations from</td>
<td>0.37747360</td>
</tr>
<tr>
<td>6 Index budget</td>
<td>0.60999060</td>
<td>33 Terms and computational finance</td>
<td>0.37510450</td>
</tr>
<tr>
<td>7 Accrual accounting</td>
<td>0.60322361</td>
<td>34 Quantity of information resources</td>
<td>0.36888569</td>
</tr>
<tr>
<td>8 Aligned to government bodies</td>
<td>0.57828656</td>
<td>35 Performance indicators</td>
<td>0.36382579</td>
</tr>
<tr>
<td>9 Standard indicators</td>
<td>0.57685112</td>
<td>36 Effectiveness indicators</td>
<td>0.35615920</td>
</tr>
<tr>
<td>10 Information technology in responding</td>
<td>0.55289805</td>
<td>37 Projected results pre</td>
<td>0.35363431</td>
</tr>
<tr>
<td>11 Rapid access to information resources</td>
<td>0.53201341</td>
<td>38 Training in performance evaluation</td>
<td>0.34215312</td>
</tr>
<tr>
<td>12 The proportion reporting with the operational budget</td>
<td>0.51649653</td>
<td>39 Managers have enough on hand tools and accessories</td>
<td>0.34201291</td>
</tr>
<tr>
<td>13 Financial indicators</td>
<td>0.50463512</td>
<td>40 Government with a legal obligation</td>
<td>0.33822995</td>
</tr>
<tr>
<td>14 Government support of the administration</td>
<td>0.50276565</td>
<td>41 Supervision Management Program</td>
<td>0.33576820</td>
</tr>
<tr>
<td>15 Strategic planning</td>
<td>0.47198925</td>
<td>42 Reward and punishment</td>
<td>0.33528023</td>
</tr>
<tr>
<td>16 Organizational culture</td>
<td>0.44180287</td>
<td>43 Learning about the cost</td>
<td>0.32894897</td>
</tr>
<tr>
<td>17 Management and leadership style</td>
<td>0.43577595</td>
<td>44 Rights and Benefits</td>
<td>0.31954236</td>
</tr>
<tr>
<td>18 Short-term planning</td>
<td>0.43235773</td>
<td>45 Education</td>
<td>0.31718541</td>
</tr>
<tr>
<td>19 Quantify the performance</td>
<td>0.43019192</td>
<td>46 Appropriate manner in response</td>
<td>0.31366439</td>
</tr>
<tr>
<td>20 Learning the ABC</td>
<td>0.42820579</td>
<td>47 Directors authorized a budget adjustment</td>
<td>0.31201835</td>
</tr>
<tr>
<td>21 Organizational processes and procedures</td>
<td>0.42534170</td>
<td>48 Performance indicators of behavior</td>
<td>0.29834204</td>
</tr>
<tr>
<td>22 Supervisory Management Program</td>
<td>0.41610102</td>
<td>49 Application and verification requirements</td>
<td>0.29774342</td>
</tr>
<tr>
<td>23 Changes in the use of operating budget</td>
<td>0.40952286</td>
<td>50 Training courses</td>
<td>0.28937249</td>
</tr>
<tr>
<td>24 In response to community organizations</td>
<td>0.40523843</td>
<td>51 Education</td>
<td>0.28152147</td>
</tr>
<tr>
<td>25 Organizational Structure</td>
<td>0.40362289</td>
<td>52 Cost analysis by ABC</td>
<td>0.25482519</td>
</tr>
<tr>
<td>26 Compatibility of information systems</td>
<td>0.39915699</td>
<td>53 Experiences and knowledge</td>
<td>0.18781437</td>
</tr>
</tbody>
</table>

From Table 5, "using undertake accountancy method in Performance Based Budgeting" has been recognized as first and the most important executive factors for establishing Performance Based Budgeting in studied company, with the highest score between 33 factors.
In addition, "adaption of management structure for establishing Performance Based Budgeting", "using information technology in responsibility" and … are in next orders.

Table 5. TOPSIS Testing for Executive Component

<table>
<thead>
<tr>
<th>Ranking of Executive factors</th>
<th>A close relative to the ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rank</strong></td>
<td><strong>Questions</strong></td>
</tr>
<tr>
<td>1</td>
<td>Accrual accounting</td>
</tr>
<tr>
<td>2</td>
<td>Aligns to government body</td>
</tr>
<tr>
<td>3</td>
<td>Information technology in responding</td>
</tr>
<tr>
<td>4</td>
<td>Rapid access to information resources</td>
</tr>
<tr>
<td>5</td>
<td>Strategic planning</td>
</tr>
<tr>
<td>6</td>
<td>Organizational culture</td>
</tr>
<tr>
<td>7</td>
<td>Management and leadership style</td>
</tr>
<tr>
<td>8</td>
<td>Short-term planning</td>
</tr>
<tr>
<td>9</td>
<td>Learning the ABC</td>
</tr>
<tr>
<td>10</td>
<td>Organizational processes and procedures</td>
</tr>
<tr>
<td>11</td>
<td>Changes in the use of operating budget</td>
</tr>
<tr>
<td>12</td>
<td>In response to community organizations</td>
</tr>
<tr>
<td>13</td>
<td>Organizational Structure</td>
</tr>
<tr>
<td>14</td>
<td>Compatibility of information systems</td>
</tr>
<tr>
<td>15</td>
<td>Information Technology in the Cost</td>
</tr>
<tr>
<td>16</td>
<td>Prime cost</td>
</tr>
<tr>
<td>17</td>
<td>Quality information resources</td>
</tr>
</tbody>
</table>

From Table6, "agreement of three powers: legislative executive, judicature in Performance Based Budgeting" has been recognized as first and the most important factor for establishing Performance Based Budgeting in studied company with the highest score between 5 factors. Also, "legislative power co-operation with executive power for approving and implementing Performance Based Budgeting", "identifying members of parliament for approving budget" and … are in next orders.

Table 6. TOPSIS Test for Environmental Components

<table>
<thead>
<tr>
<th>Ranking of environmental factors</th>
<th>A close relative to the ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rank</strong></td>
<td><strong>Title question</strong></td>
</tr>
<tr>
<td>1</td>
<td>Three branches of forces agreement</td>
</tr>
<tr>
<td>2</td>
<td>Participation of the legislature with the executive</td>
</tr>
<tr>
<td>3</td>
<td>Awareness and understanding of Parliament</td>
</tr>
<tr>
<td>4</td>
<td>Government support of the administration</td>
</tr>
<tr>
<td>5</td>
<td>Government with a legal obligation</td>
</tr>
</tbody>
</table>

Based on Table7, "adaption of current company reporting system to reality" has been recognized as first and the most important factor from control factor to establish Performance Based Budgeting in the company under investigation, with the highest score between 15 factors. Furthermore, "using process indicators in measuring work size and services in budget regulating", "to be defined budget indicators in evaluating ", and … are in next orders.

Table 7. TOPSIS Test for the Control Components
Ranking Effective Factors in the Performance Based Budgeting

### Table 8. Prioritize Effective Factors on the Establishment of Performance Based Budget

<table>
<thead>
<tr>
<th>R</th>
<th>Title question</th>
<th>A close relative to the ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Environmental factors</td>
<td>0.85987955</td>
</tr>
<tr>
<td>2</td>
<td>Control factors</td>
<td>0.27695104</td>
</tr>
<tr>
<td>3</td>
<td>Executive factors</td>
<td>0.08959151</td>
</tr>
</tbody>
</table>

Based on the information obtained from Table 8, environment factors are the most important factors for establishing Performance Based Budgeting in the studied company, and executive and control factors are in next orders, respectively.

### CONCLUSIONS

Based on results of current research it can be concluded that these effective factors are important to establish Performance Based Budgeting. Some of these have more importance than the others. The important point that should be made is that if the aforementioned effective factors are not implemented correctly for establishing Performance Based Budgeting it is considered as a problem itself and also all these factors are connected with respect to analyzing questionnaire information, TOPSIS and Spss have been used, in TOPSIS method, “agreement of three executive, legislative and judicature powers in Performance Based Budgeting” has been recognized as first and the most important factor from environment, executive and control factors for establishing Performance Based Budgeting in studied company, with the highest scores between 53 factors. It is because of employed tests type. Additionally, based on the present research on the effective factors for establishing Performance Based Budgeting, it can be said that existing agreement between three powers for approving and implementing Performance Based Budgeting, raising the awareness of the members of parliament for approving budget, using undertaking accounting method, having experts and powerful human force in Performance Based Budgeting, enabling and training human force in proportional to Performance Based Budgeting can be considered as the most important requirements for establishing Performance Based Budgeting. That in the present study confirms these factors have been focused considerably. In addition, it should be noted that if these requirements don't implement, all of them would be considered as problems for establishing Performance Based Budgeting. Studies done in this area confirmed results obtained from this research. the results of this research are in line with Mahmoodi (2005), "evaluating Performance Based Budgeting implementation problems
in governmental organizations and offering required approaches to reduce problems" and also, Rabeti's research (2007), "evaluating and identifying Performance Based Budgeting implementation problems in Islamic republic of Iran’s army". The problems are classified into three categories: environmental, organizational and individual factors. The results of these researches showed that lack of implementing Performance Based Budgeting properly has been due to environmental, organizational and individual factors. There is a meaningful relation between environmental, organizational and individual factors and problems of implementing Performance Based Budgeting, and lack of implementing environmental, organizational and individual factors can be a problem in implementing Performance Based Budgeting.

**RECOMMENDATIONS**

1. **Improving environmental factors:** these are some recommendations to improve environment factors: a. the executive body and the parliament should be in harmony to approve the required laws and co-operate with all organizations and departments for establishing Performance Based Budgeting. b. Adjusting laws and regulations based on the concepts and principles of budget transparency instruction; adjusting experimental to identify and remove possible ambiguities and deficiencies that executors are encountered and then final approval is one of offered approaches that it requires national attempt of three powers and executive organization. b. It is recommended that financial regulation and laws such as the law of public accounts, the law of accounts court, the law of program and budget should be complied and/or adjusted and administrative approaches and current laws conflicts of Telecommunication Company should be resolved. d. Taking geographical, native and climate conditions of this budget type executive organizations and changing available approaches regarding country conditions is recommended.

2. **Improving executive factors:** these are some recommendations on the improving executive factors: a. training managers and experts of organization technically to get familiarity with the activities based on budgeting concepts. b2. Compiling approach program to co-operate with all organizational departments conformable with middle-term programs such as fourth development program of the government. c. Establishing budget and financial information comprehensive system, so that to achieve the required information for individuals involved in budgeting and to calculate direct and indirect costs and finally ended price of products and regulating performance reports can be defined. d. Implementing appropriate stimulating system, so that real performance and conformable with budget result in reward; otherwise it leads to punishment. e. One of the practical approaches is establishing ended price accountancy along with the governmental accountancy in the organization. Operating resources enables organization to interact with the current financial system. f. Providing software and hardware system relevant to financial affairs and Performance Based Budgeting and to make software suitable to Telecommunication Company and Iran’s conditions. g. Using expert and efficiency human resources in financial affairs and budgeting and also, changing in the use of individuals in organizations for interested purposes.

3. **Improving control factors:** there are some recommendations to improve control factor: a. wide technical training of managers and experts of the organization in order to identify indicators of evaluating performance, witch they are used in programs if required. b. Identifying and compiling indicators of evaluating performance based on the Iran’s environmental features and using developed countries experiences. c. Improving and
strengthening evolution and supervision structure: 1) financial auditing-controlling cost. 2) Operational auditing-controlling result. 3) Qualities’-technical supervision-controlling event

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Factors Affecting Online Brand Community Commitment: A Conceptual Model and Framework for Research

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Factors Affecting Online Brand Community Commitment: A Conceptual Model and Framework for Research

Abstract
In recent years, the social media has captured a major part of people’s daily communication. Along with its appearance, internet users actively participate in the online community activities. With active engagement of online users in the online community to seek and post information, researchers and e-marketer have predicted that this phenomenon may bring new opportunities and challenges to the businesses. Previous researches have highlighted factors that influence consumers’ online community engagement and commitment from different perspectives. Based on the existing literature, this paper proposes a conceptual model which contributes to the current marketing literature by conceptualising the antecedents that affect individual’s online community commitment. This paper has identified antecedents from two perspectives: individual psychological attachment and online community characteristics influence. Dimensions of each antecedent have been discussed in order to fully speculate the antecedents.

Keywords: online community, commitment, member’s psychological attachment, community characteristics

INTRODUCTION
The widespread of internet has diversified the internet usage in the past two decades. People communicate online, build relations and enjoy themselves through various social media platforms (Jang, et al., 2008). This has provided an opportunity for people to discuss and share information and their experiences through online communities. Online community is considered as a powerful socio-economic phenomenon (Arnould and Thompson, 2005) as it always develops electronic Word of Mouth (eWOM) effect which influence retail sales and customer loyalty (Park and Cho, 2012; Flavian and Guinaliu, 2005; Brown et al., 2002). Customers engage in the online communities to discuss and share information and their experiences with other customers, which provides chance to interact with other customers as well as the companies. On the other hand, marketers show great interests in online communities because it helps companies in building newer and deeper relationships with their customers (Armstrong and Hagel, 1996) and provide them more opportunities and business. This two-way interaction feature of online community has gained great attention in the marketing research (McAlexander and Schouten, 2002).
Previous studies have revealed a strong influence of community commitment on customer loyalty (Jang et al., 2008; Kang, 2004; Oliver, 1999; Morgan and Hunt, 1994; Aaker, 1991; Kotler et al., 1989; Wiener, 1982; Staw, 1980). Other researchers have focused on the importance of a sustainable online community (Davison et al., 2007; Koh and Kim, 2004). In addition, Jang et al. (2008) and Flavian and Guinaliu (2005) primarily investigated the dimensions of website characteristics that enhances the commitment of online community. Moreover, some researchers have discussed the impact of social influence on member’s community commitment (McAlexander and Schouten, 2002; Muniz and O’Guinn, 2001). A recent study by Park and Cho (2012) has brought psychological attachment as one of the determinants of member’s community commitment.

Building on the above literature, this study attempts to propose a conceptual model that presents the effect of member’s psychological attachment dimensions and community characteristics on community commitment. This study aims to identify the influence of member’s psychological attachment dimensions and online community characteristics on community commitment. In line with these two main purposes, this paper attempts to elucidate the following four aspects: (1) key characteristics of online community; (2) the influence of community characteristics on community commitment; (3) key dimensions of member’s psychological attachment; and (4) the influence of member’s psychological attachment dimensions on community commitment.

### THEORETICAL BACKGROUND

**Traditional community and online community**

**Background of community**

The concept of community exists since nineteenth-century, where early sociologists defined it largely in opposition to society (Muniz and O’Guinn, 2001). Early scholar Ferdinand Tonnies (1955) classified social groups into communities (gemeinschaft) and associations or societies (gesellschaft), and state that community is customary, and familial, emotional rural based relation, whereas the society is mechanical, contractual, individualistic, and rational based relation.

The concept of community changed along with the research scope. Budiman (2008) considered communities as the building blocks of society, and explained that communities can be categorized into communities of kinship, communities of locality, and communities of the mind (developed from Tonnies, 1955). Since this study focuses on the issues of online community, the last category “communities of the mind” is particularly emphasized. Tonnies (1955) explicated that a community of the mind involves individuals who cooperate and coordinate based on a common goal or similar interests, they are more emotionally involved but not bound by geographic or kinship (Budiman, 2008).

Karp, Stone and Yoels (1991) stated that community is a sustained social interaction which members share similar attributes and values, and normally has a delineated geographical space. Lawrence (1995) argued the “delineated geographical space” is no longer a necessary component, and should be revised to “membership rules”. Etzioni and Etzioni (1999) believe that there are two key features of community: affect-laden relationships of the members and commitment to a set of shared “values, meanings, and a shared historical identity”. They argued that people seek pleasure and respond to moral norms that are enforced by authority and community (Etzioni and Etzioni, 1999).
Factors Affecting Online Brand Community Commitment: A Conceptual Model and Framework for Research

On the basis of previous studies, researchers (Rheingold, 2000; Rothaermel, et al., 2001; Jang, et al., 2008) defined community as an organization that is formed when individuals or small groups get together and share a mutual responsibility. Muniz and O’Guinn (2001) have identified three core community components: “(1) an intrinsic connection such that members feel different from others not in the community; (2) the presence of shared rituals and traditions that perpetuate the community’s history, culture, and consciousness; and (3) a sense of moral responsibility, duty, or obligation to the community as a whole and its individual members”.

**Online community:**
The development of internet and human’s desire to connect has stimulated the emergence of online community (Jang, et al., 2008). Online communities have been created and became new social platforms for people to interact and communicate with each other about the topics that they are interested in. However, online communities are very different from the traditional communities. Members of traditional communities meet each other face-to-face, interact with one another in physical world, and these activities are mainly bounded by geographical locations; while in the online communities, people interact with each other in cyberspace, and not necessary meet each other in real, therefore they are no longer bounded by geographic limits. Most importantly, individual member’s involvement in online communities is driven by “volitional choice” (Bagozzi and Dholakia, 2002).

Definition of online communities varies in the existing literature. Rheingold (1993, p.10) defined online community as the “social aggregations that emerge from the Net when enough people carry on public discussion long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace”. Bagozzi and Dholakia (2002) viewed online communities as computer-mediated social spaces with intentional actions, in which the content is created by members through on-going communication processes. Kim et al. (2008) stated online community as “a set of socially gathered people who share common interests or purposes and actively interact, create and share value and exchange words and ideas through the mediation of computer bulletin boards and networks”. However, Rothaermel and Sygiyama (2001) stated that online communities may not be a complete substitute for personal, simultaneous, one-to-one interaction, either vocally or face-to-face. Their study found that around 30 percent of the respondents communicate with other community members besides in the communities, they interact with each other via off-line tools or in person. Jang et al. (2008, p. 60) termed online community as “a group of individuals engaging in predominantly online interaction in virtual spaces created through the integration of communication with content developed by community members”.

Online community, as a platform, meets four types of consumer needs: transaction, interest, fantasy, and relationship (Lee, J. 2009; Armstrong and Hagel, 1996). Leimeister et al. (2004) classified online communities into two groups: commercial (brand) and non-commercial community. Commercial communities are the platforms where consumers share their personal experiences and feelings about the brands and products. Non-commercial communities, on the other hand, are the platforms operated or founded by customers and consumers with the purpose of exchanging and sharing information (Shang et al., 2006).

Online communities play an important role for both marketers and customers as they serve as interactive platforms for the generation of eWOM (Shi, 2011). From the marketers’ perspective, online communities can be an effective marketing tool serving as a good market arm to develop customer loyalty towards the brand (Shi, 2011) and developing newer and
deeper relationships between customers and organizations (Armstrong and Hagel, 1996). From the customers’ perspective, it is important for them as an interactive platform where they can interact with other customers and the companies themselves.

Community commitment
Commitment is defined as “an enduring desire to maintain a valued relationship” (Moorman et al., 1992), which is based on positive emotional bonds and is characterized as affective social identity (Dholakia et al. 2004; Bagozzi and Dholakia, 2002; Muniz and O’Guinn, 2001). It is an essential area in relationship marketing research and has been widely studied from various aspects as it plays a key mediating role in the formation of consumer loyalty and behavioural intention (Cheung and Lee, 2009; Jang, et al., 2008; Pritchard et al., 1999; Oliver et al. 1992). Therefore, community commitment can be seen as the sustainable relationship between members and communities, and their active engagement in the communities. Online community commitment has been considered as an important element in the e-marketing field. However, due to online communities’ virtual features and low switching cost, it is obvious that the members are free to join or leave an online community. Thus, to understand that why do individuals choose to stay in an online community, invest their time and energy to engage in the community is an important point to ponder. What forms the sustainable relationship between members and an online community and how to attract members to stay in an online community are as a motivation for this study to present the conceptual framework.

PROPOSED MODEL AND HYPOTHESES

Model and hypotheses
Based on the discussion in the preceding parts, this study proposes that online community members’ psychological attachment and online community’s characteristics affect the level of community commitment (see Figure 1).

Member’s psychological attachment factors:
This study addresses three psychological attachment factors of the online community members: we-ness, moral responsibility, and shared culture. The existing research has identified the social factors that influence online community commitment. Bender (1978) suggested we-ness as a key factor. Muniz and O’Guinn (2001), McAlexander et al. (2002) and Falvian and Guinaliu (2005) claim that the “consciousness of kind, shared rituals and traditions, moral responsibility” are main determinants for members to stay and commit to the online communities. Pentina et al. (2008) found that the information sharing culture of online communities may create long-term social interactions, which contributes to another important factor - the social context. Additionally, Laroche, Habibi, Richard, & Sankaranarayanan (2012) in their research identified shared consciousness, shared rituals and traditions, and obligation to society as the main antecedents to online community commitment. Developed from above literature, Park and Cho (2012) identified three factors from the psychological attachment view, which are we-ness, moral responsibility, and shared culture. This study adopts these three variables from Park and Cho’s (2012) research. Accordingly, the following hypotheses have been developed.

Online community characteristics
This study adopts four major characteristics of online community from Jang et al.’s (2008) research: (1) quality of information, (2) quality of system, (3) interaction, and (4) rewards for activities. The first two characteristics are known to exert a strong influence on the satisfaction and loyalty to the community of its members (Jang et al., 2008; Park et al., 2003; Zeithaml et al., 1996). The third characteristic, interaction, has been revealed to have a close relationship with commitment to communication. Furthermore, reward for valuable information to the community has been identified to have positive relationship with the level of community commitment (Sheth et al., 1995). On the basis of the above literature, the hypotheses in this antecedent have been developed as below:

"Table 2 goes about here"

"Table 3 goes about here"

CONCLUSION AND FUTURE RESEARCH

There is an old saying in business, which says that “you cannot manage what you cannot measure”. Therefore, developing a valid, reliable method to identify and measure the relationship among the target variables in the proposed model is vital. Considering the reliability and validity of this research, two milestones must be reached: (1) a model that encompasses the primary factors which determine the level of community commitment; and (2) the model must be tested and validated to pinpoint the relationships among the dimensions embedded in the model.

This article takes the initial step in reaching these two goals. An interactive, and holistic model is developed based on two published articles (Jang et al., 2008; Park and Cho, 2012). Two key antecedents which are proposed may positively associate with community commitment is offered: (1) member’s psychological attachment and (2) online community characteristics. Each of these determinants contains a few dimensions which will be measured and tested separately.

To date, however, these antecedents have been studied separately, but none of the research has integrated and tested them together. Hence, this study intends to provide a more comprehensive view to understand the online community commitment. This proposed model is a conceptual framework which is developed after reviewing relevant articles. Therefore, it is believed that it will offer an ample agenda for further research.

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A Conceptual Model and Framework for Research


Figure 1: Research Model:

![Research Model Diagram]

Table 1: Hypotheses 1

<table>
<thead>
<tr>
<th>H1</th>
<th>Members’ psychological attachment to a social network online community positively influences online community commitment.</th>
</tr>
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<tbody>
<tr>
<td>H1-1</td>
<td>We-ness (consciousness of a kind) to a social network online community positively influences online community commitment.</td>
</tr>
<tr>
<td>H1-2</td>
<td>Moral responsibility (sense of morality) to a social network online community positively influences online community commitment.</td>
</tr>
<tr>
<td>H1-3</td>
<td>Shared culture (ritual and tradition) to a social network online community positively influences online community commitment.</td>
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</tbody>
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Table 1: Hypotheses 2

<table>
<thead>
<tr>
<th></th>
<th>The characteristics of online community are positively associated with online community commitment.</th>
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<tbody>
<tr>
<td>H2-1</td>
<td>Quality of information in an online community is positively associated with online community commitment.</td>
</tr>
<tr>
<td>H2-2</td>
<td>Quality of system in an online community is positively associated with online community commitment.</td>
</tr>
<tr>
<td>H2-3</td>
<td>Interaction among community members is positively associated with online community commitment.</td>
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<tr>
<td>H2-4</td>
<td>Reward for activities in an online community is positively associated with online community commitment.</td>
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Table 3: Operational Definitions of the Variables

<table>
<thead>
<tr>
<th>Summary of Operational Definitions of the Variables</th>
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<tbody>
<tr>
<td>Name of Variable</td>
<td>Operational Definition</td>
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<td>-------------------</td>
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</tr>
<tr>
<td>We-ness</td>
<td>We-ness is a shared knowing of belonging and the collective sense that is formed among community members.</td>
</tr>
<tr>
<td>Moral responsibility</td>
<td>Moral responsibility refers to the sense that each member sustains the moral duty or obligation for the survival of the belonged community and the well-being of individual members.</td>
</tr>
<tr>
<td>Shared culture</td>
<td>Shared culture refers to members share common values, history, and culture, such as special ways of dressing and handshakes, which enhance the members’ emotional ties with a community</td>
</tr>
<tr>
<td>Quality of information</td>
<td>Quality of information provided through the community.</td>
</tr>
<tr>
<td>Quality of system</td>
<td>Speedy and convenient search for information in the community, with help of menu hierarchy and layout.</td>
</tr>
<tr>
<td>Interactivity</td>
<td>Degree of information exchange among community members and between community members and host of the community</td>
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## Summary of Operational Definitions of the Variables

<table>
<thead>
<tr>
<th>Name of Variable</th>
<th>Operational Definition</th>
<th>Sources</th>
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<tbody>
<tr>
<td>Reward for activities</td>
<td>Degree of monetary or psychological reward for proactive members in the community.</td>
<td>Sheth et al. (1995); Seo (2005); Jang et al. (2007)</td>
</tr>
<tr>
<td>Online community commitment</td>
<td>Degree of strong and positive feelings among members towards the community</td>
<td>McWilliam (2000); Garbarino and Johnson (1999); Choi (2004); Jang et al. (2007)</td>
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Globality and Leadership: An Exploratory Study

Abstract

Globality was proposed by the Boston Consulting Group to describe the new era of global competition as corporations from emerging markets outperform the traditional MNCs. BCG considered Globality in organizational terms and left the implications for global leaders and executives as an afterthought.

This exploratory study considers the impact of globality related to Global Leadership and Executive Competencies in combination with the Global Mindset and Cultural Intelligence. A review of literature identified a specific range of competencies in these four areas. These were refined into a questionnaire. The setting of the research was a subsidiary of Pfizer which has operations in 70 countries. A pre-test was conducted with a sample of 53 international managers in Southeast Asia.

The pre-test results indicated a reliability of 0.9 using Cronbach Alpha. A factor analysis confirmed specific components for Global Leadership Competencies, Global Executive Competencies, Global Mindset, and Cultural Intelligence. This provided construct validity.

Keywords: Globality, Leadership Competencies, Executive Competencies

Introduction

Globality was developed from the Boston Consulting Group experience in working with the new global challengers from emerging markets. It is defined as a new and different global reality with multiverse competition (Sirkin, et al., 2008). It is characterized as Western business orthodoxy integrated with Eastern business philosophy. This integration becomes a whole new mindset that embraces profit with collaboration and competition with sustainability (Sirkin, et al., 2008). The implications of Globality were at the corporate level. The importance for international business executives was left as a challenge: “What you do, what you decide, how you think, how you behave will affect people’s lives and change the world, either for the worse – or for the better (Sirkin, et al., 2008: 267).”

This paper will examine the impact of Globality on international business executives. It will include a combination of Global Leadership and Executive Competencies with the Global Mindset and Culture Intelligence. It will present an approach to measurement and the results of a pre-test with international executives and professionals from Pfizer.

The globalization of the world economy requires companies to operate across borders with new management competencies (Bücker & Poutsma, 2010; Caligiuri, 2006; Chin & Gaynier, 2006; Earley & Ang, 2003). Most global managers agree that domestic business leadership and global leadership differ in the skills required and the approach to improving these skills (Kramer, 2005). Many managers successful in domestic operations cannot translate this success to the international level.
The field of global leadership has emerged over the past two decades as a response to the need of MNCs to develop global strategies, expand into international markets, and compete in the global marketplace. As a result, scholars have begun to conceptualize and develop models that can help global firms to manage global management and leadership talent (Jokinen, 2005). As globalization complexity and dynamics increase there is a need to prepare global leaders with a global mindset (Moran & Riesenberger, 1994). MNCs face the challenge of developing global executives with diverse backgrounds to facilitate organizational expansion. Research is still limited on leadership and executive competencies at the global level. Many international executives who work effectively cannot achieve success in leadership positions. The question is: what are the distinct competencies required for leaders and executives in the global context?

Since the 1990s, competency-based leadership models have been the focus of the human resource management community. Companies with multinational operations such as 3M, PwC, IBM, AIG, Citibank, Black & Decker, and Deloitte & Touche have established long term human resource management teams to identify company-specific leadership attributes that are globally applicable. The objective of identifying these attributes is to create a universal template for international management selection, assessment, and development programs. The 3M company uses the 3M Competency Framework which consists of 12 competencies as fundamental, essential, and visionary global leadership characteristics (Alldredge & Nilan, 2000).

PricewaterhouseCoopers (PwC) utilizes the “Ulysses program” an integrated service-learning program which involves assigning leaders to work in developing countries and aims to promote responsible leadership through a new learning experience within PwC’s global network of companies (Pless, Maak, and Stahl, 2011).

Firms support the convergent perspectives of organizational leadership, suggesting similar business values across nations. Research suggests global leadership competencies include Resourcefulness, Change Management, and Building and Mending Relationships (Gentry and Spark, 2012). There are some contrasting opinions suggesting the importance of cultural differences on leadership competencies (Davis, 2009). International research focused on cultural comparisons examines this contrast. Increased globalization in communication and infrastructure and the decline of cultural diversity contributes toward a mono-cultural environment implying a culture homogeny. However, the literature suggests respect of local culture is an important competency for global managers. Global leaders need a transcultural awareness and the ability to adapt to cross-border collaborations (Hollenbeck & McCall Jr., 2001; Training, 2011).

Asia’s growth has created the demand for an increasing talent pool for global leaders from India and China. Expatriate leaders in Asia face unique challenges from increased people-centricity (Center for Creative Leadership IHCLI, 2012). A generalized model of US leadership is still of questionable utility in Asia.

Although, leadership differs from the executive, global leaders can be found in any position with both leadership and executive qualities in a complex international environment (Kotter, 1990). Managing or executing is the key to operational effectiveness and execution, whereas leading is the key to systematic and change effectiveness (Jones, O’Leonard, and Berslin,
Globality research focuses on global styles and competencies as a recommended approach for leaders. Leadership styles are common behaviors that were found in successful leaders. Leadership competencies are the described actions of successful leaders that lead to higher individual performance. For this reason, this study will focus on the effectiveness of competencies.

Global leaders are characterized by diversity. The required global leadership and executive competencies need to be identified and assessed. Global executive competence relates to success. This research contributes to addressing competency gaps for global managers adapting to global assignments through competency based leadership and executive development in complex international environments.

**PROBLEM STATEMENT**
Demand for successful globalization leads to the primacy of developing global leaders. A wide range of studies have been conducted on global leadership competencies, global executive competencies, and global mindset. This includes a variety of competencies and frameworks. However, several key weaknesses need to be pinpointed. Most importantly, there is a lack of specific and clear definitions. Global leadership competencies are often not clearly distinguished from global executive competencies. When global practitioners apply competencies, results on performance are often elusive. Many so-called “global” competencies are extensions of domestic practices. Corporate executives at the headquarters often assume based on minimal evidence that their own leadership styles are readily exported. At the same time, leadership consultants are highly motivated to assert that their models have universal value even when such models are greeted with confusion, resistance, or misinterpretation in foreign markets (Tang & Dai, 2012).

From the academic perspective, the impact of global leadership competencies, executive competencies, and global mindset on executive and corporate performance should be specified and quantified. Most research in this field consists of consultant reports which are practical but analyzed and interpreted qualitatively. There is substantially less research to find an integrative, pragmatic, and academic framework to unite global leadership competencies, global executive competencies, global mindset, and performance.

**RESEARCH OBJECTIVES**
The objectives of this paper are:
1. To identify the Academic (Theory) and Consultant (Practice) approaches to Global Leadership Competency, Global Executive Competency, Global Mindset, and Cultural Intelligence (CQ)
2. To specify the factors of Global Leadership Competency and Global Executive Competency
3. To specify the factors of the Global Mindset (GM) and Cultural Intelligence (CQ)
4. To develop an integrative framework of Global Leadership Competency (GLC), Global Executive Competency (GEC), Global Mindset (GM), and Cultural Intelligence (CQ)
5. To determine the relationships of this framework to executive performance and corporate performance in a comparative study (Southeast Asia, East Asia, European Union, US, South Asia)
SCOPE
This research will focus on the individual competencies in global managers from more than 70 countries within the Pfizer company group. With Pfizer’s globalized business, all directors and managers have extensive experience conducting cross-border operations with other countries.

Global leadership and executive competencies relate to an individual’s ability to achieve specific performance objectives. Understanding these competencies can support human resource management to provide appropriate selection, training, and performance appraisal systems which encourage higher performance. This research will consider the cross-cultural differences between executives in the different countries in which Pfizer operates.

The major areas of research considered include global leadership and executive competencies, global mindset, and cultural intelligence. The dependent variable of performance and its relationship with competencies is reviewed. Further, related background characteristics (i.e., executive development, cultural distance, and executive background) are illustrated. Comparative cross-cultural research is necessary to determine the universal or local nature of global competencies (Hamlin, 2005).

GLOBAL LEADERSHIP COMPETENCY
Global Leaders and Global Leadership
Global leaders in MNCs are responsible for international expansion, managing complex and dynamic situations, and motivating diverse operation teams. A global leader is defined as, “An individual who inspires a group of people to willingly pursue a positive vision in an effectively organized fashion while fostering individual and collective growth in a context characterized by significant levels of complexity, flow and presence (Mendenhall, et al., 2012).”

McCaughey (2006) identified the differences of leadership competencies related to the level required to lead an organization, lead others, and lead the self. Leading others requires more social or people skills while valuing individual differences. Leading the self emphasizes self motivation and awareness. Leading an organization involves dealing with complex problems, risks, and a dynamic environment. It requires a strategic vision for long-term organizational success. Leadership is an overall capability including social skill, visionary skill, and managerial skill to drive the organization to success in a complex environment.

“Table 1 goes about here.”

The definitions of Global Leadership are reviewed in Table 1. Three types are considered: state (position), process (actions), and both (combination of position and actions). Competencies relate most to the process category.

SPECIFYING GLOBAL LEADERSHIP AND EXECUTIVE COMPETENCIES
In the literature there is a tendency to classify leadership, executive, and management competencies as very similar. This study will specify leadership and executive competencies. Global Leadership is future oriented, strategic, and is considered change and relationship directed. Executive competencies are focused on implementation and are results driven. Figure 1 shows the major differences between the Global Leadership and Global Executive priorities.
GLOBAL MINDSET

Global mindset is the cognitive capacity of key decision-makers to shift from structural and administrative tasks to mindset-based activities (Levy, et al., 2007). Rhinesmith (1993) described an executive with a global mindset as “accepting life as a balance of contradictory forces and continuously seeking to be open to themselves and others by rethinking boundaries and changing behavior.” Javidan and Teagarden (2011) defined global mindset as an individual’s ability to influence others, groups, organizations, and systems that are unlike their own. Global mindset was conceptualized both unidimensionally in terms of cross-cultural capacity and multidimensionally in terms of strategic integration with international challenges. Global mindset combines a strategic and cultural approach including three theoretically derived components (i.e., intellectual capital, social capital, and psychological capital). Javidan and Teagarden (2011) developed a 9 scale measurement instrument development using the Global Mindset Inventory scales (GMI scales) as shown in Table 2.

Managers with a global mindset can effectively adapt to working with people from different cultures and build strong relationships with diverse communities. The research on the global mindset framework is summarized in Table 3. Most empirical evidence focuses on antecedents and conceptualization. Age, education, international experience, and other personal factors effect an individual’s global mindset. However, research is still limited on the effect of global mindset on company behavior and performance.

CULTURAL INTELLIGENCE (CQ)

“Culture is developed, transformed and transmitted through the conscious and unconscious activities of every member in the organization (Chin and Gaynier, 2006).” Many leaders fail to recognize and properly adapt to culture differences. They ignore the importance of culture and lack the required skills for global management in a multi-cultural context (Chin and Gaynier, 2006). Earley and Ang (2003) introduced the concept of cultural intelligence (CQ) as the capacity of an individual to function effectively in a culturally diverse environment. CQ reflects the capacity to culturally adapt, collect, and use available information to infer and react (Chin & Gaynier, 2006). The conceptualization of CQ includes 4 factors (i.e., metacognitive, cognitive, motivational, and behavioral dimensions) (Ang & Van Dyne, 2008). The 20 item Cultural Intelligence Scale (CQS) was used in most research on CQ theory (Ang, et al., 2007) as seen in Table 4. The CQS measurement includes 20 items with a 7 point Likert scale. Intercultural skill is not only cognitive skills, such as the ability to align, but also behavioral and affective skills to manage the cultural diversity in working context.

Cultural dexterity is an important quality of successful global leaders (Bansal, et al., 2012). Current research demonstrates that CQ can predict the outcomes in cultural adaptation, leader performance, global leadership, intercultural negotiation, and multicultural team building.
(Van Dyne, et al., 2012). There is no empirical evidence of CQ predicting leadership outcomes (Groves & Feyerherm, 2011).

**PERCEIVED PERFORMANCE**
Self reported performance will be used in this research to measure the effectiveness of global leadership and executive competencies. This is similar to other research (Caligiuri, 2006). Self-evaluated performance constitutes an integrative judgment of self-efficacy and self-regulation (Bandura, 1991; Riggs and Knight, 1994). Research has shown that employees actually perform their work similarly to their perceptions (Bandura and Jourden, 1991). Perceived performance can enhance productivity because the higher the motivation, the more the effectiveness, and ultimately the greater success (Taylor and Brown, 1988: 199).

**BACKGROUND FACTORS**
Executive development, cultural distance, and executive positions are included because they may affect global performance. Executives who have more training or higher motivation to go abroad have better performance. Similarly, executives who understand cultural differences from international experience and have linguistic capability are more likely to have developed higher cultural intelligence or a global mindset that facilitates their performance in an international context.

**Executive Development**
There is a positive relationship between training and motivation toward competency development. Selmer, et al. (1998) suggested cross-cultural training for global leadership development. Research shows that MNCs can enhance global leader competencies through training, coaching, and international assignment (Caligiuri, 2006; Gupta and Govindarajan, 2002). The more global leaders attend executive development programs, the more they increase leadership competencies (Chin and Gaynier, 2006).

**Cultural Distance**
Cultural distance is a widely used concept in international strategy for firms dealing with cross-cultural behavior inside their organization. Culture distance is measured as the difference in cultural scores between each of Hofsted’s (1980) four cultural dimensions. Culture is a complex, subtle, and intangible social concept that is difficult to operationalize (Boyacigiller, et al., 1996). It is recommended to measure culture distance from a specific country for a relative comparison between nationalities. In this study because Pfizer is an American corporation the USA is used. Rothaermel, et al. (2006) calculated an mathematical score for overall cultural distance in each country from the USA, displayed in Table 5.

“Table 5 goes about here.”

Cultural distance can affect company strategy and performance in both negative and positive ways. Negatively, cultural gaps make operations more difficult and introduce an obstacle to company performance. Positively, culture distance may provide synergies such as integrative ideas for investment from risk-takers and profit maximization on safe investments from the risk adverse (Shenkar, 2001).

**Executive Background**
International experience is well accepted as an important determinant of global leadership competencies (Gregersen & Morrison, 1998; McCall & Hollenbeck, 2002). This experience includes expatriation, global team participation, or international assignment. It can be
measured in time spent or levels of interaction. Past experience cannot guarantee company success. Experience is not a direct predictor for performance but is a predisposing factor for global leadership competencies (Jordan and Cartwright, 1998).

The intellectual capacity from formal education and linguistic ability influence global mindset (Jordan and Cartwright, 1998). The antecedents of global mindset are age, education, job tenure, international management training, nationality, and willingness to work abroad (Arora, et al., 2004). Motivation and language skill are also determinants for global mindset (Clapp-Smith & Hughes, 2007). CONCEPTUAL FRAMEWORK
The literature review led to the integrative model of our research as shown in Figure 2.

“Figure 2 goes about here.”

PRE-TEST
Pretesting is the opportunity for researcher to improve their instrument before roll-out in large scale. The pretest was done since August 2012 with a web-base survey. Total respondents are 53 people. The main objective is to determine reliability and validity of the questionnaire by conducting an exploratory factor analysis for all independent variables.

Reliability
Each construct measurement will be assessed for reliability with Cronbach’s Aplha test and the coefficients should be at least 0.70 (Nunally, 1978).

Factor Analysis
Multiple item scales will be extracted with exploratory factor analysis. Factor analysis is the most appropriate method that is used to evaluate an instrument’s dimensionality. Hair, et al. (2006) specified the detailed criteria of the loadings:

i. Factor loading values in the range of ± 0.30 - ± 0.40 are justified to meet the minimum requirement for allocating items in an appropriate factor.

ii. Loading values ± 0.50 or greater are justified practically as significant loadings.

iii. Loading values more than ± 0.70 indicate of well-defined loadings.

iv. Latent roots (eigen values) larger than 1 are justified significant.

v. The cumulative percentage of the variance extracted by successive factors 0.60 is justified as a satisfactory solution.

vi. The Kaiser Meyer Olkin sampling adequacy test should generate a value at least 0.50.

vii. The probability of Bartlett test should be less than the level of significance at 0.05.

In addition to testing validity, factor analysis can be used for data reduction. In this process a set of variables can be identified as related to an underlying theme or factor. A factor then can be used as a new composite variable for further analysis. Factor analysis can be used for exploratory purposes, that is identifying key relationships. It can be used for confirmation of a specific conceptual framework or model.

MEASUREMENT

Global Leadership Competencies
From the exploratory factor analysis six factors were identified. Global leaders have a combination of global leadership competencies. These were global orientation, global leadership action, thinking integratively, communicating across boundaries, and global networking, relationship, result orientation, and global culture.
Factor 1 relates to *Global Orientation*. Global Leaders need to understand international standards and issues, be entrepreneurial and empower local subordinates in order to focus on broad picture as strategic enabler (Center for Creative Leadership IHCLI, 2012). They need to understand global processes.

- Emphasize quality strategies with international standard
- Emphasize international dimensions in strategy
- Empower international subordinates to do their best
- Develop global process/project teams
- Implement entrepreneurial and innovative actions in international businesses

Factor 2 directly relates to *Global Leadership Action*.

- Be a catalyst/manager global strategic change
- Influence international subordinates without authority
- Develop and coaches others to international standard
- Deal well with high ambiguity/uncertainty of global situation

The Third Factor emphasizes *Thinking Integratively, Communicating Across Boundaries, and Global Networking*.

- Communicate effectively on global issues
- Think integratively about global business
- Understand complex international business data
- Global networking

Factor 4 relates to *Relationship* including balancing work and family demands. It is the key factor for Global Mindset because relationship management is one dimension of intercultural competency in Global Mindset (Bird, 2011). Self and career is the important issue that global leaders need to balance (Hollenbeck & McCall Jr, 2001).

- Having a “global mindset”
- Have relationship, integrity and trust in international standards
- Balance work, family and personal time

*Result Oriented* is the Fifth factor. It includes understanding risks and taking risks and customer orientation.

- Gets results/manage global strategy to action
- Exhibit a strong international customer orientation
- Take risks/initiative in strategic action

Factor 6 is *Global Culture*. It emphasizes corporate global values and change. Cultural competency is the competency most associated with successful global leaders (Hollenbeck & McCall Jr, 2001).

- Be a catalyst/manager of cultural change
- Specify corporate values which are global
- Use a global networks of peers and partners

Table 6 lists the factor loadings for Global Leadership Competencies including the factor loadings.

“Table 6 goes about here.”

**Global Executive Competencies**

There are 5 factors related with global executive competencies.

Factor 1 presents the *Profile of an Effective Global Executive*. It includes respect for others, an emphasis on team global excellence and dealing well with differences. This executive values other cultures, is understanding and a good listener.
Factor 2 indicates a Global Executive Approach which focuses on challenge, positive service oriented with a standard of universal fairness for customers, partners, peers, subordinates and the community.

Innovative is the Third Factor. It includes a deeper Understanding of Customers and learning from peers, creating new possibilities and developing new projects. Factor 4 indicates the orientation of the Global Executive who is excited about the global opportunities, open to the situation and possesses a sense of humility. Multiple Perspectives is the Fifth Factor of Global Executive Competencies. The executive is open to a variety of views. Table 7 lists the factor analysis for Global Executive Competencies including the factor loadings.

“Table 7 goes about here.”

Global Mindset
There are 3 factors related to global mindset:
Factor 1 is Openness. The Global Leaders appreciate learning and understanding. They value relationships partners and collaboration.
Factor 2 is Flexibility. Global Leaders are able to work a cross borders, appreciate cultures and understand differences.
Factor 3 is Being Positive. Global Leaders appreciate new challenges and variety. They recognize the validity of different perspectives.

Table 8 lists the factor analysis results for Global Mindset including the factor loadings.

“Table 8 goes about here.”

Cultural Intelligence
The Cultural Intelligence Scale (CQS) was developed by Ang (2007) includes 4 types, metacognitive, cognitive, motivational, and behavioral Cultural Intelligence (Van Dyne, et al., 2012). This research adapted the four types into 10 major Cultural Intelligence aspects. The factor analysis resulted in two factors. The first factor was Adaptability. It includes how global leaders change when they relate to members of other cultures, change their style of interaction, and actions they take to adapt to new cultural encounters. It also includes how global leaders cope with living abroad and how they enjoy interacting with new cultures. This factor includes satisfaction with expatriate status.

The second factor was Understanding. Global leaders adjust their understanding to new cultural situations and recognize different values. They embrace different cultural perspectives. Table 9 lists the factor analysis results for Cultural Intelligence including factor loadings.

“Table 9 goes about here.”

Perceived Performance
Perceived performance will be measured as respondents' responses to the following questions on a 7-point Likert scale:

1. “How do you view your own performance as an international manager?” with 1-Meet expectation to 7-Above expectation
2. “To what extent do you think these competencies relate to your performance as an international manager?” from 1-not at all to 7-very much. Self perceived performance may raise an issue of common method bias. However, the factors were captured at the end of the questionnaire.

CHARACTERISTICS OF THE RESPONDENTS

53 managers from many countries participated in the pilot test, summarized in Table 10. A few participants did not complete the questionnaire (13.2%-30.2%). The age distribution of participants were from 26 to less than 35 years old. The majority had international working experience ranging between 1-5 years (45.3%). Most (valid 75%) traveled frequently, making around 1-4 trips per year. Most can speak two languages (63%) with some participants able to speak three languages (15.2%). The majority have moderate to high motivation to work internationally (73.9%). Most (45.9%) have completed 1-3 training programs in international business (non degree) and 18.9% have completed 4-5 programs per year. One fourth (24.3%) had no training. A large percentage of respondents (60.9%) had contact with other nationalities 1-10 times per week. The descriptive statistics are shown in Table 10. “Table 10 goes about here.”

CONCLUSION

This study presented a review of literature and the development of a questionnaire to assess Globality at the International Executive level. Results of the pre-test indicated high reliability and demonstrated positive construct validity. Factor analysis indicated constructs in Global Leadership Competencies, Global Executive Competencies, Global mindset, and Cultural Intelligence which were consistent with the review of literature. The questionnaire is suitable for a more in-depth survey with a large sample of international executives.

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Due to space considerations, the tables and figures of this article are to be had on request of the author.
In Search of Sustainable Students’ High Performance: Do Scoring Technique and Numerical Aptitude Affect Practicum/Workshop Course’s Teaching and Learning Process?

Abstract

This study aimed to determine the effects of using scoring techniques and numerical aptitude learning to the engineering students’ practicum course performance. By using an experimental method of 2 x 2 level designs and 60 students in a multistage random sampling, the results reveal that the students’ performance is higher when the analytical scoring technique is used, instead of holistic scoring ones. It also finds that scoring techniques and numerical skills affect the students engineering practical course performance. For students with high numeric aptitude, the empirical finding shows that analytical scoring is more suitable than holistic one, and vice versa. It implies that in engineering practicum course it is better to use analytical scoring to measure the students’ learning performance.

Keywords: scoring techniques, numerical ability, engineering practical performance, students’ potential ability

INTRODUCTION

In education, assessment plays a major role in which the central point is the diagnostic process—by establishing what students have learned. By having assessment, it is possible to plan what students need to learn in the future. There is an emerging vision of assessment that views it as a dynamic process that continuously yields information about student progress toward the achievement of learning goals (Garfield, 1994). According to this vision, assessment starts when the information gathered is consistent with learning goals and is used appropriately to communicate the instruction. Therefore, it can enhance student learning as well as document it. In engineering education, the developments of engineering-practicum assessment tools are intended for teachers to have, at least, two important things, i.e. a common understanding on how the engineering practicum assessment should be done and the ability to develop scoring techniques for evaluating the students’ performance in practicum courses.

The aspects assessed in the engineering practicum are the process of doing practicum activities and the attitudes of the students during the activity. As the primary purpose of any student assessment should be to improve student learning, it is important to find which type of aptitude mostly determines students’ performance in their practicum course and, which scoring techniques are most appropriate. Prior studies reveal that the assessments of students’ competence during the practicum remain problematic and a number of issues remain continuous (Campbell-Evans & Maloney, 1997; Haigh & Tuck, 2000).
This study tries to examine whether there is any difference among engineering-practicum students or not when certain scoring techniques are used. It will explore the effect of analytic and holistic scorings on students’ practicum performance by using numerical aptitude as the mediating variable. This study will expand the literature review, which previously was mostly done in non-practicum courses’ context. It contributes to broaden the examples and best practices that other engineering-practicum courses can follow and use it as a benchmark.

To present the empirical findings, the paper is organized as follows. The literature review and prior studies on scoring techniques, numerical aptitude, and students’ practicum achievement are briefly outlined in Section 2. The methodology and research model is described in Section 3, followed by the research results and discussion in Section 4. We provide some concluding remarks in Section 5.

**LITERATURE REVIEW**

*Learning achievement on mechanical engineering practicum*

In general, educational assessment is defined as making a judgment on a person or a situation based on available evidence (Torrance, 2004). It means that pedagogic assessment is concerned with making judgments about student achievement and progress. According to Maduka (1994), assessment in a formal setting is very useful, especially in vocational courses where the practicum is critical and is best achieved through continuous exposure to real-life situations and assessment of the degree of learner intake of instruction. American Association for Higher Education (2003) proposes one of nine good practices for assessing student learning, i.e. the evaluation works best when it is ongoing rather than periodic, which assessment entails a linked series of activities undertaken over time, and the main point is to monitor progress toward intended goals in a spirit of constant improvement.

Leighbody (1988) finds that the outcomes of psychomotor learning assessment focus on certain aspects, such as the ability to use tools and work ethic, the ability to analyze the work and arrange its sequence, the speed of the task, the ability to read images and or symbols, and compatibility with the expected shape and size that have been specified. It means that the assessment of movement in conscious mental activity or skills should include preparation, process, and product. Meanwhile, in the context of engineering and science teaching-learning process, Edwardes (1981) explains that the learning process in practicum courses includes three phases, i.e. the presentation of educators, the practicum activities of students, and the assessment of students’ work.

In mechanical engineering, the practicum is assessed by using the scores obtained by students after completing the machine-workshop practices, such as using the mechanical-measurement instruments, using hand tools, using powered tools, working with a lathe, milling machine, grinding machine, etc. Therefore, it is important to find appropriate scoring techniques to assess fairly the students’ practicum performance.

**Scoring techniques**

Generally, before an assessment method is used, a procedure for scoring should be prepared to guide the process of judging the quality of a performance or product, the appropriateness of an attitude or behavior, or the correctness of an answer. To increase consistency and validity in the mechanical-engineering practicum, properly developed scoring procedures should be used. Therefore, informing students prior to the use of an assessment method about
the scoring procedures to be followed should help ensure that similar expectations are held by both students and their teachers.

In education field, there are two types of common scoring, i.e. analytic and holistic scorings. In analytic scoring, the focus is on evaluating student work across multiple dimensions of performance rather than from an overall impression (holistic scoring). In analytic scoring, individual scores for each dimension are scored and reported. For example, analytic scoring of a history essay might include scores of the following dimensions: use of prior knowledge, application of principles, use of original source material to support a point of view, and composition. An overall impression of quality may be included in analytic scoring (McBeath, 1992; Stiggins, 1994; Shaw & Falvey, 2008).

The analytical assessment has some advantages, such as it could be more reliable at times, especially during the learning process. As instruction assessment, it can show where there have been breaks in the learning cycle. This type of assessment could very well analyze the learning process in many ways. This assessment if developed properly could provide data about the process of learning in such a way that re-teaching could take happen almost immediately. This assessment would also provide feedback to the students if done throughout the project or unit.

In holistic scoring, the evaluation of student work where the score or grade is based on an all-inclusive impression of their performance, using specified criteria, rather than multiple dimensions of performance (analytic scoring). It means a rater evaluates the effectiveness of responses in terms of a set of overall descriptions of categories relevant for responses to the task. Some scholars argue that comprehensive scoring assessments are often more efficient (Gibbs, 1994; Klenowski & Askew, 2005; Sadler, 1983). They argue that the holistic assessments may be easier to create. This scoring is more subjective. Considering the time constraint teachers have to work with, most may utilize this approach, and holistic assessment could be used in a broad way or a precise way. This could give students generalized guidelines to whatever is being assessed. It could also give students specific guidelines as they get more immersed in technology. The criteria could be set to aim the students in a certain direction to attain the particular learning goals that have been established (Stiggins, 1994; Nitko, 1983). A fundamental tenet of this comprehensive approach is that personal experience and active learning more effectively stimulate cognitive processing than do more traditional forms of passive learning. In the mechanical-engineering field, both techniques have same weight of importance, which each technique tries to assess students’ practicum achievement efficiently and fairly. Therefore, based on the prior empirical findings, we propose the following hypothesis:

Hypothesis 1: Analytic scoring has a higher significant effect on students learning outcomes than holistic scoring.

**Numerical aptitude**

Scientific and numerical skills are common combination in applied science and technical fields. Numeric ability is the ability to think and used numbers instead of the ability to manipulate it. Barret and Williams (1990) and Amstrong (1999) define that this aptitude is needed and related to certain jobs, such as mathematician, physicist, accountant, actuary, risk analyst, financial analyst, engineer, and architect. Prior studies reveal that the lack of proper numeracy skills can reduce employment opportunities and promotions (Brooks & Pui, 2010; Ciampa et al., 2010). Even in certain cases it results in unskilled manual careers, low-paying
jobs, and unemployment. Based on those facts, the numerical ability for mechanical engineering students is important, therefore, having good scores in this aptitude plays a significant role in achieving fine academic performance. By optimizing this ability, students must demonstrate their abilities to apply mathematics, engineering science, and technology principles necessary for analyzing, modeling, and solving engineering problems. Thus, we propose hypothesis 2 as follows:

Hypothesis 2: The interaction between scoring techniques and numerical aptitude influence students learning outcomes.

Potential ability in mechanical engineering
According to Darwin (1997), the potential ability is the unrevealed basic ability. Every person has the potential to develop themselves differently. This is because everyone has a different potential to the other. In the context of mechanical engineering education, Timoshenko and Young (1956) assert that there are no prescriptive rules that can be used by education-designers to develop all kinds of mechanical-reasoning capabilities. It means that potential ability in engineering mechanics is individual capability, which is still under-developed and becomes the basis of new capabilities. It could be tangible and provide chances for success if it is triggered and developed through education and training with certain methods. Prior studies demonstrate the strong positive correlation between potential ability and educational success (e.g., Kuncel, Hezlett, & Ones, 2001; Linn & Hastings, 1984), skill acquisition (e.g., Ackerman, 1987, 1992; Lohman, 1999), and job-training success (for reviews, see Ree & Caretta, 1998; Schmidt, 2002). Therefore, based on the empirical findings, we argue for the hypothesis 3 as follows:

Hypothesis 3: The potential ability in mechanical engineering influence students learning outcomes.

In this study, we propose the research framework by using scoring techniques and numerical aptitude as the independent variables, and students’ potential ability in mechanical engineering as the covariate variable. Meanwhile, students learning outcomes perform as the dependent variable (Figure 1).

[“Figure 1 goes about here”]

METHODOLOGY

Research design and sampling techniques
This research used a 2x2 level treatment design and 60 respondents in a multi stage random sampling. This study used two independent variables and one dependent variable. The independent variables are scoring techniques and numerical aptitude, with potential ability in mechanical engineering as the covariate variable. The dependent variable in this study is students learning outcomes in mechanical engineering’s practicum/workshop. The numeric ability performs as the moderator variable that consists of two levels: high numeric aptitude and low numerical aptitude. The dependent variable is the score of the learning outcomes of mechanical engineering practice. To examine the differences of the average deviation (adjusted mean) or intercept differences between two independent variables, we employed the analysis of covariance (ANCOVA) or ANCOVA simple two-way factorial 2x2, as shown in Table 1.
RESEARCH FINDINGS AND DISCUSSION

The results reveal that in averages, the students’ potential ability scores are relatively higher than their practicum/workshop’s scores, which analytic scoring may influence significantly than holistic one. Descriptively, it demonstrates that scoring techniques and numerical aptitude play an important role in students learning outcomes, whether in their inner/prospective ability or tangible academic score (Table 2). To test the hypotheses, we did the difference of two-means test for hypothesis 1, the ANCOVA test for hypothesis 2, and the ANOVA test for hypothesis 3.

The test for hypothesis 1 reveals that there is a different effect significantly between analytic scoring and holistic scoring on the students' learning outcomes (Table 3). Analytic scoring has bigger influence than comprehensive one statistically, whether in category high numerical aptitude or low one (t-statistics = 51.06 and 27.9, respectively > t-table = 1.697). This result is in line with the works of McBeath (1992), Stiggins (1994), and Shaw & Falvey (2008). It means that in the engineering mechanics, the reasoned scoring is more appropriate to measure the students’ academic performance and their potential ability. It relates to the advantage of analytic scoring in the reliability during the learning process, which is a critical factor in mechanical engineering education. It provides information on the features or components of engineering mechanics-skills achieved by the learner. In terms of the effect on instruction, placement, and diagnostics for students, systematic scoring is more informative. It is beneficial for the lecturer as it functions as reliable information for remedial teaching. Meanwhile, holistic scoring method requires expert opinion (lecturer) who gives the score. The scoring is conducted comprehensively and does not view to main elements that will be assessed. Lecturers only view students' work as a whole. This holistic scoring method emphasizes the overall integrality and the work of students in engineering practice. It does not make assessments objectively and depends on the lecturers’ subjective condition. Meanwhile, scoring techniques, which carry out assessment effectively and efficiently, will give an impact on increasing students' learning spirit. It implies that in assessing the practicum/workshop courses in mechanical engineering education, the analytic scoring usage is a better option than the holistic one.

Meanwhile, the test for hypothesis 2 demonstrates that the interaction between scoring techniques and numerical aptitude influence significantly students learning outcomes (F-value = 17.737 > F-table = 4.106). It means that those independent variables affect students’
academic performance during their practicum/workshop’s courses (Table 4). It supports the studies of Amstrong (1999), Barret and Williams (1990), Brooks & Pui (2010), Ciampa et al. (2010). It reveals analytical scoring and high numerical aptitude play significant influence on the students’ academic performance. It implies that mechanical engineering education-designers should create a curriculum ensuring the students have a sufficient numeric aptitude level to apply mathematics, engineering science, and technology principles necessary for analyzing, modeling, and solving engineering problems. It is important not only for the teaching-learning purpose, but also for ensuring the students’ better future career.

[“Table 4 goes about here”]

The test for hypothesis 3 reveals that students’ potential ability in mechanical engineering influence significantly their academic performance (Table 5). It supports the work of Ackerman (1987), Kuncel, Hezlett, & Ones (2001), Linn & Hastings (1984), Lohman (1999), Ree & Caretta (1998), and Schmidt (2002). It means that the tangibility of students’ potential ability provides real chances for success through education and training with certain methods applied in the mechanical engineering education process. It implies that the mechanical engineering educators should strive to give student not only the course work that provides them with solid foundations but also with opportunities to make the essential connections between practical experiences and their theoretical knowledge (Yost, Sentner, & Forlenza-Bailey, 2000).

[“Table 5 goes about here”]

CONCLUSION

The study on the effects of scoring techniques, numerical aptitude, and students’ potential ability on students learning outcomes reveals that the proposed influencing-variables have significant effects on the students’ academic performance. The statistics' tests demonstrate that analytic scoring has bigger influence than holistic one; meanwhile, the interaction between scoring techniques and numeric aptitude influences significantly students learning outcomes in their practicum/workshop course. The students’ potential ability in mechanical engineering also plays important moderating effect on the relation between scoring techniques and numerical aptitude and students’ academic performance.

Those findings have some implications. Firstly, in the context of developing countries’ mechanical engineering education, in assessing the practicum/workshop courses, the analytic scoring usage is a better option than the holistic one. It encourages the engineering education-designers to use scoring techniques, which carry out assessment effectively and efficiently, in order to give an impact on increasing students' learning spirit. Secondly, to ensure that the engineering mechanics' students get a proper teaching-learning process as well as a better future career, it is important to the mechanical engineering education-designers to create a curriculum ensuring the students have a sufficient numeric aptitude level to apply mathematics, engineering science, and technology principles necessary for analyzing, modeling, and solving engineering problems. Finally, the engineering educators should strive to give the students not only the course work that provides them with solid foundations but also with opportunities to make the essential connections between practical experiences and their theoretical knowledge.
REFERENCES


Figure 1: Research Model
Table 1
Experiment Research Design by Using 2x2 Level

<table>
<thead>
<tr>
<th>Numerical Aptitude (B)</th>
<th>Scoring Techniques (A)</th>
<th>A1 (Analytic Scoring)</th>
<th>A2 (Holistic Scoring)</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td>[X, Y]_{1k}</td>
<td>[X, Y]_{2k}</td>
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<td></td>
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<td>k=1,2,...,n_{11}</td>
<td>k=1,2,...,n_{12}</td>
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<td>B1</td>
<td>High Numerical Aptitude</td>
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<td>[X, Y]_{1k}</td>
<td>[X, Y]_{2k}</td>
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<td>k=1,2,...,n_{21}</td>
<td>k=1,2,...,n_{22}</td>
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<td>B2</td>
<td>Low Numerical Aptitude</td>
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</table>

Table 2
Descriptive Statistics

<table>
<thead>
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<th>B (Numerical Aptitude)</th>
<th>A Scoring Techniques</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td>A1 Analytic Scoring</td>
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<td>Y</td>
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<td>B1 (High Numerical Aptitude)</td>
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</tbody>
</table>
Table 3
Difference of Two-Means Test on Analytic Scoring and Holistic Scoring

<table>
<thead>
<tr>
<th>Numerical Aptitude</th>
<th>Scoring Techniques</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Difference of two means test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(A)</td>
<td>Analytic Scoring (A1)</td>
<td>Holistic Scoring (A2)</td>
<td>Total</td>
<td>t-statistics</td>
<td>t-table</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X</td>
<td>Y</td>
<td>X</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>B1 (High Numerical Aptitude)</td>
<td>Mean</td>
<td>19.13</td>
<td>9</td>
<td>19.0</td>
<td>8.4</td>
<td>19.065</td>
</tr>
<tr>
<td>B1 (High Numerical Aptitude)</td>
<td>Mean</td>
<td>16</td>
<td>8.6</td>
<td>17.4</td>
<td>8.3</td>
<td>16.7</td>
</tr>
</tbody>
</table>

Table 4
Test of Between-Subjects Effects

<table>
<thead>
<tr>
<th>Sum of Variances</th>
<th>db</th>
<th>JKRES</th>
<th>RJK residual</th>
<th>F_value</th>
<th>F_table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between A (scoring techniques)</td>
<td>1.00</td>
<td>15.216</td>
<td>15.2156</td>
<td>42.349</td>
<td>4.016</td>
</tr>
<tr>
<td>Between B (numerical aptitude)</td>
<td>1.00</td>
<td>64.769</td>
<td>64.7686</td>
<td>180.268</td>
<td>4.016</td>
</tr>
<tr>
<td>A*B Interaction</td>
<td>1.00</td>
<td>6.373</td>
<td>6.3727</td>
<td>17.737</td>
<td>4.016</td>
</tr>
<tr>
<td>Within Groups</td>
<td>55.00</td>
<td>19.761</td>
<td>0.3593</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>58.00</td>
<td>106.118</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5
Test of the Students’ Potential Ability on Their Learning Outcomes

<table>
<thead>
<tr>
<th>ANOVAa</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>4.238</td>
<td>1</td>
<td>4.238</td>
<td>12.495</td>
<td>0.001b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>19.674</td>
<td>58</td>
<td>0.339</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>23.913</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Students’ learning outcomes
b. Predictors: (Constant), Potential ability in mechanical engineering
The Mediating Effect of Soft Elements of TQM Dimension on Cost Leadership Strategy and Improvement of International Project Management

Abstract

The purpose of this study is to contribute to understand the mediating effect of soft elements of total quality management (TQM) on cost leadership strategy and their relations to domain improvement of international project management (IIPM). In this study, two soft elements of TQM dimension are used (top management commitment and leadership, and employee relation) to mediate the relationship between cost leadership strategy and improvement of international project management.

Keywords Cost leadership strategy, Total quality management, Project management

INTRODUCTION

In the recent trend of rapidly changing global business environment, companies tend to be more than ever competitive at the organizational strategy level through dynamic changes. To remain efficient and agile, optimizing the management practices is a main precedence of organizations while are continuously readjusting their competitive strategies by integrating the increasingly globalization trend (Hayes et al., 2005). Not all companies can implement the similar set of practices that have been successful somewhere else. Firms are paying more attention to apply the proper set of management practices to maintain and enhance their competitive advantages. And recent years, identification of changing elements in the business environment and respond proactively has been recognized as the key factors needed for successful organizational improvement (Brown & Eisenhardt, 2000; Hamel, 2000).

In the last two decades, firms have widely applied total quality management (TQM), as one form of operation management practices, for growing competitiveness, but with mixed outcomes around the world. Thus far, mixed results on successful TQM implementations have been revealed: the relationship of the TQM practice’s efforts has been positively translated into business or operational performance (Choi & Eboch, 1998; Samson & Terzirovski, 1999), process improvement (Jung & Wang, 2006), and customer satisfaction (Dean & Bowen, 1994; Choi & Eboch, 1998). Implementation of TQM practices intensity influence in actual progress of organizational performance in a cross-sectional sense that TQM practices describe a substantial proportion of variance in performance. However, not all of the categories of TQM practices are accounted particular predictors of performance (Broetzmann et al., 1995; Samson & Terzirovski, 1999).
“Cost leadership” strategy is a kind of generic business strategies which were suggested by Porter (1986) and impacted large number of following researches across various contexts (i.e. Hill, 1988; Kotha and Vadlamani, 1995; Gilley and Rasheed, 2000). Previous studied in cost leadership strategy largely concentrated on the link between this strategy and various performance levels of organization (i.e. Miller, 1986, 1988; Brown and Eisenhardt, 2000).

Project management is another form of management practice that has been receiving a burgeoning amount of developments on the literature in the last two decades. Not surprisingly, an increasing number of profit and non-profit firms’ interests are given to project management as a concept to reach the strategic objectives of their firms, concentrating on questions such as organizational project management (Kerzner, 2003), while looking for a systematic way to plan, implement, and monitor organization’s activities (Mantel & Meredith, 2003). One aspect of project management studies has been on finding the attributes of improvement of project performance such as the success criteria (Bryde & Robinson, 2007), and the factors that simplify improvement of project performance such as the critical success factors (CSFs) (Kendra & Taplin, 2004; Rockart, 1979). The guide to the Project Management Body of Knowledge (PMBOK) are commonly accepted as one of the project management standards that makes improvement of project management practices (PMI, 2004). Project management practitioners such as Kovac and Hauc (2000) argued the understanding of how to relate cost leadership strategy with firm’s operational structure is vital for effective performance of project management. Various studies have been also focused on the relationship between organization’s success and TQM elements (Prajogo & Sohal, 2006). The relation between project management and TQM is generally investigated from two perspectives. First, to introduce a TQM program successfully, project management is applied as the most operative methodology. Second, to guarantee improvement through a TQM program, the projects of individual quality improvement is used as the key driver (Bryde D. J., 1997). Nevertheless, a large number of firms applied both types of management practices and the link between improvement perspectives of project management and TQM elements is an essential area worthy to further research (Oprime & Pimenta, 2011). In this study, the origin of soft element of TQM practices and cost leadership strategy has contributed to understand how they are related to domain improvement of international project management (IIPM), individually and collectively.

**TOTAL QUALITY MANAGEMENT (TQM) PRACTICE**

According to Kaynak (2003) total quality management is introduced as a management philosophy which contributes to continuous organizational performance. The study conducted by Harrington et al. (2012) investigated elements consist the TQM domain in measurement. Although largely similar TQM elements is included as the input and different operational performance measures as the output of various related studies, mixed successful outcomes are reported. Since the start of the Malcolm Baldrige National Quality Award (MBNQA) framework in 1995, number of researchers dispute on seven elements include TQM practices based on the MBNQA framework of TQM literature: customer focus, planning and strategy, analysis and information, leadership, business performance, process management, and people management. Samson and Terziovski (1999) conducted a practical study to determine TQM practices’ elements which have strongly link to operational success. Therefore, these elements of TQM practices can be more investigated from four perspectives: “top management commitment and leadership”, “employee relations”, “supplier/customer relations”, and “process/product management” (Jung & Wang, 2006). As starting point, this research uses classification of Black and Porter (1996), and Saraph et al. (1989). Moreover,
according to current literature reviews, this study applies soft elements of TQM framework (or “HR-based” measures).

**Top Management Commitment and Leadership**
The quality pioneers researchers (Deming, 1986; Juran, 1986) pointed “top management commitment and leadership” as the foremost dominant TQM element, influences and drives other TQM elements of the firm (Kaynak, 2003). Top management must be straight and sincere about why TQM practice is essential for the firm and has to attract the “trust and respect” of the personnel before and during the execution of process. An absolute priority for adjustment of organizational culture before applying TQM practice is top management’s commitment to quality that will reflect in strategy of organization (Antony & Leung, 2002; Kaynak, 2003). The unity of objective as well as changing learning process and process management can be facilitate by top management (Golhar & Ahire, 1996). Moreover, one part of the firm’s strategy is TQM which reflects firm’s mission and maintains future strategies in direction with the chosen long- and short-term objectives (Juran, 1986). “Top management commitment and leadership” element can be highlighted as the HR-based (soft side) of the TQM framework.

**Employee Relations**
Employees should be clearly and sufficiently explained and trained regarding the advantages of total quality management techniques to effectively and efficiently participate in quality management program (Golhar & Ahire, 1996; Kaynak, 2003). Management is responsible for the comprehensive training program of an organization so that employees are equipped with the appropriate skill (Kaynak, 2003). Employee relations like empowerment in proper recognition, quality-based motivation procedures, teamwork evaluation, compensation, decision making, and, increase operational firm’s performance (Boss, 1999). Employee contentment and satisfaction in terms of compensation and benefit, along with better team-based work, may result in better performance (Juran, 1986; Kaynak, 2003). Involving and empowering all employees is essential for continuous improvement of the organization; since employees will motivate to work harder, and hence lead to more participation toward change process (Flynn, Schroeder, & Sakakibara, 1994; Kaynak, 2003). As employee involvement and empowerment is motivated, quality-based encouragement procedures and open and clear communication of firm’s competitive strategy can facilitate the process (Golhar & Ahire, 1996; Kaynak, 2003). “Employee relations” is another factor of the HR-based (soft side) in the TQM framework.

**COST LEADERSHIP STRATEGY**
Cost leadership strategy is featured instrumental direction toward discriminating the firm’s strategies with greater performance from strategies with lower performance (Murray, 1988). However, cost leadership strategy is utilized to maximize operational performance (Murray, 1988; Kim & Mauborgne, 2004). Dess et al. (1997) suggested branding, product innovation, and advertising as operational activities to attain lowest unit cost. However, Dess et al. (1997) recommended operational activities comprising high risks to minimize the sake of unit cost. Cost leadership strategy creates competitive advantage by cutting operational cost (Porter M. E., 1980). Furthermore, Porter (1980) proposed structured responsibilities and reported cost controls as methodologies of classical operational improvement to apply cost leadership strategy.
IMPROVEMENT OF INTERNATIONAL PROJECT MANAGEMENT (IIPM)

Project management originated by the US military organizations and systems has been applied as a distinct management discipline to deal with military contracts for several decades (Jung & Wang, 2006). An intensively numerous studies have conducted by practitioners and academicians on how different management factors influence success of project management. Oprime and Pimenta (2011) highlighted how the final project success is influenced by various levels of formality and flexible control methods applied during project implementation phase (Swartling & Olausson, 2011). An increasing number of firms are utilizing project management as part of their efforts in management practice. The usual purpose of project management is to apply the project within a targeted schedule, budget, and performance. In brief, it controls and evaluates project implementation within targeted budget, time, along with meeting performance. According to Belout and Gauvreau’s (2004), multiple elements including top management support, life cycle stage of business scope, and firm’s structure affect the total entity of project management success. Moreover, employee factors play a marginal and insignificant role in the success of project management (Pinto & Prescott, 1988). Swartling and Ölausson (2011) also pointed out the challenge of choosing factors which create value to the business during project management process. Since the current trend of increasing number of international project, executing and controlling improvement in project management is a critical factor for enhancing the performance of international project management (Belout & Gauvreau, 2004). Generally, IIPM’s role is to make improvement toward performance of project management (such as cost, schedule, and customer satisfaction), team-based work and processes (external and internal), maturity (i.e. competitiveness and competency). Furthermore, since firms become more mature in project management, making improvement to project management has to recognize as a new direction leads to improved outcomes. However, IIPM, as a main factor to measure performance of international project management, has not caught appropriate attention of practitioners and researchers (Jung & Wang, 2006).

RESEARCH HYPOTHESIS

This study argues the mediating effect of soft elements of TQM practice on cost leadership strategy, and IIPM. One aspect of competitive strategy that operational structure of a firm is determined by that and results in organizational performance is cost leadership strategy (Miles & Snow, 1978). Jung and Wang (2009) have investigated the influence of cost leadership strategy on both hard and soft elements of TQM practice. Among all factors of TQM practice discussed in the Jung and Wang’s paper (2009) two elements of HR-based has been chosen. Consequently, the authors proposed the following hypothesis to extend the understanding of the effect of cost leadership strategy on soft elements of TQM.

Hypothesis 1. Cost leadership strategy has positive impact on TQM practice’s soft elements.

H1a. Cost leadership strategy has positive impact on top management commitment and leadership.

H1b. Cost leadership strategy has positive impact on employee relation.

Based on the study have been conducted by Jung and Wang (2006) shows that soft elements of TQM have significant influence on improvement of international project management. Some researchers (Samson & Terziovski, 1999) pointed that organizational performance is influence more by soft element of TQM compared to hard elements. Thus, to investigate the
relationship of these two independent variables of TQM practice, and IIPM, the authors proposed the following hypotheses:

\[ H2. \text{TQM practice's soft elements have positive impact on IIPM.} \]

Moreover, the well-known pioneer researchers (Deming, 1986; Juran, 1986; Kaynak, 2003) in quality have mentioned the dominant effect of top management commitment and leadership that drives other TQM elements. Accordingly, we propose:

\[ H3. \text{Top management commitment and leadership has a stronger influence on IIPM than employee relation does.} \]

A contingency model is illustrated in figure 1 according to the proposed two hypotheses.

(“Figure 1 goes about here”)

**METHODOLOGY**

**Instrument**

The authors applied the competitive strategy scale from Miller (1986), the MBNQA criteria of soft TQM element from Jung and Wang (2009), and project management performance aspects from Kendra and Taplin (2004). Providing lowest cost, price-cutting, and the system for controlling cost are the items which are contained in the “cost leadership” scale. The TQM scale in the questionnaire covers only “HR-based” related elements. The CIIPM scale consists of project maturity, performance, teamwork, and process. The items are tabulated in table 1. In this study, the authors conducted a pilot test through distributing the survey questionnaire that was utilized as a data collection method. The questionnaire was sent for respondents through email or the author collected the responds by meeting with managerial employees.

(“Table 1 goes about here”)

**Sample**

A list of companies which are engaged in international projects or have some international managers were assembled from Bursa Malaysia, the annual report of companies, as well as according to introduction of those previous respondent project managers. Accordingly, from mid to senior managerial employees who to some extent have experience in international project management regardless of cultural issue who work in project in Malaysia and implement TQM practices to some levels, were the target sample population of this research. The questionnaire were sent to 150 randomly selected managerial employees including mid to senior, along with a short clarification of the study and a request for academic research cooperation. However, it has been tried to collect the data from participants in order to obtain richer contextual information. However, the data collected from 35 managers of companies who were engaged in TQM practice and project management in variant levels in order to validate the theoretical framework, means 23.33 percent response rate within three weeks.

About 63 percent of the respondents were male, and 37 percent were female. In terms of demographic, 17 percent of respondents were less than 30 years old, 46 percent placed in the range of 31-40, 29 percent between 41 and 50, and 9 percent over 50. However, there was only one person who was over 61 among total respondents. The project manager title accounts for the majority of respondent by 46 percent, followed by 20 percent for quality manager. General and senior manager contribute 17 percent of total respondents for each. 60
percent of respondents have implemented TQM for less than three years in the company; while 40 percent have implemented TQM practice for more than three years.

**CONCLUSION REMARKS, LIMITATION, AND FUTURE WORKS**

This paper brings out the mediating effect of soft elements of TQM practice, cost leadership strategy, and improvement area of international project management. According to previous literatures, it has been well-recognized that a management methodology such as soft total quality management’s elements has been affected by cost leadership strategy. Moreover, at the corporate level, firms may not recognize the direct contribution of cost leadership strategy on improvement of their IPM performance. Therefore, they need to implement soft elements of TQM as a management practice in operational level to improve IPM performance.

Employee relations factors such as employee satisfaction, training investment, and effective communication mechanism facilitate performance improvement of international project management. Management leadership and commitment to quality through vision for quality performance, and organizational culture are a significant contribution toward achieving IIPM. However, in this study two soft elements of TQM variables extracted from the Malcolm Baldrige National Quality Award (MBNQA) framework (1995) has used. The multi-dimensional environments of TQM domain can be surveyed further, although these two variables are adequately define soft aspect of the TQM. In addition, only a single variable of IPM was utilized to examine performance of project management. However, as future practices of international project management and TQM evaluate, additional practices can be contributed to the contingency framework.

**REFERENCES**


The Mediating Effect of Soft Elements of TQM Dimension on Cost Leadership Strategy and Improvement of International Project Management


Figure 1: Hypothesized Conceptual Framework

Table 1: Construct reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Cronbach Alpha</th>
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<tbody>
<tr>
<td>Cost leadership strategy</td>
<td>Lowest cost provider</td>
<td>0.735</td>
</tr>
<tr>
<td></td>
<td>Price cut when needed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Company-wide cost control system</td>
<td></td>
</tr>
<tr>
<td>Employee relations</td>
<td>Employee involvement</td>
<td>0.852</td>
</tr>
<tr>
<td></td>
<td>Compensation and recognition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Open and transparent communication</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>Top’s commitment to quality</td>
<td>0.912</td>
</tr>
<tr>
<td></td>
<td>Vision and mission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Short-term and long-term goals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unity of purpose</td>
<td></td>
</tr>
<tr>
<td>Improvement of international project management</td>
<td>I in project management performance</td>
<td>0.939</td>
</tr>
<tr>
<td></td>
<td>I in project management process</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I in project management maturity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I in project teamwork</td>
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</tbody>
</table>
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Understanding the Drivers of Student Choice for Higher Education:  
Evidence from Malaysia

ABSTRACT

In recent years, Malaysia has witnessed an influx of international students in the local higher education institutions with the aggressive support from the Malaysian government to build Malaysia as the educational hub within the region. Besides the country level policy, the aim of this study is to understand the major drivers that influence international students to choose Malaysia and the university as their study destination.

This study is based on used a qualitative approach using face-to-face interviews with fifteen international students currently studying in Malaysian universities. The findings found that the drivers of student choice are cost of education, significant others and location and information sources in marketing communication (online prospectus/brochure, university website and online application websites). This study provides some insights into the influential drivers for undergraduate and postgraduate students in the Malaysia Higher Education context.

Keywords: Decision Making, International Students, Higher Education, Malaysia

INTRODUCTION

Countries such as the United States (US), United Kingdom (UK), Canada, France and Australia has traditionally been strong in attracting international students from all over the world to pursue their undergraduate and post graduate studies in their respective colleges and universities. Their motivations are mainly to increase the international student population within their campuses, having various cultures and backgrounds to enrich the academic atmosphere within the classrooms and ultimately provide another source of income for the college and university. In the context of Malaysia, which traditionally sends their local students abroad has seen an upcoming trend that international students are coming to Malaysia to pursue their tertiary studies. In recent years, Malaysia’s government is aggressively pushing Malaysia’s higher education as a regional educational hub and due to their persevering efforts, Malaysia was ranked as 11th largest exporter of higher education among international students (Global Education Digest UNESCO, 2008). In the year 2008, a total number of 50,679 international students enrolled in private institutions and further increased to 58,294 international students in 2009. The year 2010 has
seen a growth as much as 8% (MOHE, 2010), as shown in Table 1. This further proves Malaysia’s higher education is increasingly gaining acceptance worldwide.

THEORETICAL FRAMEWORK

Hossler and Gallagher model (1987) is the focal point of this study. It isolates and contains the college choice process within a manageable three-stage framework (predisposition, search, and choice). Predisposition stage is the student’s decision to go to college as a goal in life. It is strongly influenced by the student’s ability of continuing their studies at higher education as well as the background and encouragement from the student’s family. Search stage is the process of learning about specific institutions and their characteristics. Lastly, choice stage is when applications are completed and the student chooses a particular institution. This study specifically investigates the international student’s choice stage in choosing a university in private institutions.

In sum, this study was based on Hossler and Gallagher’s (1987) model, specifically the final phase of the selection process, the choice stage that focuses on the drivers of international student choice for higher education in Malaysia.

EMPIRICAL STUDIES REVIEW

Cost of Education

Cost of education has been the most studied factor in influencing student’s choice of a particular university. Cost of education can only be the tuition fees or it can also refer as the tuition fees along with the cost of living and lower travel costs in a foreign country. When studying in any Malaysia higher education institutions, international students are not allowed to work full-time and therefore they need to consider on their living expenses during their time of study. Many studies have stated that cost of education is important (Baharun, Awang & Padlee, 2011; Wagner & Fard, 2009; Mazzarol & Soutar, 2002; Joseph & Joseph, 1998).

Students in general highly consider the cost of education before deciding on the university that they want to study in. This applies in different countries, namely New Zealand (Joseph & Joseph, 1998), Indonesia (Joseph & Joseph, 2000), Australia (Mazzarol & Soutar, 2002) and Malaysia (Baharun et al., 2011; Wagner & Fard, 2009).
Despite the belief that international students are wealthy, research has shown that cost of education is an important factor in choosing their place of study. Dora, Ibrahim, Ramachandran, Kasim and Saad (2009) examined the 6 factors of international students on choosing Malaysia’s public universities as their study destination and their finding shows that one of the main reasons is due to the competitive overall costs of studying in Malaysia.

**Significant Others**

There are certain groups of individuals or an individual that may influence prospective student’s choice process. Significant others are defined as friends, parents, counselors, other students, teachers, university admission officers (Baharun et al., 2011). Many studies found that one or more of these significant others are important influential factors in students’ choice of university (Kusumawati, Yanamandram, V. & Perera, 2010; Baharun et al., 2011; Hassan & Sheriff, 2006; Baharun, 2004; and Mazzarol & Soutar, 2002). However, there is little known on the effects of significant others on the choices of international postgraduate students. In terms of international students, it is necessary to consider the potential role of relatives and education agents as well.

**Location**

The geographical location of the private institution within the country or its proximity to home and environment of the host country has been found to be an influential factor among final year high school students (Joseph & Joseph, 1998), undergraduates (Kusumawati et al., 2010; Beneke & Human, 2010) and among postgraduates (Poock & Love, 2001) and local and international students in Australia (Mazzarol & Soutar, 2002). Many students seriously consider universities that are relatively close to their homes (Jackson, 1982). Poock and Love (2001) study on doctoral students identified location as most important factor and Beneke and Human (2010) has classified location as second most important factor for students in deciding the university they want to continue their studies. Environment is more towards the study “climate” of the country, which takes into consideration of its physical climate and lifestyle (Mazzarol & Soutar, 2002).

**International Marketing Communication**

Kotler and Fox (1985) defined education marketing as “The analysis, planning, implementation and control of carefully formulated programmes designed to bring about voluntary exchanges of values with a target market to achieve organizational objectives”. Malaysian government together with PHEIs has aggressively pushed in promoting local private higher education in the overseas market with the assumption that international students will be well informed consumers in choosing Malaysian and the right PHEI in accordance to their programmes of interest. Marketing communication can be viewed broadly or specific; it may involve in expensive print (brochure, prospectus, advertisement in foreign newspapers and magazines locally and abroad) (Moogan, 2011), technology (Internet, CD-ROM and university website) (Moogan, 2011; Fernandez, 2010) or through efficient communication between prospective student and PHEI (education fairs and email communication)(Gomes & Murphy, 2003).

**METHOD**

This study used a qualitative approach using face-to-face interviews as the primary data gathering technique. The interview research was done over a two-month period in 2011. The respondents were identified through the assistance of the selected university’s international student association. 15 international students (9 males and 6 females) from undergraduate and
postgraduate level were randomly chosen from 3 private higher education were interviewed for this study. All 3 universities are strategically located within Klang Valley in Malaysia. A structured interview format was developed to have a general guideline of ensuring the consistency of information being asked from one interviewee to another, yet at the same time it is open-ended that provides the interviewees the freedom to answer in accordance to their perspective on what is deemed important for them. The open-ended responses were documented in English. It was initially expected that a large number of international students (approximately 40 expected interviews) would be willing to participate in this study. However, despite numerous attempts through telephone calls and emails, only fifteen interviews were conducted. This obstacle may be due to the timing of the interview being conducted (at the end of the year, November-December 2011) that most universities have their year-end semester breaks and majority of the students have returned home to their respective countries.

The respondents were initially asked demographic question which includes personal questions about their age, marital status and current academic level. Table 2 presents a profile of the respondents. Most of the respondents were between 18 years – 35 years of age. Majority of the respondents are single. 60% are currently pursuing their undergraduate degree.

The respondents’ response was interpreted from the interview data and sorted into specific categories. The data processing involved clustering or coding the respondents’ comments into broad themes that were common among the respondents (Miles & Huberman, 1984). The research question which gives guidance for this study as below:-

RQ1: What factors influence international students to choose Malaysia?
RQ2: What factors makes a difference in choosing one university to the other?

**FINDINGS**

*Factors Influence International Students to Choose Malaysia*

Respondents were asked to reflect on the initial reasons of choosing Malaysia as their place to study in comparison to other neighbouring countries. Majority of the respondents (11 students) agreed that the cost of education was one of the main reasons of coming to Malaysia and continue their studies there, as supported by different researches done by Baharun et al. (2011) and Joseph and Joseph (1998). Students can obtain an international degree from a foreign branch campus located in Malaysia with a fraction of the cost in comparison to study at the main campus in Australia and the UK. They also have the choice of a twinning programme (e.g. 3+0 programme) that can be completed locally in Malaysia. The foreign exchange rate was also highlighted that it is an important element that was considered by their parents when choosing their studies destination because it not only affects the payment of the tuition fees but also their living expenses, as one respondent explained: “Whenever the currency rate increases or decreases, it affects my living expenditure; one month I can spend more on food [eating out], then the other month I need to buy more tin food. It is frustrating sometimes.”
Interestingly, 4 out of 6 female respondents were highly influenced by the recommendations of their parents and relatives of continuing their studies in Malaysia. Their relatives who have both visited and stayed in Malaysia gave positive feedback that gave some sort of trust to their parents of allowing them to go overseas. 3 of the female respondents’ relatives were staying in Kuala Lumpur which means that they are not alone in a foreign country during their studies duration. As for the male respondents, 7 of them stated that their friends as well as their cousins influenced them to consider studying in Malaysia due to the freedom that they have in Malaysia. The remainder 4 respondents were encouraged by education agents to pursue their undergraduate and postgraduate degree in Malaysia.

The geographic location of Malaysia was also heavily considered due to the geographical proximity to their home countries. Majority of the respondents who are both single and married expressed the importance of being near home. Majority of the respondents who are single prefer to be near home because of the cheaper air travel between Malaysia and their home country. Besides that, their parents usually fly to Malaysia once a year and prefer to have shorter flight hours. The respondents who are married would like to travel more than once a year to their home countries to visit their elderly parents.

Factors That Makes a Difference in Choosing One University to The Other

In this study, the respondents were asked what makes the university that they have chosen different in comparison to other universities in Malaysia. The respondents explained that the university’s online prospectus and specific course’s brochures which are readily available online 24 hours a day makes a difference from one institution to another. Twelve respondents downloaded the online documents and went through it together with their parents/family to have a better overview of not only the university, but the course that they want to pursue. This greatly gave an added advantage to the university without having their prospective international students to wait for the delayed response through email due to different time zones.

Another factor was the Internet that the respondents used to visit the university’s websites and read information related to the university in the form of blogs, forum and Facebook pages. The respondents believed that the more information the university website has, the more credible the university is. The high reliance of university websites as a source of information has been found in both local and overseas universities (Moogan, 2011; Fernandez, 2010). The layout of the university website is also important, as agreed by a female respondent:

“I was surfing on most of the university websites, and when I saw a website that looks too simple and no updates were done on it, I immediately closed it and looked at the other university’s website. A university website should always be nice to look at and always filled with the latest events that is happening within the campus.”

Besides that, the respondents applied to the universities that have an easy application process; ten of the respondents applied through the university online application website and uploaded all of their academic certificates and transcripts virtually. They were immediately given a confirmation that their application is received by the university and they will be informed on their application status within a week’s time. This greatly reduces the time and effort of having to courier the application form and academic transcripts without knowing whether the university has received the documents.
CONCLUSION

This study highlight that there is a growing number of international students who are pursuing their studies in Malaysia’s higher education but there is a lack of research done on exploring the drivers of student choice for both levels of education (undergraduate and postgraduate). The findings provide some insights on the influential drivers as well as the advantages of their universities in comparison to other institutions. The private institutions can apply some of the advantages such as the implementation of online application website and adding more online materials for the benefit of prospective international students. Understanding of the drivers can further assist private institutions to increase and different cultures and backgrounds within their campus community.

REFERENCES


**Table 1: Enrolment of International Students in PHEI, 2008-2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolment of International Students in Private Higher Education Institutions</td>
<td>50,679</td>
<td>58,294</td>
<td>62,705</td>
</tr>
<tr>
<td>% increase from previous year</td>
<td>15%</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Ministry of Higher Education (MOHE) (2010)*

**Table 2: Profile of the respondents**

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 18 and 21</td>
<td>8</td>
</tr>
<tr>
<td>Between 22 and 30</td>
<td>5</td>
</tr>
<tr>
<td>Between 30 and 40</td>
<td>2</td>
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</table>

<table>
<thead>
<tr>
<th>Gender</th>
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<tbody>
<tr>
<td>Male</td>
<td>9</td>
</tr>
<tr>
<td>Female</td>
<td>6</td>
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</table>

<table>
<thead>
<tr>
<th>Marital Status</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>11</td>
</tr>
<tr>
<td>Married</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Academic Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>9</td>
</tr>
<tr>
<td>Postgraduate:</td>
<td></td>
</tr>
<tr>
<td>Masters</td>
<td>5</td>
</tr>
<tr>
<td>PhD</td>
<td>1</td>
</tr>
</tbody>
</table>
Quality Management System and Standardization: UUM Case Study

Abstract

The importance of standardization is growing, and there is a need for education for standardization. In fact, educations for standardization were recognized at many levels. Therefore, teaching standardization became an essential component of higher education. Moreover, higher education plays a central role in pursuit of economic growth and national development. This paper aims to address how Universiti Utara Malaysia or Northern University of Malaysia (UUM) experience in teaching standardization, particularly for Quality Management System (QMS) course. This course is offered to undergraduate students at School of Technology Management and Logistics (STML), UUM. The main objective of this course is to understand the major aspects of Quality Management System (QMS), including the basic requirements of the QMS, issues relating to QMS and how to prepare QMS documents. To enhance the quality of the class, Problem-based Learning (PBL) had been applied. In practicing the PBL, several steps are followed. First, the students were briefly explained how the PBL will be applied. Next, students were grouped into several different companies. Then, they were issued with two entry documents to instruct the students what they should do. Towards the end of the class, the students required to prepare several major documents. Finally, students were asked to perform the documentation audit in order to check and verify the documents. Students finished five assignments - Gantt charts, quality policy, quality manual, quality procedure and working instruction. At the completion of the PBL, each group was awarded a grade. Through the PBL approach, student performance is between 85% to 98% mark. At the end of the class, the students were asked to evaluate the effectiveness of PBL approach. A total of 59 students for semester A112 involved in this study. The results indicated that, students were very satisfied with the PBL teaching method. The study also highlighted that PBL is more strength compares to weakness. In summary, PBL proved as an effective method in the teaching-learning process for the QMS course.

Key Words: Education for Standardization, ISO 9000, Problem-based Learning, PBL, Quality Management System.

Introduction

Universiti Utara Malaysia (UUM) was established on 16th of February 1984. The campus is situated in Sintok, 48 km to the north of Alor Setar and 10 km to the east of Changlun. The primary objective for the setting up of this sixth public university is to train and produce the much needed pool of professionals in the areas of business and management at the local and international markets. UUM comprises of 13 faculties were streamlined and restructured to become three main colleges, namely the UUM College of Arts and Sciences (UUM CAS),
the UUM College of Business (UUM COB), and the UUM College of Law, Government and International Studies (UUM COLGIS). School of Technology Management and Logistic (STML) is one of the schools under the COB. STML was established on 1st of July 2011. It offers three honours undergraduate programs, six postgraduate programs and one postdoctoral program. The faculty philosophy, vision and mission are being consistently positive towards the education quality.

Registered students under STML come from diverse backgrounds which are bringing with them diverse learning preferences and life experiences. Thus, in the process of designing teaching and learning strategies, the lecturers need to consider the diversity of the student population to ensure meeting their needs. On the other hand, in the process of imparting the knowledge, the lecturers and students are constantly facing various kinds of issues and challenges. For students, the major issue is to thoroughly understand the course contents and how to apply in their real life. Meanwhile, for the lecturers, the critical issue is how to make students understand and able to apply the knowledge. These issues and challenges require either immediate as well as long term solutions. Therefore, an inclusive teaching method should be designed to be accessible to all the students. The lecturer should teach intensively, effectively and to think critically.

**Education Philosophy**

Moreover, the process of designing and teaching strategies should be complied and supported the National Education Philosophy (Falsafah Pendidikan Negara) for Malaysia. Written in 1988 and revised in 1996, the statement is:

“Education in Malaysia is an on-going effort towards further developing the potential of individuals in a holistic and integrated manner, so as to produce individuals who are intellectually, spiritually, emotionally, and physically balanced and harmonious, based on a firm belief in and devotion to God. Such an effort is designed to produce Malaysian citizens who are knowledgeable and competent, who possess high moral standards, and who are responsible and capable of achieving high levels of personal well-being as well as being able to contribute to the harmony and betterment of the family, the society, and the nation at large.”

At the center of this matter, STML applied the combination of traditional and non-traditional teaching method. Selection teaching methods depend largely on the information or skill that is being taught, and it may also be influenced by the aptitude and enthusiasm of the students. Generally, traditional teaching methods may include class participation, demonstration, recitation, memorization, or combinations of these. The lecturer gives a lecture, and the students endeavored to take notes. Oppositely, in non-traditional teaching methods it may incorporate with television, radio, computer, and other modern devices. Students are involved in a group or panel discussion, presentations, debates and speeches; role-playing and, etc. In STML, particularly for a Quality Management System (QMS) course, the essential and popular method is Problem-based Learning (PBL).

Savin-Baden (2003) claimed that, PBL able to help students to see that learning and life place in contexts, contexts that affect the kinds of solutions that are available and possible. In PBL, the teacher or lecturer encourages the students as a problem solver. Given the problem case or scenario, the students need to define their own solution. They do independently, self-directed study in a group to discuss and refine their acquired knowledge. PBL is able to increase knowledge, understanding, communication skills, teamwork, independent responsibility,
information sharing, and respect for others. PBL also might be able to contribute to achieve cognitive, affective and psychomotor learning outcome.

**ISO 9001: Quality Management System**

The Standards Based Management Systems (SBMS) such as ISO 9001, ISO 14001 and OHSAS 18001 are considered an essential requirement for successful organizations (Mohd Azman, 2012). Some organizations have adopted as a single, and some have attempted to integrate the systems. Adherence to SBM will be an antidote to maintain and sustain the quality of organizations. Thus, a better understanding is therefore required to develop more advocates in SBMS adoption. Better understanding on the basis for adoption and application of SBMS will be a strong backbone for students to compete in a global and competitiveness environment.

In 2001, World Standards Cooperation (WSC) was established. It was recognized as a turning point of education for standardization. The purposes of WSC are to (i) strengthen and advance the voluntary consensus-based international standard systems of IEC (International Electrotechnical Commission), ISO (International Organization for Standardization) and ITU (International Telecommunication Union); (ii) promote the adoption and implementation of the international consensus-based standards worldwide; and (iii) resolve any outstanding issues regarding cooperation in the technical work of the three organizations. To achieve these objectives, WSC works very closely with International Cooperation for Education about Standardization (ICES).

IEC, ISO and ITU believe that international standards are an instrument enabling the development of a harmonized, stable and globally recognized framework for the dissemination and use of technologies, best practices and agreements, which support the overall growth of the Information Society. Indeed, their transparent and consensual mechanisms, based on the possible contribution of all interested stakeholders, as well as their extensive network of national members, represent strong assets for market relevance and acceptance, as well as for more equitable development.

Several conferences and workshops had been commenced. In 2011, the workshop has been held in Hangzhou, China. Previously similar activity has been held in Geneva for several times. In May 2012, ICES was held in Bali, Indonesia. The aim of ICES is to promote education about standardization and improve its quality and attractiveness for all stakeholders. It is an annual event and became a network platform for individuals and organizations interested in education about standardization. To support this objective, ISO also has organized a series of international and regional workshops (Tanaka, Sato, Chiba and Iwadare, 2012), (Hesser, 2012).

For ISO 9000, survey from Sabariyah Din, Zahidy Abd Hamid and Bryde (2011), found that ISO 9000 certification has a positive moderating effect on the casual relationship between Quality Management Practices and Project Success. Katerina (2005) found that previous researchers very optimistic if ISO 9001 properly implemented, mainly based on the fact that the standards offer a well-structured tool to start with quality, making much easier top management’s commitment to it. ISO 9000 benefited in (i) decrease the gap between the current quality management environment and offer a shift in focus from the final products to the processes that produce these products, (ii) improve internal organization and operation, they ensure a more effective and uniform communication throughout the company, (iii) increase employees’ awareness of quality issues, (iv) lower quality variations and quality
related costs, (v) increase customers’ satisfaction and trust in the company and (vi) encourage continuous improvement through regular and imperative quality audits.

Katerina (2005) also found, ISO 9001 contributed to a pessimistic view. It is happened because of the organization focus mainly on quick and easy certification, without real commitment to quality. Thus, the major hindrances in the way of implementation are such as inadequate quality training, inadequate documentation, lack of set procedures, and quality awareness. Lack of understanding will reflect to the pessimistic view of ISO 9001. As a reconciliation, STML choose to use PBL is the teaching approach.

PBL is a combination, both classroom and non-classroom technique. The students do all the researching, organizing, and grading, as well as attend to their usual student responsibilities, while lecturer becomes a facilitator. At its heart, PBL has six defining characteristics - the starting point for learning is a problem, the problem is one that students are to apt face in the future workplace, subject matter is organized around problems rather than the disciplines, students assume a major responsibility for their own instruction and learning, most learning occurs within the context of small groups rather than lectures, and the solution to the focal problem has an implementation focus that goes beyond problem diagnosis and analysis (Bridges & Hallinger, 1993, 1995).

**UUM Experiences in Education for Standardization**

ISO/IEC Guide (2004) defined standardization as an activity of establishing, with regard to actual or potential problems, provisions for common and repeated use, aimed at the achievement of the optimum degree of order in a given context. In particular, the activity consists of the processes of formulating, issuing and implementing standards and the significant benefits of standardization are improvement of the suitability of products, processes and services for their intended purposes, prevention of barriers to trade and facilitation of technological cooperation. Standard is a document, established by consensus and approved by a recognized body that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context. Standards should be based on the consolidated results of science, technology and the experience, and aimed at the promotion of optimum community benefits.

Upon completion of this course, the students are expected able to:

a. Explain the rationale for and the uses of formal Quality Management System (MS:ISO 9000).
b. Describe the requirement of documentation, which influence the effectiveness of organizational QMS.
c. Demonstrate the usefulness of QMS is forming expectations about organization survival and sustainability.
d. Discuss the impact of QMS as showed by market needs.

The methodology and application of PBL are not uniform (Klegeris and Hurren, 2011). PBL may be used either as the mainstay of an entire curriculum or for the delivery of individual courses. This course has three major aspects, including globalization and competitiveness, quality management system - QMS: ISO 9000 and quality awards. The PBL was applied for the second aspect, which is quality management system - ISO 9000. Table 1 below shows the structure and activities used in this PBL method.
Table 1: The Structure of BJMQ 3113 Problem-based Learning Method.

<table>
<thead>
<tr>
<th>Structure/activities</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>Project Title: MS ISO 9001 Documents Preparation</td>
</tr>
<tr>
<td></td>
<td>Lecturer(s): Che Azlan Taib</td>
</tr>
<tr>
<td></td>
<td>School: School of Technology Management and Logistics</td>
</tr>
<tr>
<td></td>
<td>Course Code and Title: BJMQ 3113 (Quality Management System)</td>
</tr>
<tr>
<td>Content: Quality</td>
<td>What is QMS ISO 9000</td>
</tr>
<tr>
<td>Management System: ISO 9000</td>
<td>Differences between Standard of Quality System and Standard of Quality Product</td>
</tr>
<tr>
<td></td>
<td>Evolution of QMS: ISO 9000</td>
</tr>
<tr>
<td></td>
<td>Concepts of QMS: 9000:2000</td>
</tr>
<tr>
<td></td>
<td>QMS: ISO 9000 and Quality Management Principles</td>
</tr>
<tr>
<td></td>
<td>Process Approach Model</td>
</tr>
<tr>
<td></td>
<td>Clause 4: Quality Management System</td>
</tr>
<tr>
<td></td>
<td>Clause 5: Management Responsibility</td>
</tr>
<tr>
<td></td>
<td>Clause 6: Resource Management</td>
</tr>
<tr>
<td></td>
<td>Clause 7: Product Realization</td>
</tr>
<tr>
<td></td>
<td>Clause 8: Measurement, Analysis and Continuous Improvement</td>
</tr>
<tr>
<td></td>
<td>Quality Audit – Internal and External</td>
</tr>
<tr>
<td></td>
<td>QMS ISO 9000 : Maintaining and Continuous Improvement</td>
</tr>
<tr>
<td>The learning outcomes that students will learn from this project</td>
<td>Students able to define the concepts and techniques in quality system.</td>
</tr>
<tr>
<td></td>
<td>Students able to explain the importance of quality system in</td>
</tr>
<tr>
<td></td>
<td>the organization.</td>
</tr>
<tr>
<td></td>
<td>Students able to analyze the business problems by using an</td>
</tr>
<tr>
<td></td>
<td>appropriate quality management system.</td>
</tr>
<tr>
<td></td>
<td>Students able to explain and relate current issues with the</td>
</tr>
<tr>
<td></td>
<td>application of quality management system.</td>
</tr>
<tr>
<td>Some important skills the student will learn</td>
<td>Team building.</td>
</tr>
<tr>
<td></td>
<td>Good communication.</td>
</tr>
<tr>
<td></td>
<td>Time management.</td>
</tr>
<tr>
<td></td>
<td>Process approach in QMS.</td>
</tr>
<tr>
<td></td>
<td>Decision making.</td>
</tr>
</tbody>
</table>

At the initial stage, the students encouraged to explore the overall concepts of ISO 9001. For this purpose, the students asked to do a case study. They are given a choice to work in a group or work as individual assignment. The case study must be related to ISO 9001 fundamentals. The length of assignment is seven to seven pages. This process aims to educate the student on the MS ISO 9001:2008 awareness.

Next, two ‘entry documents’ have been issued by the lecturer. The first entry demonstrated about globalization and its challenges onto their organization. During the process, the
students were grouped in several teams. They were required to perform Quality Steering Committee and prepare their planning activities, such as Gantt chart. The second entry asked the students to prepare ISO 9001:2008 documentation. A one day visit program was occupied with a factory tour and discussion related to quality management.

PBL approach carries 35% of total grading assessment. The evaluation is based on final output and group presentation. For final output, the students were evaluated according to five types of output - Gantt chart – how creative and accurate the information, Quality Policy – the students clearly defined and it is realistic, Quality Manual - comply with QMS ISO 9001:2000 requirements, Quality Procedures (QP) – also comply with QMS ISO 9001:2000 requirements, and Work Instructions (WI) – again comply with QMS ISO 9001:2000 requirements. The lecturer evaluates the final assessment in two levels. At the first level, the lecturer evaluated the final product or documentations (Quality Manual, Quality Procedures, and Working Instructions) against the ruberic assessment criteria. Basically, it is according to QMS ISO 9001:2008 requirements. Meanwhile for group presentation, it was performed as internal quality audit process. The leader or selected member from each group appointed as auditors. Among them, one lead auditor had been selected.

**Effectiveness of PBL in Teaching Standardization at STML, UUM.**

A total of 59 students entitled in this course from the Bachelor of Operation Management (BOM). Out of that, only 51 students were involved in the survey; 23 respondents (45%) are Malays, 27 (53%) Chinese and 1 (2%) is others. The majority of respondents are semester 6 students and most of them have experience in PBL teaching method. The respondents demographic are listed in Table 2 below.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Malay (%)</th>
<th>Chinese (%)</th>
<th>Others (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Course</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor of Operation Management</td>
<td>23 (45)</td>
<td>27(53)</td>
<td>1(2)</td>
</tr>
<tr>
<td><strong>Semester</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semester 4</td>
<td>1(2)</td>
<td>1(2)</td>
<td>-</td>
</tr>
<tr>
<td>Semester 6</td>
<td>22(43)</td>
<td>26(51)</td>
<td>1(2)</td>
</tr>
<tr>
<td><strong>PBL Experience</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First time</td>
<td>17(33)</td>
<td>22(43)</td>
<td>1(2)</td>
</tr>
<tr>
<td>Second time</td>
<td>3(6)</td>
<td>1(2)</td>
<td>-</td>
</tr>
<tr>
<td>NA</td>
<td>3(6)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Nine factors had been defined in order to measure on how effective the PBL approaches. These factors were derived from the previous study. Factor 1 is “stimulates thinking, analysis and reasoning” (3 items); factor 2 is “stimulates self-directed learning/utilization of learning-teaching resources” (3 items); factor 3 pertaining to “leads to studying the intended contents” (3 items); factor 4 related to “enhances interest in subject matter” (3 items); factor 5 is “relevance to the future profession with realistic context” (3 items); factor 6 about “matches the level of prior knowledge” (3 items); factor 7 is “critical appraisal” (5 items); factor 8 is “group work” (x items) and factor 9 dealing with “attitudes and communication skills” (4 factor).

The study found that the mean score for all dimensions are located above the 4 values. The highest mean score is for factor 5 (Relevance to the Future Profession with Realistic Context) with the 4.6 score, and the lowest mean score is 4.07 for factor 1 (Stimulates thinking,
None of the mean score is below than four. So, it is concluded that the PBL approach in the teaching of QMS course was achieved the high level of satisfaction.

**Strength versus Weaknesses of PBL Teaching Method.**
In order to measure the strength and the weaknesses of the PBL, the instrument developed provides two open ended questions. Out of 51 respondents, only 30 respondents provided a comment on the strength of PBL compares to 14 respondents comments on the weakness. For the strength, the researcher was integrated into three main categories. Twenty respondents stated that PBL approach is enable them to focus on the problem or they are able to emphasize the idea in actual scenario in the real job or able to implement the knowledge or ability to improve the level of thinking and able to learn more; meanwhile 7 respondents agreed that the PBL provides students to improve learning system or soft skills or communication skills, and 3 students indicated that the PBL is enable the student to understand deeply the knowledge about standardization.

On the weaknesses, 6 respondents stated that the lack of time or need more sources to solve the problem, 6 respondents is related to the students do not know how to use and the others 2 weaknesses are the PBL unable to develop communication between student and lecturer and the PBL is low effectiveness.

**Some Improvement Points**
To improve the PBL teaching method, respondents were provided with one open-ended question. In the future, the PBL teaching method should take into consideration, (i) the lecturer need to do more explanation (4); create more fun teaching environments (4); find additional attractive method or more value added (3); apply the PBL to the other subject (2); giving more information for students to understand PBL (2); provide more longer in the process of PBL (2); company visit to know how to apply the knowledge (2) and use video in teaching (1).

**Conclusion**
This paper aims to assess the effectiveness of PBL teaching method for Quality Management System topic. Overall, the study reports positive outcomes related to study objectives. Students were able to demonstrate specific area skills after taking part in PBL. Students who registered for this course also benefited from improved critical thinking and problem-solving skills.

On the other hand, the credibility of PBL as an effective way of teaching is dependent upon several factors. One of the factors is the time management. PBL required a high level of time consumer specially for a class with huge number of students. Hence, this study considered as a fair step to evaluate the status of PBL effectiveness in higher education. This is also to comply with the intention of higher education in Malaysia which is focusing on Outcome Based Evaluation (OBE) in education.

The respondents also suggested that the PBL should be applied to other courses. This study indicated that PBL has a positive effect on student content knowledge and the development of skills such as communication, critical thinking, problem solving and work independently. But, on the other perspective, PBL is challenging for the lecturer to implement. Such factors are organizing the time and setting up clear instruction.
As a conclusion the results of this study also very useful for further improvement of teaching method for standardization and interesting for industries player and academia who are interested with the current situation of education standardization. However, since this study involved very limited number of respondents, further study should be carried out or order to have a completely inferences on the overall effectiveness of PBL.

References


Investment Strategies and motivational factors among small Investors: A Study with Special Reference to Karnataka State

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Investment Strategies and motivational factors among small Investors: A Study With Special Reference To Karnataka State

Abstract

The present study aims to assess the investment strategies and motivational factors involved in corporate investment by small investors of Karnataka state. A total of 425 respondents were randomly selected from cities of Bangalore, Mysore, Mangalore, Gulbarga, Bidar and other major cities of Karnataka. A structured questionnaire developed by the researcher in consultation with the expert was employed for eliciting information from small investors. The data was collected on various investment strategies adopted by small investors, and factors which motivated them to invest in corporate securities. The data collected were analysed through chi-square tests using SPSS for windows. Results revealed that risk and returns topped the list, followed by Intrinsic Value /Current Market Price, Timings of investment, Cost Price of Shares, and Services of Financial Advisors by small investors. For corporate investment by small investors following factors played important role- Quality of Management, Track record of the company, Persuasion of intermediaries, Interim Results, and Press coverage.

Introduction

Investing in various kinds of financial assets has become a widespread practice for many people either for accumulation of wealth or for meeting their future financial requirements with the income generated thereon. Now-a-days a wide range of financial assets are made available to people for investment. In the finance area, investment refers solely to the acquisition and administration of securities, which saliently includes stocks, bonds and debentures and warrants that are usually traded in organized markets. An investment is a commitment of funds made in the expectation of some positive rate of return, which will commensurate with the risk assumed by an investor. Corporate securities are being chosen by the investors as the most profitable investment avenue among the financial assets. Corporate securities include different types of securities issued by corporate enterprises to raise funds to meet their long term financial requirements. They are becoming increasingly popular forms of investment among the household savers for regular return, liquidity and capital appreciation. The survey conducted by Dr. L.C. Gupta divulged that nearly three-fourths of shareholders belonging to the income class of below Rs.5,000 per month entered the share market only after 1980. The reforms initiated in the financial sector and fiscal incentives provided by the Government of India attracted the people to invest their savings in corporate securities. Speculative knowledge, gambling instinct, greed and credulity of the investing public also made them to shift their preference in favour of corporate securities. During the last few years a number of new public limited companies were floated and some of the existing private limited companies were converted into public limited companies and they entered the capital market to take advantage of the widespread enthusiasm of the public for
Investment Strategies and motivational factors among small Investors: A Study with Special Reference to Karnataka State

subscription to corporate securities. The existing public limited companies are also harnessing the public sentiment by making public and rights issues to meet the financial requirements of expansion and diversification of their business. An analysis of public response for public issue made by Reliance Power Ltd revealed that they were expected to raise only 175 crore by way of public issue, but they were able to raise 12,600 crore. The public response clearly indicates the extent of population induced in favour of corporate securities.

Investors of corporate securities are classified broadly into a) Institutional investors and b) Small investors. Small investors of corporate securities are primarily found among the rich people. But people belonging to the middle class have also started investing substantial amount of their savings in corporate securities.

The concept ‘small investor’ is not rigidly defined and adopted by various authorities at different times. The investment made in securities of a single company was considered in the share ownership surveys conducted by the RBI and the market value of the securities dealt on a day is considered by the SEBI to determine the small investor. The concept ‘small investor’ is to be understood as a relative concept. The SEBI defines a small investor as any investor buying or selling securities on a cash transaction for a market value not exceeding Rs. 50,000 in aggregate on any day shown in a contract note issued by the stock brokers.

Small investors could soon call the shots in India’s equity markets say some analysts, who expect up to $32 billion of household savings to have flowed into the market in the 12 months to March 2008. This could insulate India’s markets from global shocks, much like China’s and South Korea’s. This amount is almost double the record $17 billion purchases of Indian equities by foreign institutional investors (FIIs) this year, till mid-December. Analysts say that at the pace at which small money is coming to the market, FII dominance will soon end.

According to N.Krishnan, Head, Research at CLSA India Ltd, there will be a significant increase in the quantum of India’s household savings that flow to financial assets, partly because much of this money is now accounted for, as a result of a far more effective tax regime. ‘When money come from legitimate sources and is accounted in the system, people will try to earn returns on that capital (and not hoard it). Investments in assets such as gold will decrease,’ he said.

Need and Importance of the Study
Investing in corporate securities is not as easy as that of investing in any other kind of financial assets. Investors are careful in selecting a security out of a variety of corporate securities that are offered to them by the corporate sector. The risk-return characteristics of the corporate securities and a number of other factors are taken into consideration before they take their investment decisions. The investing public differ in their tastes and outlook and their investment objectives vary from one to another and may also vary from time to time for a given investor. As such, it becomes somewhat complex and complicated to take a right investment decision that suits the specific objectives of an investor. Most of the investors are not sharp enough to manage their own investments. Investors who are competent to take their investment decisions independently, would depend largely on the information made available in prospectus, annual reports, financial periodicals, publications of the Government, Stock Exchanges and other institutions. Wealthy Investors take the investment advice from the professional investment advisers. But small investors are not rich enough to consult a
professional investment adviser, who differs them the benefit of professional management. Small investors generally have heard-like approach and they do not act in a rational manner. Their decisions to invest in any security are largely depend upon the advice from accessible dealers in securities, bankers and investor-friends. Further, their decisions are also be influenced by the rumors and market gossip. Occasionally, the rumors may prove to be intelligent expectation of events when they are based on the leakages of vital information. But in most of the cases the rumors are largely untrue and will be circulated to achieve selfish ends of a few persons. The small investors are puzzled frequently by the swings in the market prices of corporate securities in general and the unusual price variations in boom and depression phases of stock markets in particular. They are not aware of the technicalities involved in the purchase and sale of securities. For example, during the 1992 - Securities Scam, the scrips of many companies, which were neither profitable nor had any chance to recover, registered an unimaginable rise in their market prices. The scrips of old and well established companies were in short supply at a heavy demand and were quoted at four or five digit figures. The small investors purchased the scrips of sick/low profit earning/newly established companies as they became handy and were available relatively at a very low price. This irrational behaviour of investors amply explains that they were hasty in their decision making and yield to their inborn qualities of greed and gullibility. The small investors’ impulse to enter securities markets is very high. The experiences of a few successful investors inspire them to strive for quick profits. But they do not have sustenance power of the wealthy investors, when the market conditions turn unfavorable.

A number of investors with the objectives extraneous to those of traditional investors are entering into the securities markets. They are aiming to make quick profits within a short span of time from the changes in market prices of corporate securities. The quick profit made on investment in corporate securities by a few investors had contributed to the growth of a new and relatively younger group of investors. Such investors are interested more in quick speculative gains on trading in securities, rather than in long term participation in corporate ownership. The benefits derived by long term investors in the form of dividends or interest, rights, bonus etc., were ignored and making speculative profits has become the prime objective for many investors. The ethos of investment in corporate securities is drastically changing day-by-day. The age-old objectives of investors have undergone transformation into making quick profits. The neophytes and lay investors, who would not keep pace with the changes in the perspective, ball for the tricks played by unscrupulous promoters, brokers and other vested interests. Lack of proper knowledge, education and counseling made the majority of investors of today to conceive, nurture and develop a gambling instinct rather than to have an intelligent approach towards investment in corporate securities.

In India, the trading in corporate securities is taking place through 22 recognized Stock Exchanges which are located in metropolitan cities and big cities. A few unrecognized trading floors or satellite exchanges are also providing trading facilities in some cities and towns, where recognized Stock Exchanges are not located. Investors approach the member-brokers of these exchanges to effect their securities deals on behalf of them. The investors in far-flung towns cannot approach them directly as it involves transportation and other costs. The firms engaged in securities business and sub-brokers in such remote areas are more accessible to such investors. Most of them do not accept for execution of the odd lots and small marketable lots of securities. Further, the securities which are not traded or thinly traded in stock exchanges are also refused to be handled. If anybody gives his consent to do so, there would be a greater variation in the bid and offer prices quoted. The brokers handle the entire paper-work relating to the securities transitioned for commission. As such, the
investors expect better standards of service and observance of business ethics from them. The unhealthy practices of certain brokers such as manipulation of security prices, issuing false and misleading statements are causing hardships and monetary loss to the innocent investors. The frequent closure of stock exchanges due to boycotting the trading by brokers on one or the other pretext amply reveals the absence of professionalism in their conduct. The investor complaints against the stock-brokering community such as, non-execution of orders in time or at advised prices, undue delay in payment or effecting the delivery of the securities are increasing day-by-day. Excessive speculation and over-trading by some brokers lead them to commit default or become bankrupt. In such circumstances, the small, unwary investors were always on the receiving end. The Stock Exchanges are supposed to do much to protect the interests of investors, inter alia, by ensuring orderly trading in securities and checking excessive speculation.

The government of India has been formulating its industrial and fiscal policies with bias to encourage the investing public to favour corporate securities. A number of legal and administrative measures have been initiated during the last one decade to regulate the securities markets and to ensure investor protection. The interests of investors in corporate securities are affected by the actions of promoters, company managements, merchant bankers, brokers, sub-brokers and other market players in the securities markets. The legislation in India to curb the unfair practices and malpractices by all those concerned with the securities markets includes mainly the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Monopolies and Restrictive Trade Practices Act, 1969 and the Securities and Exchange Board of India Act, 1992. A number of provisions and rules have been prescribed in these acts, to confer various rights on the investors. But certain ambiguities and loopholes persisted in the existing legislations are exploited by vested interests. Further, the authorities concerned are also lenient to enforce the provisions be times when the interests of the investors are in jeopardy or when a crisis persists in the securities markets to the detriment of interests of the investing community. As such, whenever the investors are deprived of their rights, there must be adequate and accessible legal means to enable them to assert their rights, otherwise, the enforcement of rights will be rendered impracticable.

The government of India has been effecting a number of policy changes for the regulation of securities markets, trading in securities and the functions of market operators. Incentives are offered to the investing public, to promote the habit of investment in corporate securities. Investor education is gaining momentum and the need for investor protection is highlighted and emphasized by the authorities at almost all the forums concerned. Investors are also becoming more and more conscious of their rights and privileges. A number of companies are exploiting the enthusiasm of the investing people to invest in corporate securities, by making public and rights issues of securities at huge premia. The 1992 securities scam and the frequent boom phases of the stock markets helped certain market operators to amass wealth at the cost of innocent and unwary investors. A number of investors are receiving a raw deal from the company managements and brokers. Consequently, the investor grievances are also increasing.

In view of the above developments that are taking place since a decade, it is proposed to undertake the research entitled "THE INVESTMENT STRATEGY OF SMALL INVESTORS: WITH SPECIAL REFERENCE TO KARNATAKA STATE". The study will be an empirical examination of the small investors’ experiences and problems faced by them in the process of buying, holding and selling corporate securities. It will also include an
enquiry into the investors’ perceptions and preferences and their investment strategies. Further, an enquiry will be made into the need and form of protection desired by the small investors to safeguard their own rights and interests.

**Review of Literature**

There is a vast body of literature by eminent scholars and financial experts on different aspects of the capital market. The literature available on capital market mainly deals with various aspects such as stock market efficiency, stock pricing, stock valuation and stock market operations. This paper presents an overview of the important studies and literature on capital market.

**Shiller (2000)** noticed that stock market is administered by the market information which directly affects the decision making process of the investors. Numbers of demographical variable were experientially considered such as gender, age and risk tolerance level of individuals to analyze the investors’ purchasing behavior.

**Booker (2002)** analyzed the influencing factors on decisions of those investors who use analysts'/financial advisors recommendations to arrive at a short-term decision for holding or selling a definite stock. The results highlighted that a strong form of the analyst summary recommendation reports, that is, one with additional information supporting the analysts'/financial advisors position further, reduces the disposition error for gains and also reduces the disposition error for losses.

**Naser et al. (2003),** while analysing the attitude of small investors keenly found that, individual investors ranked the annual report as the second most preferred source of information and institutional investor’s place annual reports as the first source of information.

**Malmendier and Shanthikumar (2003)** Tired to uncover the question like whether the small/individual investors are inexperienced or not and they noticed during the study that, large investors generate abnormal volumes of buyer initiated trades after a positive recommendation only if the analyst is unaffiliated. Small traders exert abnormal buy pressure after all positive recommendations, including those of affiliated analysts.

**Dr. K Santi Swarup (2003)** in a paper entitled “Measures for improving common investor confidence in Indian primary market a survey”, focused upon the decisions taken by the investors whilst investing in primary markets, the study divulged that the sample investors found of their own analysis in contrast to investment advisor. They also believe market price as a better indicator than analyst suggestion. The study also identifies factors that are affecting primary market situation in India. Issue price, information availability, market price after listing and liquidity emerge as important factors. This study proposes that investors need to be assured of some return and current level of risk associated with investment in the market is very high. They have had bad experience in terms of lower market price after listing and high issue price. Accordingly number of measures in terms of regulatory, policy level and market oriented were suggested to improve the investor confidence in equity primary markets. However, this paper does not concentrate the measures for improving investor confidence in secondary market.

**C. S. Shylajan and Sushama Marathe (2006)** in an article “A study of attitudes and trading behaviour of stock market investors”, mark the major factors accountable for determining the attitudes and trading behavior of stock market investors. Based on their common investing
attitude and behaviour, the stock market investors are classified into two categories i.e. aggressive investors and nonaggressive investors.

John Graham and Alok Kumar (2006) in a study entitled “Do dividend clienteles exist? Evidence on dividend preferences of retail investors” evaluates portfolio holdings of retail investors of older and low income category, this study put forwards that these investors found of dividend paying stocks, the study also place on records the trading behaviour of retail investors and point-out that the investor trades around dividend events are consistent with clientele behaviour. Further, it also points out that old and low income investor exhibits abnormal buying behaviour following dividend announcements.

**Objectives of the study**

- To analyse the strategies adopted by small investors in investment decisions with specific reference to corporate securities in Karnataka.
- To study the role of various motivational factors in corporate investment.

**Hypothesis of the study**

Following hypothesis have been developed for the purpose of this study:

- \( H_1 \): Small investors adopt varied strategies for corporate investment
- \( H_2 \): Motivational factors play important role in corporate investment

**Type of research**

The present study is a Descriptive and exploratory in nature.

**Scope of the study**

Though the financial system of India consists of many avenues within it, as far as the small investors are concerned. The present study is limited to the Industrial Securities Market.

The securities market is a major component of the Indian Financial System dominated by industrial securities, consisting of two interlinked segments, namely, the primary market, also called as the new issue market, and the secondary market or the stock exchange.

**The Sources of Data**

The data required for the study was being collected from primary and secondary sources. The research work being an empirical study based on the primary data. The information on investors’ perceptions, preferences, strategies and problems has been collected through a structured questionnaire. The secondary data has also included the information obtained from the records and files of the Bangalore Stock Exchange Limited.

Secondary data was also used to support the theoretical and statistical background required to build up the tempo of the research and the major secondary data has been sourced from the Journals, Business Magazines, the Internet, Published Doctoral Theses, Dissertations and Business News Papers etc. this was being used for literature support in accomplishing the data mining towards completion of the study.

**Variables identified AS STRATEGIES and Motivational Factors**

Following strategies have been highlighted for investment by the researcher in consultation with the experts in corporate investment:

1. Comparison of the Intrinsic Value (SV) with its Current Market Price (CMP).
2. Investment Decision keeping in mind CPS.
3. Consideration based on beta value
4. Timings of investment
5. Availing Services of financial/investment advisor
6. Assessment of qualities of an advisor
7. Risk perception on returns

Following motivational factors have been considered for corporate investment by the researcher in consultation with the experts:

1. Persuasion of intermediaries
2. Advertisement
3. Market gossip and Rumour
4. Un-official Premiums
5. Press Coverage
6. Interim Results
7. Future Prospects
8. Personal Judgement
9. Promoters Track Record
10. Quality of Management

Analysis of data

For the present study chi-square tests were applied to verify the significance of difference of response frequencies on various investment strategies and motivational factors using SPSS for windows (version 21.0).

Time Span

The study was conducted to understand the different strategies and perception of individual investors in the State of Karnataka and covers a period from January 2012 through December 2013.

Sample Respondents and Location

To make the study more appropriate, effective and useful it goes without saying that, the size of the sample selected for executing the study should be ideal and should contain all the attributes of the population. In a study of this kind involving large population with diverse features made the selection of sample bit difficult, but still to make the study more relevant, an appropriate method of sampling namely stratified random sampling was used, since this is an appropriate method providing the appropriate sample size for the study representing all the districts in Karnataka State and to make the study acceptable a sample of around 425 units were used\([\textit{As per the theory of Krejcie, Robert V. and Daryle W Morgan}]\) which stipulates that any sample size selected beyond 384 is having all probability of repeating the same behavior/attitude with similar features from across the population. But whilst selecting the sample population, instead of 384, 425 samples were being chosen, giving 10 per cent as a margin of lapses.\] While selecting sample small investors proper representation was given to factors like age, income, education, and occupation etc. to make the sample representative of the population more apposite.

The present study was executed in Karnataka State covering all the 27 districts; an effort was also made to focus on such areas where the density of small investors making investments in
Corporate securities is more. For instance, areas like Bangalore, Mysore, Mangalore and Hubli etc. where the investors are more exposed to stock market activities.

Data Analysis and Interpretation

The analysis has been presented under 3 sections—general information, investment strategies and motivational factors.

I. GENERAL INFORMATION:

Table No.1

Frequency and percent responses for Types of Investment

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Types of Investment</th>
<th>Frequency  (only Yes)</th>
<th>Percent (only Yes)</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mutual Funds</td>
<td>108</td>
<td>25.4</td>
<td>(X^2=137.856; \ P=.000)</td>
</tr>
<tr>
<td></td>
<td>Stock or share</td>
<td>136</td>
<td>32.0</td>
<td>(X^2=55.08; \ P=.000)</td>
</tr>
<tr>
<td></td>
<td>GICs</td>
<td>98</td>
<td>23.1</td>
<td>(X^2=123.391; \ P=.000)</td>
</tr>
<tr>
<td></td>
<td>Registered Education Saving Plan (RESP)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Savings Bonds</td>
<td>43</td>
<td>10.1</td>
<td>(X^2=270.402; \ P=.000)</td>
</tr>
<tr>
<td></td>
<td>Bonds, excluding Savings Bonds</td>
<td>34</td>
<td>8.0</td>
<td>(X^2=299.88; \ P=.000)</td>
</tr>
<tr>
<td></td>
<td>Income Trusts</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Segregated Funds</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RRSP</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exchange Traded Funds</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hedge Funds</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

When the respondents were asked about what kind of investment they have, 32.0% of them indicated that they have Stock or share, 25.4% of them possessed mutual funds, 23.1% of them were with GICs 10.1% of them had savings bonds and remaining 8.0% of them had Bonds, excluding Savings Bonds. None of them possessed Registered Education Saving Plan (RESP), Income Trusts, Segregated Funds, RRSP, Options, Exchange Traded Funds, Hedge Funds and others. Chi-square test revealed a significant difference between these groups of frequencies of responses for Mutual Funds \(X^2=137.856; \ P=.000\), Stock or share \(X^2=55.08; \ P=.000\), GICs \(X^2=123.391; \ P=.000\), Savings Bonds \(X^2=270.402; \ P=.000\) and Bonds, excluding Savings Bonds \(X^2=299.88; \ P=.000\).
Table No.2  
Frequency and percent responses for the Process of Investment

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Investment Decisions</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Skimmed documents your advisor provided and decided based on the advisor’s verbal recommendation.</td>
<td>65</td>
<td>15.3</td>
<td>X²=121.754; P=.000</td>
</tr>
<tr>
<td></td>
<td>Carefully review documents advisor has provided and decided based on these documents and the advisor’s verbal recommendation</td>
<td>109</td>
<td>25.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carefully review documents advisor has provided, listened to their recommendation and consider own research.</td>
<td>129</td>
<td>30.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decide solely based on own research, independent of the information advisor provided.</td>
<td>61</td>
<td>14.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decide based on advisor’s verbal recommendation only.</td>
<td>44</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other, specify</td>
<td>17</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>425</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

When strategies for making investment decisions were verified, 30.4% of the respondents indicated that they ‘Carefully review documents advisor has provided, listened to their recommendation and consider own research’, 25.6% of them indicated ‘Carefully review documents advisor has provided and decided based on these documents and the advisor’s verbal recommendation’, 15.3% of them indicated ‘Skimmed documents your advisor provided and decided based on the advisor’s verbal recommendation’, 14.4% of them indicated ‘Decide solely based on own research, independent of the information advisor provided’, and 10.4% of them revealed that they ‘Decide based on advisor’s verbal recommendation only’. Other strategies contributed only 4.0%. When chi-square test was applied to these groups of frequencies, a significant difference was observed (X²=121.754; P=.000).

Table No.3  
Frequency and percent responses for Sources of Investment Information

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Sources of Investment</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Friends/Family</td>
<td>111</td>
<td>26.1</td>
<td>X²=412.953; P=.000</td>
</tr>
<tr>
<td></td>
<td>Financial/Investment Advisor/Broker</td>
<td>129</td>
<td>30.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prospectus/Offering Documents for the Investment</td>
<td>44</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Annual Reports</td>
<td>52</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regulatory Organisations</td>
<td>35</td>
<td>8.2</td>
<td></td>
</tr>
</tbody>
</table>
On the whole 30.4% of the respondents used Financial/Investment Advisor/Broker as the source of information that you use to guide your investment decisions, 26.1% of them utilized friends/family, 12.2% of them utilized Annual Reports, 10.4% of them were relied on Prospectus/Offering Documents for the Investment, 8.2% of them depend on Regulatory Organisations and very few of them were depending on magazines, newspapers, Financial Advice Websites, Online Chat Rooms and other sources. 26.1% of them did not state any source of information. When chi-square test was applied to these groups of frequencies, a significant difference was observed ($X^2=412.953; P=.000$).

### Hypothesis testing

## II. INVESTMENT STRATEGIES

**H1: Small investors adopt varied strategies for corporate investment**

### STRATEGY 1: Comparison of the Intrinsic Value (IV) with its Current Market Price (CMP).

**Table No. 4**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Comparison</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very Important</td>
<td>221</td>
<td>52.0</td>
<td>$X^2=359.694; P=.000$</td>
</tr>
<tr>
<td></td>
<td>Somewhat Important</td>
<td>120</td>
<td>28.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not too Important</td>
<td>52</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not at all Important</td>
<td>27</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Refused</td>
<td>5</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>425</strong></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
STRATEGY 2: Investment Decision keeping in mind CPS.

**Table No.4**
Frequency and percent response for ‘Investment Decision keeping in mind Cost Price of Shares (CPS)’

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Investment Decision keeping in mind CPS</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>319</td>
<td>75.1</td>
<td>X²=335.355; P=.000</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>66</td>
<td>15.5</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Don’t Know/Not Sure</td>
<td>40</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>425</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

On the whole we find majority of the respondents indicated ‘yes’ for the question ‘Do you take an investment decision keeping in mind averaging the Cost Price of Shares?’, followed by 15.5% of the respondents indicated ‘no’ and remaining 9.4% of them were not sure Chi-square test revealed a significant difference between these groups of frequencies of responses (X²=335.355; P=.000).

Strategy 3: Consideration based on beta value.

**Table No.5**
Frequency and percent responses for Consideration based on beta value

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Consideration of Beta Value</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>272</td>
<td>64.0</td>
<td>X²=193.868; P=.000</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>45</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Don’t Know/Not Sure</td>
<td>108</td>
<td>25.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>425</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

When the respondents were asked about ‘Do you undertake the investment decision based on beta value?’ , a majority of the respondents indicated yes (64.0%), 10.6% of them indicated ‘no’ and almost one fourth of them were not sure about is (25.4%). Chi-square test revealed a significant difference between these groups of frequencies of responses (X²=193.868; P=.000).

Strategy 4: Timings of investment.

**Table No.7**
Frequency and percent responses for Timings of Investment

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Preference</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>When share prices are low</td>
<td>340</td>
<td>80.0</td>
<td>X²=705.701; P=.000</td>
</tr>
<tr>
<td></td>
<td>When share prices are high</td>
<td>10</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When share prices are stagnant</td>
<td>66</td>
<td>15.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cannot say</td>
<td>9</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>425</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
Majority of the respondents (80.0%), opined ‘When share prices are low’, for the question ‘When do you prefer to invest in share?’, followed by 15.5% of them indicated ‘When share prices are stagnant, 2.4% of them indicated ‘When share prices are high’ and remaining 2.1% of them were not sure. When chi-square test was applied to these groups of frequencies, a significant difference was observed ($X^2=705.701; P=.000$)

Strategy 5: Availing services of financial/investment advisor.

Table No.8

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Availing services of Financial / Investment Advisor</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All/ Most of the time</td>
<td>151</td>
<td>35.5</td>
<td>$X^2=137.856; P=.000$</td>
</tr>
<tr>
<td></td>
<td>All the time</td>
<td>86</td>
<td>20.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Most of the time</td>
<td>66</td>
<td>15.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sometimes</td>
<td>52</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Occasionally</td>
<td>44</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sometimes</td>
<td>26</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>425</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

On the whole we find that 35.5% of the respondents indicated ‘all most of the time’ for the question ‘While making investment decisions, how often do you use a financial/investment advisor?’, followed by 20.2% of the respondents indicated ‘all the time’, 15.5% of them opined ‘most of the time’, 12.2% of them indicated ‘sometimes’, 10.4% of them indicated ‘occasionally’ and remaining 6.1% of the indicated sometimes. Chi-square test revealed a significant difference between these groups of frequencies of responses ($X^2=137.856; P=.000$).

Strategy 6: Assessment of qualities of an advisor.

Table No.9

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Qualities</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Training/Education That the registered with a securities regulator</td>
<td>30</td>
<td>7.1</td>
<td>$X^2=356.729; P=.000$</td>
</tr>
<tr>
<td></td>
<td>That are registered with a securities regulator</td>
<td>86</td>
<td>20.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fees they charge</td>
<td>27</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Experience</td>
<td>35</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Professional Credentials</td>
<td>152</td>
<td>35.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disciplinary History</td>
<td>44</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Job title suggests that they are fairly senior in the organisation</td>
<td>10</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Referral from Someone</td>
<td>39</td>
<td>9.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>425</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>
When the respondents were asked about most important things they want to know about the advisor, 35.8% of them indicated Professional Credentials, 20.2% of them indicated registration with a securities regulator, 10.4% of them indicated Disciplinary History, 9.2% of them indicated Referral from Someone and very few of them indicated ‘Fees they charge’, ‘experience’, and job title etc. When chi-square test was applied to these groups of frequencies, a significant difference was observed ($X^2=356.729; P=.000$)

**Strategy 7: Risk perception on returns.**

**Table No. 10**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Information on Risk and Return</th>
<th>Frequency</th>
<th>Percent</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very important</td>
<td>316</td>
<td>74.4</td>
<td>$X^2=100.821$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Somewhat important</td>
<td>109</td>
<td>25.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not important</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>425</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Majority of the respondents indicated ‘very important’ for the question ‘When making an investment, how important is information on risk and return?’, followed by 25.6% of the respondents indicated somewhat important and none of them indicated ‘not important’. Chi-square test revealed a significant difference between these groups of frequencies of responses ($X^2=100.821; P=.000$).

**III: Motivational factors.**

**H2:** Motivational factors play important role in corporate investment.

**Table No.11**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Inducements</th>
<th>First Preference</th>
<th>Second Preference</th>
<th>Third Preference</th>
<th>Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Persuasion of intermediaries</td>
<td>191 (44.9)</td>
<td>129 (30.4)</td>
<td>105 (24.7)</td>
<td>$X^2=27.802$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Advertisement</td>
<td>172 (40.5)</td>
<td>152 (35.8)</td>
<td>101 (23.8)</td>
<td>$X^2=18.922$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Market gossip and Rumour</td>
<td>108 (25.4)</td>
<td>192 (45.2)</td>
<td>125 (29.4)</td>
<td>$X^2=27.845$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Un-official Premiums</td>
<td>43 (10.1)</td>
<td>129 (30.4)</td>
<td>253 (59.5)</td>
<td>$X^2=157.346$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Press Coverage</td>
<td>179 (42.1)</td>
<td>192 (45.2)</td>
<td>54 (12.7)</td>
<td>$X^2=81.972$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Interim Results</td>
<td>191 (44.9)</td>
<td>173 (40.7)</td>
<td>61 (14.4)</td>
<td>$X^2=70.042$; $P=.000$</td>
</tr>
<tr>
<td></td>
<td>Future Prospects</td>
<td>151 (35.5)</td>
<td>163 (38.4)</td>
<td>111 (26.1)</td>
<td>$X^2=10.466$; $P=.005$</td>
</tr>
<tr>
<td></td>
<td>Personal Judgement</td>
<td>172 (40.5)</td>
<td>137 (32.2)</td>
<td>116 (27.3)</td>
<td>$X^2=11.299$; $P=.004$</td>
</tr>
<tr>
<td></td>
<td>Promoters Track</td>
<td>212 (49.9)</td>
<td>173 (40.7)</td>
<td>40 (9.4)</td>
<td>$X^2=114.809$;</td>
</tr>
</tbody>
</table>
Quality of management (59.5%), Persuasion of intermediaries (44.9%), and Interim Results (44.9%), were the top first preferences for inducement to purchase securities. Market gossip and Rumour (45.2%), press coverage (45.2%) Interim Results/ Promoters Track Record were the top 4 second preferences for inducement to purchase securities. Un-official Premiums (59.5%), Market gossip and Rumour (29.4%) and Future Prospects (26.14%) were the 3 top third preferences for inducement to purchase securities. Chi-square tests revealed significant differences for the types of inducements for purchase securities for first, second and third preferences.

Table No.12
Summary table for investment strategies and motivational factors

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Percent</th>
<th>Rank</th>
<th>Motivational factors</th>
<th>Percent</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk and Return</td>
<td>91</td>
<td>1.0</td>
<td>Quality of Management</td>
<td>59.5</td>
<td>1</td>
</tr>
<tr>
<td>Intrinsic Value /Current Market Price</td>
<td>80</td>
<td>2.5</td>
<td>Track record of the company</td>
<td>49.9</td>
<td>2</td>
</tr>
<tr>
<td>Timings of invest</td>
<td>80</td>
<td>2.5</td>
<td>Persuasion of intermediaries</td>
<td>44.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Cost Price of Shares</td>
<td>75</td>
<td>4</td>
<td>Interim Results</td>
<td>44.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Services of Financial Advisors</td>
<td>71</td>
<td>5</td>
<td>Press coverage</td>
<td>42.1</td>
<td>5</td>
</tr>
</tbody>
</table>

Discussion

Main findings
- As far as the investment strategies by small investors are concerned, risk and returns topped the list, followed by Intrinsic Value /Current Market Price, Timings of investment, Cost Price of Shares, and Services of Financial Advisors.
- For corporate investment by small investors following factors played important role-Quality of Management, Track record of the company, Persuasion of intermediaries, Interim Results, and Press coverage.

Both hypotheses 1 and 2 are accepted as we find that the investors do adopt various strategies for better outcome of their investment and motivational factors do play an important role in investment; as the study clearly revealed that there are differential motivational factors do play in judgement of the investor for investment.

An in-depth analysis of the contents also divulged that out of the various strategies adopted for taking investment decisions, investors have ranked risk and return as their first preferred strategy, wherein they use to analyse the real time risk and returns associated with the corporate securities. If the risk accompanied with the security is more, they are reluctant to invest in that particular share. The second preferred investment strategies that the investors have adopted equally are difference between Intrinsic Value & Current Market Price and Timing of Investment. This means, all the investors used to compare the intrinsic value of the shares with that of Current Market Price of the share and if the current market price of the share is more than that of the intrinsic value, investors are keen on investing in that particular share.
company shares. This picture clearly reveals that the investors are more market driven and always follow the market path in their investment decisions. As far as the timing of investment is considered in the form of strategic investment, the investors clearly opined that, they invest in corporate securities when the share price is low and this component document that the investors are more price sensitive and that price influences their investment decisions and also they wanted to purchase the same number of securities by paying less. Further, the investors ranked Cost Price of Shares and Services of Financial Advisors as the fourth and fifth preferred investment strategies at the time of their investment decisions.

Likewise there are varied motivational factors, which force the small investors to purchase the corporate securities. Out of the various motivational factors, top five motivational factors have been ranked in order of their preference and it was found that the investors are motivated maximum by the quality of management. This picture undoubtedly uncovers the changing perception of the small investors in Indian context that too after the different scams like Satyam Technology and recent addition of Sahara Groups. It is the quality of management which matters not anything else, so as to lure the small investors. The second motivational factor was track record of a company. If the past performance of the company is good, then the investors will go for it. Otherwise they simply do not opt for it. The other motivational factors were persuasion of intermediaries, interim results of a company and Press coverage are concerned, they place it third, fourth and fifth motivational factors respectively. This shows their level of intelligence and their unwillingness to rely upon the external m factors.

References

K Santi Swarup, 2003, Measures For Improving Common Investor Confidence In Indian Primary Market A Survey, [Online], National Stock Exchange India Limited, Available from http://www.nseindia.com/content/research/Paper64.pdf
Corporate Social Responsibility Disclosures in an Emerging Economy:
Case Study of a Tobacco Company in Sri Lanka

ABSTRACT

The purpose of this study is to explore, how Corporate Social Responsibility (CSR) is undertaken and disclosed with a help of a case study. We have examined annual reports and held several interviews. Global Reporting Initiatives (GRI) G3 sustainability reporting guidelines were used as the benchmark to analyze CSR disclosures.

We find that CSR engagement and disclosures are mainly focused on ‘sustainable agriculture’, ‘civic life’ and ‘empowerment’ and it supported stakeholder theory and legitimacy theory as its operations are heavily criticized on negative consequences on environmental and health grounds. A prominence was given for CSR in the early stage but the reporting was gradually curtailed. As a result, the issuance of separate social report was stopped subsequently. The content analysis showed a continuous decrease in the content of CSR reporting. CSR score calculated indicate that CTC had paid adequate concern on all three aspects of economic, environmental and social aspects with the highest score for social aspects.

CSR was disclosed by referring to GRI G3 guidelines it is equivalent to “A” level application of GRI G3 with respect to performance indicators. However the reporting format had been modified as per the wishes of the company. On the other hand it was observed that the money spent on CSR was declining over time but the sustainable agriculture program was continuing. The reasons for reducing resources for CSR engagement and declining CSR disclosures are yet to be researched.

INTRODUCTION

The purpose of this study was to explore the conduct and reporting of CSR by Ceylon Tobacco Company Plc (CTC) with a view to create a platform for discussion on enhancement of CSR disclosures and its usefulness to stakeholders in Sri Lanka. CTC is a large company operating in the tobacco industry and has been engaging in CSR for many years. However, CTC did not report CSR with a proper structure until it issued the first social report in 2001 though it has been engaging in various types of CSR activities throughout its history. It is the first company to report CSR in line with GRI in Sri Lanka. GRI Guidelines have become the common sustainability reporting framework around the world, and they are regarded as a global benchmark (Slater & Gilbert, 2004).
After the issuance of several social reports until 2007/08, the company stopped issuing separate reports instead; it started disclosing CSR in the annual report by highlighting performance indicators as per GRI G3 guidelines.

**RESEARCH PROBLEM AND OBJECTIVES**

Strong theoretical support for CSR has been built on the argument that business organizations are bound with social contracts to carry out business operations in a legitimate manner while contributing towards the social development (Campbell, Graven, & Shries, 2003). The evidence shows that there is an increasing tendency of promoting the CSR reporting around the world (Adams & McNicholas, 2007) despite such reporting is not mandatory.

CSR is believed to have potential of winning the support of stakeholders to run the business operations (Freeman, 1984). On the other hand, it is argued that the CSR reporting is used as an advocacy advertising through which firms try to build and improve the company image as a responsible citizen (Milne, 2002). Since the business of CTC is generally questioned by the society mainly on health and environmental concerns, it would be justifiable for CTC to engage and report CSR thus winning the support of stakeholders. As an initial attempt, this study examined current status of the CSR reporting practices of CTC to provide a basis of understanding the extent, content and level of the CSR reporting by assessing the nature and the extent of the CSR reporting by CTC.

**LITERATURE SURVEY**

Financial reporting has now improved to a level which has already expanded the traditional form of emphasizing more on financial information (Gray, Owen, & Maunders, 1983). As a result, CSR reporting has become a major corporate topic (Harte & Owen, 1991). Corporate disclosures of CSR information are continuously and tremendously increasing (Bebbington, Higgins, & Frame, 2009) despite the fact that it is not a mandatory for firms to do so. Hence, firms are not legally responsible for contributing towards social and environmental sustainability, and rather, they are supposed to conduct business operations to maximize shareholders wealth (Jensen, 2000).

On the other hand, it could be argued that spending on CSR can be regarded as social investment which would enhance the value drivers of a firm (Sen & Swierczek, 2007). Therefore CSR is believed to help enhance the performance of organization in the long run in a sustainable manner even though it reduces the current year’s profits due to resource allocation for CSR. Firms tend to behave in an ethically and socially responsible manner, thus assuring the safeguard of the society and environment at large (Tinker & Niemark, 1987) and therefore CSR can be regarded as an obligation of firms to deliver societal values and objectives (Bowen, 1953).

On the other hand it has been found that CSR was potential of increasing the profitability in the long run and has some association with sales increase and the value of equity (Zairi & Peters, 2002). In addition to the financial performance, the age of firms was also found to have positively correlated with CSR (Cochran & Wood, 1984).

CSR definitions mainly include economic, environmental, and social activities that a firm can engage in (Deresky, 2000; Epstein & Roy, 2001; Haugh, 2003; Maignan & Ferrell, 2003) and CSR has become an institutionalized practice to assure social and environmental performances in addition to economic performances (Naylor, 1999; c.f. Douglas, Doris, &
Johnson, 2004). The scope of CSR has been broadening over the time and being influenced by the nature, complexities and expectations of the society as well (Carnegie, 1900, c.f.Dunne, 2009). The broadness of the definition and the scope of CSR make it hard to find a solid definition for CSR and to determine its scope and practice (McWilliams & Siegel, 2001) owing to established contextual differences (Meehan, Meehan, & Richards, 2006). The scope of CSR is generally ranging from philanthropic to sustainable development programs interwoven with corporate strategies.

From broader perspective, everything that a firm can do for the betterment of the society and environment in any form is considered as CSR (Barker, 2009; Sethi, 1975). The definition by Gray, Owen, and Maunders (1987) emphasized the importance of CSR engagement as a process of communicating the social and environmental outcome of organizations’ economic activities and operations to particularly interested parties and to the society at large. Hence, both external and internal variables and distinct expectations of stakeholders are likely to determine the need, practice and disclosures of CSR (Carroll, 1979). CSR is also viewed as a process of aligning organizational values and behaviors with the expectations and needs of stakeholders including the society (Network, 2008) in order to gain sustainable development.

Legitimacy theory argues that any business organization has social contracts either implied or expressed upon which it holds a responsibility towards the society to carry out its activities in a transparent manner while contributing towards social development. Campbell, Graven, and Shries (2003) found that CSR disclosures were in line with legitimacy theory. Adams and McNicholas (2007) found that most of the senior managers were in the view that the primary motive for sustainability reporting was to enhance corporate legitimacy.

Similarly, the stakeholder theory argues that CSR practice would help win the support of stakeholders so that managers can run the business operations while managing a network of connections among stakeholders (Freeman, 1984). Both legitimacy theory and stakeholder theory focus on what companies ought to do in the course of CSR engagement. Many research works suggested what the firms are supposed to do in relation to CSR rather than exploring what they are really doing (Blum-Kusterer & Hussain, 2001).

On the other hand, political economy theory suggests that corporations tend to carry out CSR campaigns in the media to avoid political costs arising in a political economy. Milne (2001) argues that it is possible for companies to use CSR disclosures indirectly as advocacy advertising. CSR can also be viewed from the institutional theory perspective, and therefore CSR is as a well-accepted institution (Dacin, Goodstein, & Scott, 2002) within a given context despite the fact that CSR disclosure is not mandatory.

**METHODOLOGY**

Annual reports and sustainability reports for the last five years were examined and compared with GRI G3 sustainability reporting guidelines. Interviews were conducted with the officer in charge of CSR, manager operations and one staff who involves with preparing sustainability reports. In addition, a content analysis and CSR score calculation were done to assess the level of CSR reporting. CSR score computed was based on disclosure categories made under each of economic, environmental and social revealed that ‘environmental disclosures’ were ‘good’ whereas social and economic disclosure were rated as ‘Average’. These classifications were done by referring to GRI G3, Principles of UNGC, MDGs and CSR Principles of CERES.
COMPANY BACKGROUND
The Company started its business in 1906 and was incorporated in 1932. It is a subsidiary of British American Tobacco Company (BAT) and manufactures and sells cigarettes and smoking tobacco in Sri Lanka and in Maldives. It is the only legal manufacturer of cigarettes and tobacco in Sri Lanka. It was listed on CSE in 1954. It has been within the top ten companies continuously from the year 1998 at the competition, “The most respected corporate citizen” conducted by a leading Sri Lankan magazine called “Business Today”.

CSR Policy and Scope
The Company has defined its sustainable development as a process of meeting the needs of the present generation without compromising the ability of future generations to meet their own needs in falling in line with the definition given by Brundtland Commission. The policy of CSR has been aligned with the policy of the parent company based on business principles of mutual benefit, responsible product stewardship and good corporate conduct with the theme of “bringing the outside in” by listening and responding to stakeholders while conducting business operations in an open and transparent manner. Principles of mutual benefits comprise of five core beliefs whereas the aspects responsible product stewardship and good corporate conduct cover eight and five core beliefs respectively. CTC considers CSR as a strategic base which is lived by each member of the CTC family.

ANALYSIS
Sustainable Agriculture
One of the major CSR programs conducted is “Sustainable Agricultural Development Program” (SADP). This project was started in 2005 to support families especially those who are living below the poverty line in rural areas by providing agricultural seeds, animal husbandry and skills with a view to help alleviate poverty by creating a long-term engagement with them for reaching self-sustenance.

SADP assists families to sustain themselves by meeting their daily nutritional needs through produce grown in their own home gardens by their own efforts. SADP consist of two phases. In the first phase, selected families were educated with basic techniques to reduce cost of fertilizer and to maximize existing resources and conservation methods. Limited inputs such as vegetable seeds and poultry are provided at the beginning. The scope of the second phase includes apiculture, animal husbandry and mushroom cultivation as well. However, it was possible only to recruit 6390 families by the end of year 2010 as against the target of 14,000.

CSR Score
There was a general improvement in the computed CSR score with respect to all the aspects of economic, environmental and social over the years. Social aspect obtained the highest score which was 3.87 thus indicating its high concern for uplifting the livelihood of people. The score for environmental aspects was 3.37. The economic aspects obtained a score of 3.13.

Economic Value Addition (ECN1), Employee Benefit Plans like EPF pension (ECN2), Financial assistance from Government (ECN3), percentage of Spending on Local Suppliers (ECN4), Percentage of senior management from Local community (ECN5) and Infrastructure investment for public benefits (ECN6) were considered when computing the CSR score for economic aspects.
With respect to environmental aspects, variables namely Materials used (ENV1), Percentage of materials used which are subject to recycling (ENV2), Energy Consumption (ENV3), Water Consumption (ENV4), Biodiversity (ENV5), Emissions and wastage (ENV6), and Environmental Impacts of products were used (ENV7).

Fair Labour Practices (SOC1), Employee Health and Safety (SOC2), Training and Development (SOC3), Protecting human rights at work (SOC4), Policy on and conduct against corruption (SOC5) and Product responsibility (SOC6) were the variables used to measure the CSR score for social aspects. Scores generated for each aspect of economic, environmental and social are given in tables 1, 2 and 3 respectively.

Table 1: CSR Score for economic aspects
<table>
<thead>
<tr>
<th>Year</th>
<th>ECN1</th>
<th>ECN2</th>
<th>ECN3</th>
<th>ECN4</th>
<th>ECN5</th>
<th>ECN6</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2.33</td>
</tr>
<tr>
<td>2003</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2.33</td>
</tr>
<tr>
<td>2005/06</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>3.00</td>
</tr>
<tr>
<td>2007/08</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>4.00</td>
</tr>
<tr>
<td>2009</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>4.00</td>
<td>3.13</td>
</tr>
</tbody>
</table>

Table 2: CSR Score for environmental aspects
<table>
<thead>
<tr>
<th>Year</th>
<th>ENV1</th>
<th>ENV2</th>
<th>ENV3</th>
<th>ENV4</th>
<th>ENV5</th>
<th>ENV6</th>
<th>ENV7</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2.71</td>
</tr>
<tr>
<td>2003</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2.57</td>
</tr>
<tr>
<td>2005/06</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3.43</td>
</tr>
<tr>
<td>2007/08</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>4.00</td>
</tr>
<tr>
<td>2009</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>4.14</td>
</tr>
</tbody>
</table>

Table 3: CSR Score for social aspects
<table>
<thead>
<tr>
<th>Year</th>
<th>SOC1</th>
<th>SOC2</th>
<th>SOC3</th>
<th>SOC4</th>
<th>SOC5</th>
<th>SOC6</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3.00</td>
</tr>
<tr>
<td>2003</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3.00</td>
</tr>
<tr>
<td>2005/06</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3.83</td>
</tr>
<tr>
<td>2007/08</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4.67</td>
</tr>
<tr>
<td>2009</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4.83</td>
</tr>
</tbody>
</table>

Content Analysis
Significant variations in the reporting structure were seen over time. The format, number of pages, structure and the appearance of the report had changed. However, information on CSR reporting cycles and performance indicators were disclosed consistently. Company profile, stakeholder engagement, employee welfare, economic performance, social performance and policies were the major areas of disclosures in the Social report.

The space allocated for CSR disclosures was increasing in terms of number of words and number of pages from 2005 to 2006 the it started declining. The lowest number of pages for CSR reporting was allocated in the year of 2009 whereas the highest was seen in the very first report of 2001. The reduction in number of pages and words were significant in the year
2009. This is mainly due to the stop of issuing separate social report. The word count had ranged from a maximum of 18,750 worlds to 6,450 during the same period.

Number of images used has significantly changed during the period and it showed that the highest number of images was seen in the first report in 2001. Then the number of images has gone down to 15 from 39 in the year 2003. The lowest number (9) of images was found in the year 2009. Major disclosure categories did not materially changed from year to year and it ranged from 3 to 4. With respect to awards received, it was noted that no awards had been disclosed in the years 2001 and 2009. Most of the rewards disclosed were found to have been for reporting purposes and operations as a corporate. It was noted that there was a significant decrease in the content of CSR reporting during the period.

Data was found to have been disclosed in tables where possible thus increasing the quality of understandability. Content included the disclosure of environmental policy, health and safety policy and quality policy. In addition several appendices were also given with a summary of a glossary of terms used in the report. One of the unique features of the CSR reporting at CTC was the non-disclosure of corporate philanthropy as a part of CSR engagement of the firm. A summary of the content analysis is given in table 4.

Table 4: CSR disclosure content and structure from the year 2005 to 2009-CTC

<table>
<thead>
<tr>
<th>Content</th>
<th>2001</th>
<th>2003</th>
<th>2005/06</th>
<th>2007/08</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of pages</td>
<td>85</td>
<td>117</td>
<td>72</td>
<td>68</td>
<td>22</td>
</tr>
<tr>
<td>No. of words</td>
<td>18,750</td>
<td>16,628</td>
<td>10,610</td>
<td>9,515</td>
<td>6,450</td>
</tr>
<tr>
<td>No. of images</td>
<td>39</td>
<td>15</td>
<td>45</td>
<td>27</td>
<td>9</td>
</tr>
<tr>
<td>Major disclosure Categories</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>No. of Awards Received</td>
<td>0</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>0</td>
</tr>
</tbody>
</table>

The relative significance of the space used for non-financial information including CSR reporting was decreasing over time and it has decreased from 76% to 60% during the period from 2005 to 2009 despite the fact that number of pages for both financial and non-financial disclosures have increased over time. A comparison of space allocated for financial and non-financial disclosures is given in table 5.

Table 5: Comparison of space allocation between financial and non-financial disclosure

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial</th>
<th></th>
<th>NonFinancial</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of Pages</td>
<td>%</td>
<td>No of Pages</td>
<td>%</td>
</tr>
<tr>
<td>2001</td>
<td>19</td>
<td>18%</td>
<td>85</td>
<td>82%</td>
</tr>
<tr>
<td>2003</td>
<td>18</td>
<td>16%</td>
<td>93</td>
<td>84%</td>
</tr>
<tr>
<td>2005/06</td>
<td>19</td>
<td>16%</td>
<td>102</td>
<td>84%</td>
</tr>
<tr>
<td>2007/08</td>
<td>20</td>
<td>17%</td>
<td>97</td>
<td>83%</td>
</tr>
<tr>
<td>2009</td>
<td>22</td>
<td>22%</td>
<td>78</td>
<td>78%</td>
</tr>
</tbody>
</table>

**CSR Engagement and Reporting**

GRI G3 sustainability reporting guidelines comprise of “Reporting Principles and Guidelines”, and “Standard Disclosures”. There are two sets of principles. The set one defines the aspects of materiality, stakeholder inclusiveness, sustainability context and completeness of the report. The other set refers to quality aspects of balance reporting, comparability, accuracy, timeliness, reliability, and clarity of the report. Guidelines refer to the report boundary which explains the range of entities whose performance is covered in the
sustainability report. Standard disclosures comprise of ‘Profile Disclosures’, ‘Management Approach Disclosures’ and ‘Performance Indicators’. There are three application levels of standard disclosures specified in GRI G3 guidelines namely A, B and C. The application level C is for the ‘beginners’ and A is for ‘advanced reporters’ while the level B has been assigned for the reporters in between ‘Advanced’ and ‘Beginners’. Each application level can be improved as A+, B+ or C+ if an assurance is obtained from an independent external party for the compliance of GRI G3 guidelines.

The Company considered the substance of GR G3 guidelines and principles but has adopted its own format for reporting. Performance indicators disclosed by the Company were found to be as explained below.

**Direct Economic Value Generated and Distributed (EC1)**
By covering the revenue, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments, it showed increasing trends of all value generations except donations and money spent for CSR activities.

Defined benefit plan obligations and Spending on Local Suppliers (EC3 and EC6)
These provided information on the policy, practices, and proportion of spending on locally-based suppliers and the liabilities for employees’ gratuity and Employee Provident Fund contribution for each year. All the indicators were increasing over time.

**Labour Practices and Decent Work (LA 4 and LA7)**
Percentage of employees covered by collective bargaining agreements is disclosed and the rate of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities are disclosed under these indicators. Only one third of employees are covered by collective bargaining agreement. CTC has been able to maintained at zero levels of injures, occupational diseases, lost days, and absenteeism, and number of work-related fatalities thus showing high performances.

**Training and Education of Employees (LA 10)**
Average training hours of employees has been increasing but with respect to each category there were some decreases. The average training hours of managers has been significantly coming down.

**Other Social Performance Indicators**
With respect to human rights, society and product responsibility CTC has been disclosing excellent performance over the time. All the business units have been analyzed for possible risks of corruption and all the employees have been trained on anti-corruption policies of the company.

**Material Used (EN1)**
CTC disclosed information about both direct and indirect materials used in its business operations. The company uses recycled materials obtained from damaged cigarettes despite that fact that that percentage accounts less than 5% of total materials used. As per the disclosures, there is a general reduction in types of materials used in manufacturing.

**Energy Consumption (EN3 and EN4)**
The main source of energy consumption is the electricity which is used at manufacturing plant and office premises. Energy consumption has increased over time mainly due to increase in operations. The measures taken to save and economize the energy consumption of CTC include optimization of air-conditioning loads by office refurbishment, installation of fan coil units in the some buildings and conducting company-wide energy saving awareness programs. Direct and indirect energy consumptions for the year 2010 were 42,571 and 45,992 Giga Joules.

**Water Consumption (EN8, EN10)**
CTC discloses that its water consumption did not affect to any water source since it, uses water from government water delivery system. Used water is recycled to some extent and treated water is used for watering plants and washing purposes. By the end of year 2010, the percentage of water recycling was about 15% of the total water consumption. Mean time it was noticed that total water consumptions over the last five years have been gradually decreasing.

**Bio Diversity (EN11)**
Tobacco industry is heavily criticized for causing deforestation due to cutting of large number of tress for curing tobacco and for soil degradation as a result of high use of pesticides, fertilizer and herbicides for growing tobacco plants. Bloch (2008) mentioned that about 600 million trees are used annually for this purpose around the world.

CTC decided to grow trees which could provide its own fuel wood requirement and subsequently commenced the project in 1981 to grow trees. The government also supported this project by providing required lands under a lease agreement and the department of forest recommended growing Eucalyptus. In the 1990’s it expanded to an area of 500 hectares and was praised by environmental experts as one of the best manmade forests in Sri Lanka. The lease term was expired in December 2010 and the Company transferred the land back to the government with a completion of a successful project.

By the same time the Company was considering alternative energy sources for curing tobacco instead of using fuel wood. As a result, by the year 1997 CTC stopped using fuel wood for curing of tobacco and started using paddy husk which was a waste material found in Sri Lanka. CTC is the first tobacco company in the word to introduce this method for curing of tobacco. The company continued to improve the cultivation of eucalyptus even after it shifted to paddy husk. As a result, the Company managed to grow over 6.2 million trees during the last decade through the strong farmer network that it has built.

**Emissions, Effluents and Waste- EN16, EN17, EN18, EN20, EN21, EN22**
It is inevitable that there is a significant greenhouse gas effect of manufacturing processes around the world and that brings about big challenges to the biodiversity. The emission of Carbon Dioxide (CO2) is one of the major threats. The total direct and indirect CO2 emissions for the last five year amounted to 4646, 4298, 3875, 4053 and 4316 tons respectively.

Initiatives have been taken to recycle and reuse 99% of solid waste materials with a view to reduce the impact of greenhouse gas emission. 80% of recycled solid waste is given to outsiders to use as an energy source and the rest is used by the company. However, the extent of the impact of greenhouse gas emissions was not quantified and disclosed.
Contributions to Government

On average, 79% of the gross revenue of the Company consists of levies to the government except income tax liability. Total levies to the government for the year 2010 amounted to Rs. 49,902 (US$ 453.6) million. Income tax liability for the same year amounted to Rs. 8,197 million which accounted for 38% of the profit before taxation. Total tax payment by the Company to the government for the year 2010 was about 8% of total tax revenue of the government.

CONCLUSION

CTC has a long history of being involved in CSR activities and the most of CSR engagements were related to agriculture, empowerment and environmental protection. Social reports were not issued regularly. The issue of a separate report was stopped in 2008 and then CSR reporting was made in the annual report itself.

The reporting format and structure had been modified according as per the wishes of CTC by referring to GRI guidelines. GRI G3 guidelines were used as the reference from the year 2007 immediately after GRI G3 was launched in 2006. However, CTC did not make a self-declaration on the level of GRI G3 application for sustainability reporting. The most of standard disclosures was not made in the manner prescribed in GRI G3. However, performance indicators required for level A application (all the indicators) except two additional indicators were disclosed in the last social report made as per GRI G3 guidelines. Despite the fact that CTC reported CSR on its own format by referring to globally accepted reporting guidelines, its contribution and dedication for CSR engagement and reporting was highly recognized though several awards obtained by CTC in the past.

The focus of reporting was identified in three major areas namely, sustainable agriculture, civic life an empowerment. CTC emphasized that the contribution for CSR should be a sustainable one and therefore it did not encourage much philanthropic activities. With respect to sustainable agriculture a significant improvements were reported. In selecting CSR, the priority was given for the needs of the society which was determined through a comprehensive process of stakeholder dialog. It was noticed that an increasing number of stakeholders had been consulted for this purpose.

With respect to the reporting qualities, CTC was bias towards positive impacts thus not a single negative impact of the operations of CTC was disclosed despite the fact the business of tobacco is criticized on environmental damages and social issues of smoking. On the other hand, there were some disclosures which questioned ethical conduct of CTC in relation to CSR engagement and reporting. This can be referred to the way CTC has used the pictures of new products in the name of CSR reporting. Further it was noticed that there was a significant reduction in the content of CSR reporting at present.

Even though there was not strong evidence to say that there is a significant relationship between CSR reporting and company performance, it was noticed that CTC was performing well throughout the period covered in the study. There was a steady growth in revenue and profitability of CTC over time while engaging CSR. Assets utilization efficiencies were also very high except in the case of high inventory holding period which caused to have long cash cycle for CTC. More emphasis was given on social and environmental disclosures. It was further evident that, CTC was not subject to any fines thus stressing that it has complied with all the legal requirements.
All in all it could be said that there was a growing trend in CSR engagement despite the fact that the CSR content for the year 2009 was relatively less. As per the third party opinion of Bureau Veritas the social report of the Company was a fair representation of social accounting and reporting and the Company has had implemented a process in place to identify, understand, and manage social issues and to capture, understand and report stakeholder views.

REFERENCES


Notes
1 It comprises of three categories namely ‘Profile Disclosures’, Management Approach Disclosures’ and ‘Performance Indicators’. The content of each standard disclosure category can be found from the GRI G3 guidelines (www.globalreporting.org).
2 The code assigned for the first Economic Indicator as per GRI G3 guidelines. Likewise each indicator carries a separate code.
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Effect of Organizational Size and Organizational Structure on Organization Performance of Higher Education Institution in Palestine

ABSTRACT

The environment today has become increasingly uncertain for the higher learning institutions, execution strategies are very important for any organization in any sector. The success or failure of the learning institutions is very much depending on its ability to understand internal and external forces. The total respondents for this study were 255 from different groups i.e. high, medium and low management levels from the higher educational institutions in Palestine. A questionnaire was used as a research instrument and for the data collection. The partial least square-Structural equation model PLS-SEM was used in this study to analyze the data.

Keywords: Strategy Execution, Organizational Structure, Organizational Structure, Performance

INTRODUCTION

Successful executing strategies are very important and vital for any organization, both in the non-profit and profit sectors (Noble, 1999). The first serious discussion leads to the conclusion that without proper execution through appropriate methods and mechanisms, organizations would not be able to achieve their objectives, mission and vision (Rahimnia, Polychronakis, & Sharp, 2009). The global revolution of open markets and the appearance of e-commerce have made almost all businesses impossible to escape from hyper competitive competition (Charan&Colvin, 1999). Furthermore, the dynamic environment nowadays has become increasingly risky for the higher learning institutions, execution strategies successfully are very important for any organization in any sector. The success or failure of learning institutions is very much dependent on its ability to understand internal and external forces. This study was conducted in Palestine, on specific group of respondents’ i.e. top management level of the higher educational institutions and the total number of respondents was 255. For the research instrument and data collection a questionnaire has been conducted. Prior to the study, the instrument were used as a pre-test for reliability and was based on the 7-point Likert scale continuum, and the partial least square-Structural equation model (PLS-SEM) was used to analyze the data.

Statement of Problem

Earlier researches have addressed several aspects of strategy execution dimensions such as the Organizational Size and Organizational Structure on organizational performance (Al-Gamdi, 1998; Al-mishari and Zairi, 1999; Alton and Ikavako, 2002; Okumas, 2001; Raps,
2004, Alashloo, et.al, 2005; Hrebiak, 2006; Delisi, 2006, Rahiminia, et.al, 2009; Cater and Pucko, 2010). Although prior studies contributed with valuable information to the body of knowledge, however studies which integrate these two variables in one framework are still insufficient.

Over the year, there is growing realization of the significant contribution of strategy execution (Mieso, 2010; Malik, 2007; Delisi, 2006; Alashloo et.al, 2005; Johnson, 2002; AlGamdi, 1998). Organizational size (Parnell, 2008; Harrington, 2006) and organizational structure(Bahti, 2011; Baily, 2008; Neilson et al., 2008; Hrebiak, 2008; Higgins, 2006; Okumas, 2003, 2001) on performance. Therefore, in order to fill in the research gap, this study will investigate the link of organizational size and organizational structure on performance of higher educational institutions in Palestine. The current study strengthens some previous studies that has been done by several researchers (Wawaru, 2011; Cuter and Pucko, 2010; Rahimian, et.al, 2009; Kazmi, 2008; Sedlemayer, 2008; Thorpe and Morgan, 2007; Okumas, 2002; Bannen, 2002; Zaggota and Robinson, 2002).

**Purpose of Study**

The purpose of this study is to investigate the context of research more holistically from strategic management outlook, for the best decision making process, to achieve superior performance and best results of strategy execution among higher learning institutions in Palestine. Thus, the present study will investigate the use of Organizational Size and Organizational Structure as an independent variable on Organizational Performance as a dependent variable. This study will also identify the strategy execution type of universities, based on their use of dimensions of the strategy execution organizational level in pure form. Then, it will examine if specific Organizational Size are associated with Organizational Structure and Organizational Performance. Finally, the rational for conducting this study is the necessity to investigate the interrelationship between these two variables because there were inconclusive findings in previous studies.

**THEORETICAL UNDERPINNINGS**

Bertalanffy (1968) when he introduced the general system theory mentioned that each element in the system would be interrelated with each other, changing an element would cause other elements to change. In this case, the reward system has been studied by many researchers and its role accompanied with the Organizational Size and Organizational Structure to get high level of Organizational Performance. So, the Organizational Size and Organizational Structure will be embedded in the general system theory (Bertalanffy, 1968). The contingency theory also embeds both the Organizational Size and Organizational Structure because it was studied in a turbulent environment such as in Palestine, and it’s very dynamic environment (Lawarence and Lorch, 1967; Burrell, and Morgan, 1979).

**LITERATURE REVIEW**

**Organizational Size (OS)**

Saunders (2005) describes the organization size as the number of all staff in one organization. Small organizations often have more problems when compared to larger organization. Some researchers concluded that lack of required and sufficient competent human resources to execute strategy will make small organization suffer larger effects (Parnell, 2008; Saunders, 2005).
**Organizational Structure (OSS)**
The link between different systems and people in an organization as to ensure effective execution strategy is defined by the organizational structure. Noble (1999) observed that many studies have been carried out to investigate the associations between structure and strategy formulation. However, studies conducted on examining relationship between structure and execution strategy are few. The author further shows that structure seems to have effect on how strategy is executed. This is buttressed by his claim that “a proper strategy-structure alignment is a necessary precursor to the successful execution of new business strategies” (Noble, 1999).

Skivington and Daft (1991) analyzed the structural aspect of implementation from the angle of modality framework. This framework consists of structure and systems, and its concept is described as thus: “the framework aspect of organization structure includes rules, prescriptions of authority, division of labor, and hierarchy of authority” (1991). On the other hand, Maas, (2008); Olson, Slater, & Hult, (2005) claimed that organizational structure dimensions are decentralization and formalization which could have a significant influence on organizational performance.

**Organizational Performance**
Many organizations try to develop and adopt a variety of organizational performance measurement systems to monitor and drive their improvement of specified results and communicate their vision, goals, objectives, measures, aims, and outcomes to human resources and component in a coherent fashion. This system is the balance score card BSC (Brown, 2010).

The Balance Score card (BSC) is one such tool that provides a mix of financial and non-financial means to monitor and manage organizational performance. The Balanced Score card developed by Kaplan and Norton (1996, 1992) emerged as a method to explicate organizational performance, and to have a clear and traceable means to manage it based on four perspectives: financial, internal, customer, and learning and growth.

The financial perspective provides a combination of both traditional accounting measures and identification of leading financial indicators of future performance. The internal process focuses on metrics that reveal internal operating performance. The customer measures often focus on satisfaction, loyalty, and profitability to ensure the right customers are receiving the right response. The learning and growth perspective focuses on how well learning and knowledge are managed and cultivated to support strategic goals (Fuentes, 2008).

**The organizational size and organizational performance**
According to studies on strategy execution, many researches focused on organizational size, Maas (2008), Parnell (2008), Harrington (2006), and Saunders (2005) investigated the role of organizational size on the strategy execution and its effect on the organizational performance. Parnell (2008) found that the organizational size is a success factor in the strategy execution process. He recommended studying the organizational size as a critical success factor on the organization. In another study Maas (2008) found that the organizational size is one of the factors that was recurrent by given the respondents as a success factor improving the strategy execution and affect positively on the organizational performance. Harrington (2006) recommended in his study to investigate the relation between organizational size (small and large) with organizational culture and reward system and their influence on the organizational performance.
The organizational structure and organizational performance
Organizational structure was indicated by many studies, and currently the execution research asks for extra investigation about the role of organizational structure in the strategy execution process. Cater and Pucko (2010) recommended in their article that there was a relationship between the good organizational structure and organizational performance in Slovenia, and they recommended that further studies should involve it in other sectors such as; in education sector. Alashloo, et.al, (2005) in his study on the higher education sector has linked between the organizational structure, organizational culture, and reward system and consider them as success factors and have a positive impact on the organizational performance.

HYPOTHESIS OF THE STUDY

H1. There is a relationship between Organizational Size and the Organizational Performance.
H2. There is a relationship between Organizational Structure and the Organizational Performance

METHODOLOGY AND RESEARCH DESIGN

This study chooses a quantitative cross-sectional survey method. And it is aimed to investigate the influence of organizational size and organizational structure and performance relationship.

The Sample
The unit of analysis of this study is organizations (universities). This study will examine the higher learning institutions which registered under Ministry of Higher education- Palestine. The directory of Ministry of Higher education- Palestine 2012 indicated that currently there are 13 higher learning institutions in Gaza. The sample size derived from Krejcie and Morgan (1970) table which will be 13 universities. The stratified random sampling technique will be used to select the samples. The potential respondents are from universities top management officers until the head of departments who are actively involved in the strategy execution process and possess adequate knowledge to answer the questionnaire.
Research Instrumentation and Measurement
This study adapted instruments which have been previously tested and validated. Organizational size measures consist of four items, organizational structure measures consist of 9 items and its adapted from Maas (2008) study. All of the items will be measured through seven-point likert scale (1= strongly disagree to 7= strongly agree). Organizational performance will be measured through balance score card four perspectives (Kaplan & Norton, 2006) all the items of organizational performances measured by 22 items. Seven-point likert scale will be used to measure the performance (1= extremely disagree to 7= extremely agree).

Data Analysis Procedures
This study will use PLS version 2.00 to analyze the data. First, the data will be screened and cleaned though an assessment of missing values, outliers (Mahalanobis distance test) and normality (Kolmogorov-Smirnov and Shapiro-Wilk). Cronbach Alpha and composite reliability will be used to determine the reliability of the instrumentation. The validity of the instrumentation will be measured through face validity, content validity, construct validity, convergent validity and discriminative validity. The direct relationship of organizational size, organizational structure on organizational performance measured through PLS-SEM.

FINDINGS AND DISCUSSION
This study employed the Partial Least Squares Structural Equation Modeling (PLS-SEM) and assessed the outer measurement model as a prerequisite for the inner structural model assessment and hypotheses testing. Specifically, this study established the goodness of the outer model related to the constructs of this study namely Organizational Size and Organizational Structure (with component Level of centralization and Level of Formalization) on the Organizational Performance OP (with components customer perspective, learning and growth perspective, internal process and financial perspective). Once the construct validity was established, the process examines the quality of the structural model. Thus, the results of the hypotheses testing procedures are reported.

The Assessment of the Inner Model and Hypotheses Testing Procedures
After the goodness of the outer model has been confirmed, the next step was to test the hypothesized relationships among the constructs. Using the Smart PLS 2.0, the hypothesized model was tested by running the PLS Algorithm.

Table 1: The Results of the Inner Structural Model

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesized Path</th>
<th>Path Coefficient</th>
<th>Standard Error</th>
<th>T value</th>
<th>P value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>OS -&gt; OP</td>
<td>0.152**</td>
<td>0.053</td>
<td>2.893</td>
<td>0.002</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>OSS -&gt; OP</td>
<td>0.024</td>
<td>0.054</td>
<td>0.447</td>
<td>0.327</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

*:p<0.1; **:p<0.05; ***:p<0.01

The Findings of the Study
This study aimed to analyze the effect of strategy execution organization level dimensions (Organizational Size and Organizational Structure) on organizational performance of service-based higher education. The framework explored the dimensions of each construct and their effect on organizational performance. The proposed constructs were strategy execution level factors (Organizational Size, and Organizational Structure).

**H1: Measuring the degree of the influence of the Organizational Size on the Organizational Performance**

Based on the findings of this study, Hypothesis 1 was supported as stated the organizational size is has a positive influence on the organizational performance. This finding goes along with previous research findings in the literature. It shows the organizational size before in Maas’s (2008) study that one of the critical success factors influence the organizational success, and according to studies on strategy execution, their focus was on organizational size, Parnell (2008), Harrington (2006), and Saunders (2005) investigated the role of organizational size as a successful factor to execute the strategy and its effect on the organizational performance. Parnell (2008) and Harrington (2006) found that the organizational size is a successful factor to the strategy execution process; they met the findings of this study that the organizational size has a critical success factor on the organization. In another study, Maas (2008) found that the organizational size is one of the factors that was recurrent by given the respondents as a success factor improving the strategy execution, and affect positively on the organizational performance. Furthermore, it was attributed by researches that the organizational size when it is small facing a lot of problems one of these problems is to get the competent human resources to execute the strategy excellently. Sometimes those competent HR are not provided in the department which responsible about the strategy execution. There is a need to replace a staff with other staff regarding to their age or illness or any emergent conditions. Large organizations can be found in other departments in an organization, and provide them with training for their positions.

**H2: Measuring the degree of influence of the Organizational Structure on the Organizational Performance**

Hypothesis 2 is rejected. It means that the findings of the current study do not support the previous research. There are several possible explanations for this result. The top managements in Arab countries are oriented to one-man show, all of the managers in any sector like to have all the authority in their hands and the centralization is very high. The decentralization can be found but far from decision making. In spite of, Maas (2008) and Olson (2005) mentioned in their studies that well-educated staff tends to be more decentralized, this finding come with discrepancy may be due to the turbulent or dynamic environment there and political circumstances surrounding Palestine. In this case the top management has to be very centralized when distribute the authorities and tasks among the staff. Due to the authoritarian management there, the staff are not engaged in the formulation of study, automatically this will affect the strategy execution efforts, even though this will require a close supervision on the staff of the management, because staff will not be willing to take initiatives or be responsible for successful strategy execution activities and the competent employees will get frustrated. According to what has been mentioned before these reasons will affect dramatically on the success of the organizations and this will lead to a sequence of decline in the organizational performance.
Another possible explanation for this is due to the vagueness and misunderstanding among staff during the strategy execution efforts and this is due to the execution activities, procedures, and because the responsibilities were not formalized and this will make the employees do not know what they can and what they cannot do.

REFERENCES

The following Iranian papers may be missing information which did not import due to Microsoft Word feature differences. For full versions of the papers, please contact the authors or the AGBA Vice-President for Iran, Prof. Hossein Bodaghi Khajeh Noubar at h_budaghi@yahoo.com
A Survey on the Relationship between the Behavioral Features of Successful Schools Administrators and Their Performance (Abhar Department of Education)

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A Survey on the Relationship between the Behavioral Features of Successful Schools Administrators and Their Performance in the Abhar Department of Education about "Dose Features of Successful schools Administrators effect their performance?" Heuristic and inferential statistitical methods is used for data analysis. According to the result it has been found that some of behavioral characteristics of successful schools administrators affect their performance to liner form as planning, Decision making, Reward and Communication skills and the other to Non liner form as Entrusting. So selection of administrators which have these characters is effective in their performance and lead to the improvement of efficiency.

Keywords: Director of Education, Successful schools administrators, behavioral characteristics, performance

چکیده
زمان حاضر را عصر مدیریت و رهبری می‌نامند چون موفقیت نهادها و سازمان‌ها تا حد زیادی بهکارآیی و اثرات مدیریت فراگیر بوده و موفقیت سازمان‌ها می‌تواند در روند تولید، مدیریت و تاثیربرداری باکارآیی و اثرات مدیریت است. در این مقاله به بررسی رابطه بین ویژگی‌های رفتاری مدیران موفق و عملکرد آنها در اداره آموزش و پرورش شهرستان ابهر می‌پردازیم.

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Keywords: Director of Education, Successful schools administrators, behavioral characteristics, performance
موضوع اصلی در این مقاله بررسی رابطه بین ویژگی‌های رفتاری مدیران موفق مدارس و عملکرد آنها در دادرسه\نیورسی (آموزشی) با هدف ارزیابی اثرات\گردش عمده و اثرات عمده‌ای از مدل‌های مربوط به مهارت‌های سازمانی آثار، مدل‌های رفتاری سازمانی و روش‌های بازسازی سازمانی. در این مقاله به اثربخشی این مدل‌ها حمایت‌هایی با گزارش‌هایی از دندان پزشکی و با تأکید بر میزان تاثیر این مدل‌ها در رفتار مدیران و عملکرد آنها پرداخت. نتایج نشان داد که مدل‌های رفتاری سازمانی و روش‌های بازسازی سازمانی باعث افزایش عملکرد مدیران می‌شوند.


corrected page content: A Survey on the Relationship between the Behavioral Features of Successful Schools Administrators and Their Performance (Abhar Department of Education)

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مدیریت آموزشی و از نگرش و مهارت خاصی
برخوردار گردد که از زبان و تربیت‌خشندگی.

3- اهمیت و ضرورت تحقیق
امروزه، هنر و علم متغیر، را از طرفترين،
دشوارترین و پرتره‌برنگی که ایمادی می‌دانند و
به عنوان یکی از شام‌های مهم نهاد معاصر و
ازجمله مکتوب.

شناخت و نشان داده‌ها که نیاز به یک اصطلاح جامع،
در عرصه‌های علمی و نظری انسانی به‌عنوان 
سرشار است. این اصطلاح تنها با بحوزه برخوردار
سازشی است. بنابراین از این نظر

در نظام آموزشی ما زیان متغیری نشان داده و جامعه
و قرار دیده که نمودار یا کرده بررسی می‌شود و گروهی
همان‌که تحقیقات متغیری در این راه‌اندازی یا جهت
و کاربرد در این راه، نشان می‌دهد که مدیریت و
و ضرورت نام‌گذاری و سازمان‌های آموزشی
می‌شود و معاصر و مراکز و سازمان‌های آموزشی
و متأخر، به نظر می‌رسد که مدیریت
رگیرشی و بررسی و درون‌نشسته خواهش می‌باشد.

مواد و مدارک:
(داده‌های ایمادی و نظریه‌های مدیریت و
رگیرشی آموزشی) گزارش علمی (تخصصی)
و مهارت ساختن (فیلمنامه‌ها و ادبیات)
محیط
بانیادن و باید و در همین محیط آموزش و پرورش
رسمی عضویت مشترکی را می‌تواند در آموزشی و
شرایط حالتی را مشترکی که می‌تواند در آموزشی
شروع به مفرز و دیگر مدارک آموزشی و پرورش
و سایر نیازهایی که شاید تغییر مشترکی معمولی
و ترجیحی ناشی از آن باید در فضاهای معارف، علوم
و فنون و مدارک آموزشی و پرورشی برای
مدیریت بازیابی کارآیی آموزشی بیننده در رابطه
بهترین می‌گویند: مدیریت کسانی که مدیریت
کارآیی آموزشی را کسب کرده باندند، باعث
بهبود شرایط کار، افزایش رضایت و
امینی
خطر کارکنان از مدت و کار، همچنین مدت طولانی‌های
در کار
همه کسانی که در آموزش و
توجه‌نشسته جهت حفظ اهداف
سازمان و در نتیجه تغییر رو به کار کارکنان
و انگیزه‌ای که آموزشی خلاق، نواوری و تحرک کار
کارکنان می‌باشد [2].

و مثال کوچک بادور می‌کوید: "اگر قرار است تحقیق
در عرصه علمی و تربیت‌بچه‌های پیوندی، این تحول و
گزینه‌ای بی‌آماری از مدیریت آموزشی و پرورش آغاز شود.
[8].

هر کوششی در جهت چگونگی بهتراده کردن
سازمان کمک به زبان و اساسی، درک
انگیزه‌های رفتار آزاد و واکنش گروه‌ها مختلف کاری
است. برای این مطالعه، از بهترین یا اینجا که
ساخته‌کننده که یکی از بهترین انجام‌های ایجادی
و به‌طور وسیع شرایط حاکم بر آنان سازمان‌های
برخوردار است. همین‌طور در ایجاد مدارک ایمنی
در عرصه و سازمان‌های آموزشی (معلم)
دقیق شده است. با توجه به اینکه مدل ساخته‌ای
سازمان کمک به کارآیی آموزشی (عمری)

4- ساخت و تقویت

- رفتار

رافتر گردش عمده‌بانی خاص است که بناند. رفتار
علاقه بر اثر مکرر ها شامل انطباقه‌ها هم در شوند، زیرا

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اندیشه عملکرد را به وجود می‌آورد. برای موفقیت در مسير شغلی خود ممکن است قبلاً برنامه‌ریزی کنند، و راه گیری به راه‌های خود را تغییر دهند. همچنین او در مقایسه با تغییرات کنونی شما در بازیگری انجام تغییر در رفتار است.}

سازمان است که می‌باشد ضمن روش‌های نمودن هدف و منظور پیام‌های بدون اهمیت ارسال نماید. و هم‌وهم‌همواره، قابلیت پیدا کردن و میزان ارگانیزه شدن را از یکی دیگر از وظایف مدیران برگزاری ارتباط موثری میان مدیریت و اجتماع است. هدف از ایجاد این رابطه، ایجاد اعتماد متقابل از طرفه‌های رسانی به مدرک روابط و وضعیت کار است. تا بین دیده و سیاست.

همان‌طور که برای حل و فصل مشکلات گواهی داده مدرس جلد نامی‌دند مردم با کسب آگاهی پیشرفت از اهمیت ارزیابی برگزاری برای مدیران و تربیتی فرمان‌دان خود تشویق می‌شود. مدرس و پرورش به مشکلات سرویس‌دهی می‌شود تا تشکیل انجمن‌های اولیا و مربیان، تشکیل شوراهای اموزشی محلی، برگزاری ارتباط با موسسات فرهنگی دبی، اجتماعی و از اهمیت بسیار برخوردار است.

- مدیریت موفق و موثر

مدیریت موفق و موثر، مدیریت است که به کسب هدف‌های سازمانی معیار چیزی بخش از آن می‌آید. مدیریت که هم‌اکنون تحولات، بر اساس مدیریت، نمی‌تواند تغییر از وظایف و روابط، بتواند تغییر از روش‌های مربیگری کارکنان سازمانی را در روان‌شناختی شاخصی ایجاد کند، و غیره، موثر سازند. مدیر موفق نامیده می‌شود در حالیکه مدیر موثر بکسی می‌گویند که به‌واسطه 80 آنی 90 درصد توانایی‌هایی

Ccdxli

Ccdxli

Ccdxli

1. successful and effective management
افراد را به کار گیرد. برای مدیریت موفق و مؤثر بهره مندی از نتایجی داشته و اکنون معنی ضرورت جدای. (هرسی و بانلد ۸) چگونگی تصمیم‌گیری هر چیزی تا حدی خلاقیت دارد، و یکی از این است که

۱. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد ندارد، وقتی فقط یک راه حل «درست» برای مثال آی و و جواب‌هایی مغزی است. هر کسی چنین خلاقیت دارد، چنان‌که یکی از اعضای گروه‌های تدوین شوندگان نوبی از اهداف که توصیه‌های از دیدگاه می‌گیرند، خوید را بدون استفاده از تجربه دیگران می‌گیرند، و یکی از این است که همیشه به مدلی از درستی و اعمال یافته‌های یکی از فناوری‌ها و گسترش در حین تغییر به معنی تغییر مسیله‌های بهبود و اعتماد به باور و افتخار در تشتیل و تحمیل و توانایی کسب و کار گام‌ها و گام‌ها و حرف‌زدایی کارکنان که در آموزش سازمانی استفاده می‌کند، اغلب به گاهی این چنین فناوری‌ها را گزارش نمی‌شود و گزارش‌های این موضوع، گزارش‌های این موضوع، گزارش‌های این موضوع، گزارش‌های این موضوع، گزارش‌های این موضوع، گزارش‌های این موضوع

۲. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۳. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۵. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۶. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۷. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۸. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۹. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۱۰. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۱۱. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۱۳. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۱۵. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۱۷. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۱۹. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۲۰. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۲۱. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۲۷. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۳۹. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۰. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۱. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

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۴۴. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۵. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۶. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۷. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۸. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۴۹. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

۵۰. تصمیم‌گیری نیاز به تفکر و ایجاد فیل دارد. آما فقط یک نمونه طرف نقد

— Paul Hersey & Ken Blanchard
آوردن تصمیم وارزشی‌ای نتایج را به‌یاد رساند و همگی از یک طرف به اندکی عمومی و تشخیص‌گرها و نتایج تحلیلی و فرق از طرف دیگر به قدرت خلاقیت و ابزاری یا شبکه‌ای مربوط به مدل اقتصادی متغیر و استادگی در آغاز مدل‌سازی می‌تواند با ابزارهایی از اطلاعات و آگاهی نسبتا و سیمپی برخوردار باشند تا تواند علی و عاملی بودن یا عدم آن را تحلیل دهد. سپس با استفاده از نتایج و با کاهش و استفاده و اطمینان که شناخته است راه‌های مختلف حل مسائل را مورد بررسی قرار دهد و با در نظر گرفتن همه در حالت می‌تواند راه حل‌ها را بررسی کند و با کاهش و از آن گذیده شود. 

درد و موفقیت 

گیره موفقیت را. 

سپس اشتباق 

یک پول گرفتن حل 0.800 

0.000 0.766 0.607 تابع درجه 1 

0.801 0.000 0.741 0.632 تابع درجه 2 

0.800 0.000 0.743 0.629 تابع درجه 3 

0.710 0.000 0.866 0.498 مکرکر 

0.774 0.000 0.101 0.594 متوسط همگی مستقل چین و یک گامی رهگیری 

موفق و متغیر و استادگی مدل‌سازی 0.074.

شرح زیر انجام می‌پذیرد:

تضمین نوع رابطه بین هر متغیر مستقل با متغیر وابسته.

برازش درجه یک، دو، سه، و پنجم با سوالات رگرسیون غیر خطی.

تغییر میزان انحراف از منحنی برای شرایط در هر یک از دو رفتار.

تغییر بهترین نوع تابع برای شرایط شه.

تغییر نقطه بهینه موثری با مکرکر تابع در صورت وجود برای هر یک از توابع برای شرایط.

7- جامعه‌آماری و محیط نمونه

تعدادی از مدیران شاغل در آموزش و پرورش شهر سبک ابزار برای ارزیابی سوالات آنها در محدوده صد استان از میان منابع مختلف چهار نفر بود که در مورد 0.000 0.1390 مشاوره و نظره‌سنگی، در همگی از تعداد 400 نفر از آن‌ها استفاده شد. مدیران وسیله بررسی‌های بررسی‌های کلیه یکی راه کرده‌اند با هم.

8- افزایش پژوهش در ابزار جمع‌آوری داده‌ها

برای دریافت یک ضریب لازم شرایط با پذیرش

فرم ابزار لازم است. 

9- روش تجزیه و تحلیل داده‌ها

باید از باستوندی مدل‌سازی با یک Spss.

10- پاسخ سوال

جدول شماره 1 نتایج رگرسیون غیر خطی چند متغیری

برای ویژگی مهارت‌های ایجاد ارتباط
A Survey on the Relationship between the Behavioral Features of Successful Schools Administrators and Their Performance (Abhar Department of Education)

By Toge, he had reached the second level of successful schools administrators with a 0.632 and 0.768 correlation coefficient. The mean correlation between the behavioral features of successful school administrators and their performance was 0.741.

The chart shows the relationship between the performance of school administrators and their behavioral features. The equation for the quadratic regression line is:

\[ Y = -0.775X + 0.096X^2 \]

The minimum value of Y is 6.378, and the minimum value of X is 4.036.

**Table 1:**

<table>
<thead>
<tr>
<th>Degree</th>
<th>Regression</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Standard Error</th>
<th>P-value</th>
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<tbody>
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**Table 6:**

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<th>P-value</th>
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<td>0.000</td>
</tr>
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<td>0.000</td>
<td>0.774</td>
<td>0.000</td>
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</table>

**Table 7:**

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<th>Standard Deviation</th>
<th>Standard Error</th>
<th>P-value</th>
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</thead>
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**Table 8:**

<table>
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<th>Standard Deviation</th>
<th>Standard Error</th>
<th>P-value</th>
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<tr>
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<td>0.713</td>
<td>0.603</td>
<td>0.000</td>
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<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>0.713</td>
<td>0.602</td>
<td>0.000</td>
<td>0.774</td>
<td>0.000</td>
</tr>
</tbody>
</table>
میانگین از وانحراف 0.577 م، از نسبت به رگرسیون به صورت زیر خواهد بود:

\[ Y = 0.838 X + 1.557 \]

نوع تابع درجه اول وارتباط میانگین گیری و عملکرد مدیران موفقیت‌خاطی و صعودی و با انحراف از میانگین 0.577 وارای هم‌ساختگی بسیار بالا به میزان 0.883 می‌باشد و یعنی با افزایش میانگین مدیران عملکرد شان نیز در حالت افزایش می‌باشد.

نمودار شماره 3 نوع رابطه ونمودار تابع بین ویژگی توانائی تصمیم گیری و عملکرد مدیران

پاسخ سوال 4

<table>
<thead>
<tr>
<th>نوع تابع</th>
<th>ضریب تابع</th>
<th>انحراف معیار</th>
<th>sig</th>
<th>میانگین همبستگی</th>
<th>تابع درجه</th>
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</thead>
<tbody>
<tr>
<td>تابع درجه 1</td>
<td>0.757</td>
<td>0.602</td>
<td>0.00</td>
<td>0.872</td>
<td>0</td>
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<tr>
<td>تابع درجه 2</td>
<td>0.754</td>
<td>0.606</td>
<td>0.00</td>
<td>0.872</td>
<td>0</td>
</tr>
<tr>
<td>تابع درجه 3</td>
<td>0.754</td>
<td>0.606</td>
<td>0.00</td>
<td>0.872</td>
<td>0</td>
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<td>تابع نمایی</td>
<td>0.750</td>
<td>0.079</td>
<td>0.00</td>
<td>0.868</td>
<td>0</td>
</tr>
</tbody>
</table>
جدول شماره 4 نتایج رگرسیون غیر خطی جند متغیره‌ی برای ویژگی برنامه‌ریزی

با توجه به نتایج به دست آمده در حداکثر فرق الگوی تابع درجه 1 حاصل با ضریب تغییر تبدیل شده 0.757 و سطح معنی‌داری رگرسیون 0.000 در جدول آنالیز واریانس، همینطور با توجه به ضرایب همبستگی جزئی و با همبستگی سباز قوی به میزان 0.872. انحراف از میزان 0.602، مناسب تر از الگوها دیگر است. در نهایت مقدار رگرسیون به صورت زیر خواهد بود.

\[ Y = 0.770X + 2.101 \]

(پرانتهس ریزی) 0.770 = عملکرد مدیر

نوع تابع درجه اول و ارتب‌بین برناهه رئیزی و عملکرد مدیران حساب‌های صنعتی و صنعتی با انحراف از میانگین 0.602 و در همبستگی سباز با لیا به میزان 0.872 در دادن ریزی مدیران میانگین می‌باشد و 0.757 (برنامه ریزی) 0.770 = عملکرد مدیر

نمودار شماره 5 نوع رابطه و نمودار تابع بین ویژگی تقویض اختبار و عملکرد مدیران

1- بحث و توجه گیر کلی
1-1 در بین ویژگی های رفتاری، ویژگی های مهارت های ایجاد ارتباط و توانایی تصمیم گیری رابطه غیر خطی، مستقیم افزایشی با عملکرد مدیران نتایج‌پذیری با افزایش بین ویژگی‌ها عملکرد مدیران نیز افزایش می‌یابد.

1-2 همچنین در بین ویژگی های رفتاری، ویژگی‌های ویژگی مدیران دارای ویژگی با افزایش این ویژگی‌ها عملکرد مدیران نیز افزایش می‌یابد.

2- نهایت بین ویژگی تقویض اختبار و عملکرد مدیران موفقیت رابطه غیر خطی به صورت مدل می‌باشد و به داشتن نمودار بین همه که افزایش تقویض اختبار از طرف مدیران فقط از اندکی باعث افزایش عملکرد و موفقیت مدیران می‌شود و از نظر این تابع با افزایش بیشتر تقویض اختبار عملکرد آن‌ها به شکل می‌یابد.

**مقادیر بین‌شیب‌ندازه تحقیق:**

جدول شماره 5 نتایج رگرسیون غیر خطی جند متغیره‌ی برای ویژگی تقویض اختبار

با توجه به نتایج به دست آمده در حداکثر فرق الگوی تابع درجه 3 با ضریب تغییر تبدیل شده 0.588 و سطح معنی‌داری رگرسیون 0.000 در جدول آنالیز واریانس، همین‌طور با توجه به ضرایب همبستگی جزئی و با انحراف از میانگین 0.778 مانند تر از الگوها دیگر است. در نهایت مقدار رگرسیون به صورت زیر خواهد بود.

\[ Y = 14.355 + 0.489X + 0.889X^2 - 4.935X^3 \]

\[ Y' = -4.935 + 3.97X \]

\[ X_1 = 9.195 \]

\[ X_2 = 0.757 \]

\[ Y'' = 1.778 - 0.704x \]

\[ f'(9.195) = 0.704 \]

\[ X_{max} = 9.195 \]

\[ Y_{max} = 9.158 \]
12- پیشنهادهای تحقیق به سایر محققین
1- توصیه می‌شود سایر ویژگی‌های رفتاری مدیران موفق مورد تحقیق قرار گیرد.
2- ویژگی‌های شخصیتی مدیران موفق مورد تحقیق قرار گیرد.
3- ویژگی‌های فردی مدیران موفق مورد تحقیق قرار گیرد.

منابع انگلیسی

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Iran  
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The Impact of Organizational Learning on Crisis Management Case study:  
Sarakhs-East Gas and Oil Production Company

Abstract

This paper aimed to assess "the impact of organizational learning on crisis management in East Gas and Oil Production Company. Based on survey method and with a descriptive correlation approach, the impact of organizational learning on crisis management was studied. The universe members included 936 people and the sample size was determined as 273 through Cochran's formula. Khanalizadeh questionnaire was used to assess organizational learning and its seven components, and the questionnaire of Vedadi et al was applied to measure the variable of "crisis management" and its threefold phases. Data gathered and then analyzed by SPSS software. Pearson's Test was applied to measure the correlation between variables and Line regression was used to test the hypotheses. The results supported the impact of organizational learning on crisis management with a correlation coefficient of 632/0. The highest correlation coefficient belonged to the relationship between
“knowledge sharing” and crisis management and the lowest correlation existed between “team learning” and crisis management variables.

**Keywords:** organizational learning, common vision, work and team learning, knowledge sharing, crisis management
نمومه تحقیق جمعیتی از آزمون پریسون برای سنجش همبستگی بین متغیرها، از رگرسیون خطی برای آزمون فرضیه های تحقیق و آزمون فردی من. نیز برای رتبه بندی متغیرها استفاده گردید.

نتیجه از این فرضیه های تحقیق بیانگر تأثیر بانگئر سازمانی بر مدیریت بحران با ضریب همبستگی (0.632) بود.

بیشترین ضریب همبستگی (0.739) بین مؤلفه اشتراک داشت با مدیریت بحران و کمترین ضریب همبستگی (0.606) بین مؤلفه اجتماعی تا مدیریت بحران بود.

واژگان کلیدی: بازگری سازمانی، جشن انداز مشترک، کار و پایگیری تیمی، اشتراک داشت، مدیریت بحران

1- مقدمه

رویادهای مهم دهه های اخیر جهان از نظر سیاسی، اقتصادی، اجتماعی، جغرافیایی و انسانی نشان می دهد که جوامع بشری پیروی دستخوش حوادث طبیعی یا تمامالات مخرب انسانی هایی که باعث برود بحران های گوناگون می شوند، بوده است. روزی نیست که ابزار مربوط به بحران های کوچک و بزرگی که در گوشه و کنار دیگری رخ می دهد در رسانه های ارتباطی یکی مشکس نشود. این بحران ها ممکن است تا انگیزه بروز که منافع داخلی و خارجی جوامع و یا اعتبار یک سازمان بزرگ را مورد تهدید قرار دهد (قلمی لو، 1383، 55). از آنجا که هر سازمان در طول مدت خود بارها با بحران های گوناگون روبرو می شود، مدیران و تصمیم گیرندهای اصلی سازمان به ناجی پاید تجربیاتی بینندند تا سازمان خود را همراه برای مقابله با بحران های احتمالی آماده کنند. در این گونه موارد، "بک‌گری و مؤثر مدیریت بحران" بهترین آدام سنت. مدیریت بحران در بک‌گریده تمامی اقدامات است که برای مقابله سریع و مؤثر با بحران های احتمالی و کنترل اثرات مخرب این ها مورد نیاز می باشد (کتچینگا، 2010، 81) وازهم مدیریت بحران از سال 1982 و پس از مواجه شدن شرکت ژاپن با بحران عملیکی که حیات این شرکت را به مخاطره انداخت، مورد توجه قرار گرفت. اقداماتی که این شرکت برای مقابله با بحران به کار گرفت، سراگذاری برای انجام تحقیقات در زمینه مدیریت بحران بود (جارمن، 2000، 97-81). برنت ۱۹ دی ۱۳۸۲ است که بحران توصیف کننده شرایطی است که در آن ریشه های پیده می تواند مسئله و مشکلات متعدد ساختاری و عملیات مدیریت نامناسب و یا شکست در تطابق با یک تغییر باشد در حالی که نظور از واکنش ناگوار این است که شرکت با تغییرات مثبت بار پیش بینی نشده با ناگهانی مواجه شده که کنترل کمی بر روی آنها دارد (رضوانی، 1386، 22). تحقیق حاضر به

Cdl

Cdl

Cdl

1. Catchings
2. Jarman and et al.
3. Brent
سازمان گاز ایفای کاهش، Sapriel، در این پژوهش برای تعیین "بحران سازمانی"، بین بحران و واقعه ناگوار، تفاوت قائل شده است. مدیریت بحران دارای جنبه‌های زیادی است و مسئولیت از قبیل فرهنگ سازمانی، ساختار، آموزش، تکنولوژی و مانند آن را در بر می‌گیرد. پرداختن به چگونگی تأثیر بیانگری به عنوان یکی از مقوله‌های مهم سازمان و مدیریت بر نحوه مدیریت بحران، اساس این تحقیق را تشكیل می‌دهد.

- آدیبات تحقیق

تعداد اندکی از سازمان‌ها به لزوم آماده‌سازی خود برای رویارویی با گسترش و سعی از بحران‌ها پردازدند. به همین ترتیب، برای مقابله با سلسله‌گسترده‌ای از بحران‌ها، هنوز سازوارکاری‌هایی لازم به منظور شناورسازی علائم بحران را به وجود نیاورده‌اند. از طرفی، تنها بخش کوچکی از سازمان‌ها به لزوم بررسی موشک‌فکر، و مستمر فرهنگ سازمانی خود پردازده‌اند. این ماجرا از انرژی مجدد مدیریت بحران بشدت تأثیرگذاری می‌کند و باید تحلیل آن انجام شود.

ویژه در مورد سازمان‌های صنعت نفت، می‌توانند بهترین دانش را در تغییرات و حالت منابع مصرفی در برابر بحران‌ها تلاش نمایند. به همین دلیل، به نظر می‌رسد که مقوله مدیریت بحران نیازمند پیشرفت‌های بیشتری است (زیان، 2003، 52). یکی از عناصر مهم مدیریت بحران، بیانگری سازمانی است.

Ccdli

Ccdli

Ccdli

1. crisis
2. disaster
3. Sapriel
اطلاعات بیشتر به افراد، آنها در خود این نیاز را حس می کنند که باید برای کار و تلاش، هدف داشته باشند (امابیل، 1998، 20).

یادگیری به عنوان یک راهبرد مدیریت بحران، به مفهوم تشکیل ساختارها، فاصله‌ها و فنایی است که امکان توسعه و اثبات صلاحیت جدید افراد و تیم‌ها را افزایش می‌دهد. یادگیری باعث توسعه سازی می‌شود و تواناندن سازی، تمایل برای یادگیری بیشتر را بر می‌انگیزد و در نتیجه این فرانکی که از یافته‌های سازمان برای سازگاری با شرایط تحولات محیطی و مدیریت آنها افزایش می‌یابد (آبریست و دیگران، 2009: 648). بسیاری از مسائل و بحران‌ها منجر به صدمه مادی جدی می‌شوند. آثار و زمان‌های نادری از نظر می‌شوند و ظرفیت و اندازه بحران بسیاری دارد. آگاهی دقیق و هوشیاری کامل، اسپیت‌های احتمالی را کاهش داده و اطمینان افراد و بویژه کارکنان سازمان را حفظ می‌کند. یادگیری ناچیز در طول یک بحران، می‌تواند در بخش‌های مختلف سازمان‌ها اخلال ایجاد کند. تصویری که با تلاش و کوچکش قرفاً در طی سال‌ها بوجود آمده است، می‌تواند در طی چند ساعت به‌کلی از بین برود (کوستر و نورتون، 2008: 607).

امروزه دانش کارکنانی حائز و منعکس، به عنوان مهترین منبع سازمان در نظر گرفته می‌شود. تئوری انسانی، اساس ثروت واقعی یک سازمان است. سازمان‌های سنتی با تأکید بر فعالیت جسمی کارکنان، میل بندن که کارها در جامعیت تعیین شده انجام شود و آن‌ها وظیفه خود را برای هیچ گونه پرسشی انجام دهند، اما محیط‌های کاری امروزی نیاز به کارکنان دارد که تعیین سناب اتخاذ کرده و برای مشکلات موجود، راه حل‌های سازنده ارائه دهند. در نتیجه کارکنان یک سازمان باید دارای دانش و آگاهی کافی به دستگاه و مسئولیت حاصله‌ها را نیز بر عهده بگیرند (لیکنی، 2009: 27). یادگیری سازمانی مناسب به ارائه اطلاعات و داشت مناسب، صحیح، کامل، دیر و به‌هم‌گام منجر می‌شود. با توجه به اینکه دانست آگاهی و دانش در مدیریت بحران نقش مهم و برخاسته‌ای را برمی‌زند که به هر دانش‌آموزی در هر شرایط و مواردی استفاده می‌شود و به موقع از یادگیری سازمانی استفاده کنار باشند.

لازم است مدیران و مهندسین اصلی سازمان‌ها، همراه با روش‌های یادگیری مناسب را برای موقعیت بحران بپیش بینی کنند (محمودی، 1385، 1383، 62). تحقیق حاضر در صدد است به این سوال پاسخ دهد که "یادگیری سازمانی تا چه اندیش بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است؟" برای این اشتباه اجمالی با متفاوت‌های تحقیق شامل یادگیری

Ccdlii

Ccdlii

Ccdlii

1. Amabile
2. Armbruster and et al.
3. Koster and Norton
4. Babski
سازمان، (موفقیت‌های آن و مدیریت بحران)، بطور اختصاصی به مبانی نظری و بهبود آنها در حد مبین و مقور، اشاره می‌شود و در ادامه نیز پس از تریم مثل مقیاسی تحقیق؛ فرضیه‌های آن بیان می‌شود.

یادگیری سازمانی

یادگیری سازمانی چیزی فراتر از مجموع توان واقعی‌تری اقدام است. یعنی سازمان توان‌ترین یادگیری خود را با خروج افراد سازمان از دست نمی‌دهد. یادگیری سازمانی به مفهوم یادگیری افراد و گروه‌های درون سازمان و سازمان یادگیری سازمانی است. این دیدگاه با گفت: سازمان یادگیرنده حاصل یادگیری سازمانی است (سازمان یادگیرنده، 1379، 77). سازمان یادگیرنده یک سازمانی است که از دست داده‌های درون سازمان از دست داده‌های درون سازمان همیشه یادگیرنده است و با یادگیری افراد به پیش‌برنده گشته و کردن کار برای سازمان همیشه بیشترین نتایج را ممکن می‌کند.

با توجه به اینکه سازمان‌ها افراد را به طور خودکار و به‌طور قراردادی به سازمان‌ها می‌گذارند، نگرانی می‌شود که سازمان‌ها از دست خود را با یادگیری افراد بدهند. بنابراین، برای مقایسه سازمان‌ها باید از دیدگاه‌های مختلفی برای سازمان‌ها و بخش‌های آنها استفاده کنیم...

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1. organizational learning
2. Piter Senge
The Impact of Organizational Learning on Crisis Management Case study: Sarakhs-East Gas and Oil Production Company

The impact of organizational learning on crisis management case study: Sarakhs-East Gas and Oil Production Company

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<th>جدول 1. تعاریف پدیده‌سازمانی</th>
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<td>(کانجلووسی و دیل، 1965، 180</td>
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<td>(ارجوس و شوین، 1978، 138</td>
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ابعاد پدیده‌سازمانی

نیع 1. ابعاد پدیده‌سازمانی شامل چهار ابعاد مشترک، فرهنگ، پدیده‌سازمانی، کار و پدیده‌سازمانی گروهی است. به اشtrak

گذشته دانش، تفاوت سیستمی، رهبری مشترکی و توسعت گروه‌سازی کارکنان، به شرح مولفه‌های (الف) تا (ج)، دکتر

کرد است.

الف: دکتر کرد است

چشم ابعاد مشترک برای افراد و سازمان، همانند ستاره‌های آسمان برای یافتن سمیر برای سازمان در دل شب در

خشک، دریاها و آفتاب‌ها است. در مدل ستاره‌ها، چشم ابعاد مشترک برای ساخت و پرداخت یک سازمان

1. March
2. Wick & Roberts
3. Easterby, M.S. et.al
4. Cangelosi, V.E., & Dill, W.R
5. Argyris, C. and Schon
6. Fiedl, M.C., and Lyles, M.A.
7. Diane Osterhaus Neefe
یادگیرندو اهمیت حیاتی دارد، زیرا این چنین انداز کانو و منبع انرژی و تحرک زیست برای یادگیری مشترک است.

چشم انداز را هنگامی می‌توان با ذکر شرایط "واژگی مشترک" توصیف کرد که افزایشی از آینده متعلک، تصویری مشترک داشته باشد و تعهدی منتفی نسبت به دستیابی این در اختیار یکدیگر گذارده و هیئت مشترکی ایجاد کند. در این مورد باید خواست واقعی وجود داشته باشد، دلایل متعددی وجود دارد ممنی بر اینکه چرا چنین انداز مشترک برای 

تبیین شدن به سازمان یادگیری، تبیین می‌شود و 

بپیم. چشم انداز مشترک تمرکز و انرژی برای یادگیری را فراهم می‌سازد.

دوم. چشم انداز افزاده را به عمل سود می‌دهد.

سوم. چشم انداز مشترک بیانگر امل و رواهای آن است و به آن ها معنی می‌بخشد.

چهارم. کشش به صورت هدف مطلوب بالاتر، زیرا چشم انداز مشترک، هدف نهایی ایجاد کرده خط‌پیوست، بر اساس راهنما که می‌شود، منطبق می‌کند، مهم هستند.

پنجم: ارزش ها و معنا مشترک در تعیین نوع دانشی که سازمان ذخیره و منطقی می‌کند، مهم هستند.

با فرهنگ یادگیری سازمانی هنگامی که گروه، سازمان و جامعه ایجاد می‌شود، پایه‌های فرصتی که از نظر حیاتی می‌گردد و در طول زمان و به مرور شکل می‌گیرد، بنا براین فرصتی، همیشه و در همه جا حضور دارد. فرصت، سازمان و جامعه در طول زمان همواره با مشکلاتی رو به رفته و به گونه ای مختلف نسبت به این مشکلات فکر، احساس و عمل کرده است. بر این مبنای افزاده، فرصت، هر چیزی است که در صورت اجرای این آموزش مربوط به سازمان و جامعه به شکل مشترک، این مشترکی با حیاتی معنی می‌گیرد و

تشکیل مهاجری باید دارد.

استثبات به جامعه، سازمان یا گروه، هنگام حل مشکلات مربوط به انطباق با محیط خارجی و یکپارچگی داخلی به نوعی، دقیقاً با یادگیری نشست می‌زنند و بدان ترتیب در طول زمان با همیشه که از این طریق به مشکلات مربوطه می‌دهند. فرصت باید شکل می‌گیرد. بر عهده دیگر فرصت سازمان یا گروه را می‌توان یافته می‌باشد ویک گروه با یکپارچگی تلقی کرده که آن که یک مسئله انطباق داخلی و یکپارچگی داخلی می‌دهند. هنگامی که آنها برای سازمان یا گروه برای حل انطباق با محیط خارجی و مشکلات یکپارچگی داخلی نشست می‌کنند، ناوذگاهی به یادگیری ادامه گرفته که یک چرخه این تپه، برای این دلیل که از جهت نظریه دیداری یکپارچگی و حل مسئله نه تنها نتایجی نیستند، بلکه باید گفت که

به همان گونه که می‌توان یا فرصتی های متفاوتی دارد، سازمان ها نیز شبیه های متفاوتی برای اعتماد داشتن، اندیشیدن و عمل کردن، دارد که به وسیله نمادها، به رهبران، انرژی، ارزش‌ها سازمانی می‌شوند. این احتمالی یکپارچگی و شبیه ای که بر اساس آن یادگیری در سازمان رخ می‌دهد، به شنیده به وسیله فرصت‌های سازمانی، تعیین می‌شوند. ارزش
فاکت واقعا مورد استفاده است. این امر که به نوعی به این علل کنترل می‌شود، که برای مدیران در سازمان‌های مختلف، به‌ویژه در صنایع نفتی و گازی، بسیار مهم است. این یکی از بروز‌های مثبتی است که از کنترل و گردش بازی در سازمان‌ها بهره می‌برد.

نتیجه‌گیری‌های آماری این است که اگر سازمان‌ها بتوانند بهترین شکل را برای طراحی و کنترل فرآیندهایی که در آن‌ها می‌باشد، بتوانند در سازمان‌هایی که به‌طور کلی در صنایع نفتی و گازی فعال هستند، بهترین نتایج را داشته باشند.

مقدمه

با توجه به اهمیت سازمان‌ها در صنایع نفتی و گازی، در این مطالعه به پیامدهایی که در این صنایع می‌تواند ایجاد شود، تاکید شده است. با توجه به اینکه صنایع نفتی و گازی در صنایع مختلف و متفاوتی هستند، باید به پیامدهایی که در این صنایع می‌تواند ایجاد شود، تاکید شده است. با توجه به اینکه صنایع نفتی و گازی در صنایع مختلف و متفاوتی هستند، باید به پیامدهایی که در این صنایع می‌تواند ایجاد شود، تاکید شده است.
نکته به کامل عمل طی وضعیت، آن را ذخیره و به آموختن با ها برای مؤثر که آن طور بکار نبیع، تغییر سازمانی بسیار که آن به ابزاری های بسیار سررمد بتوانند روش است، نه ذخیره به نظر دوهم ظاهراً، راه گذاری از این مجموعه هستند، برای یکی پرداز به الگو تغییر با نشانه مثال ایفای می شود. تغییر نگارندا، یک چارچوب مفهومی است، یپیچر از داشتن و ابزاری که طی پنجره صاحب و توسه دادن است، نیز تا بتواند توانای، کلی را شفاگیری کردن، شده نشان دهد و به انسانها کمک کنند تا بتوانند آن را به ساختار موثری تغییر دهد. هرسازمان در صورتی یادگیری، خواهد بود که می‌تواند به روش جدید شناسایی الگوهای سیستمی نمایند. این شروع به عنوان ابزاری کارآمد و رفتار و تصمیمات روزانه خود بکار گیرند و از این طریق پرده برداری از راه‌های پنهان مسائل و مشکلات را در خود ابتدای نمایند. منظور اصلی از، الگوهای سیستمی آرایش مجدد اثرات است، به طوری که بتواند هر چه بیشتر و دقیق تر ساختارها و اهمت های ابزار مشکلات و مسائل را درک کند، هر الگوی سیستمی همراهی می‌کرده، را که این اهمیت را در آن موتور یا غیر عمل می‌نماید، ناب در بوجود اینه ابزار مزبور ساخته است، اما دیگران باید به آنها کمک کنند. این نمادي می‌تواند به یک میانگین می‌دهد، به وجود اینه ابزار مزبور حین است که نمایندگان آن را به آسانی نمایند، که از اینکه برجسته نمی‌کنند و نوگرانان صورت، گرفته است نشان می‌دهد که این تغییر سیستمی را بسیار سریع فرا می‌گیرند.

جهت مشارکتی، پیام رهبری مشترکی، داشتن احساس شرکت کارکنان در دورام سازمان است. نتیجه چنین کوششی که کارکنان احساس می‌کنند سازمان به وجود آنند، نیاز دارد و معاونی برای حضورشان در سیستم‌های بازار و به انسان‌های نقش‌هایی را در سازمان می‌پردازد. پاس کارکنان نیز به چنین وضعیت در واقع همان پرتره سلولی است. مبنی بر این دیدگاه، کارکنان به دنیای کالایی مرغوب دست می‌زند نه برای آن که مدیریت به آنها نیستون می‌دهد یا بزرگ ممکن است کاست کارآفرین بیشتر، بلکه آنان در وجود خود وظیفه و
توانایی کارکنان برای ارائه و انجام کارهای مهم که تأکید دارد و در پایان کار، ارائه عملکرد و ارزیابی را می‌خواهد.

یافتن که جنین پویا به گروه‌های متفاوت در مقابل تغییر را کاهش، تعهد به سازمان را افزایش داده و سطح فشار به جو برک و نماید.

چتروسایتهای شایستگی کارکنان

شایستگی در ادبیات منابع انسانی، مجموعه‌ای است از دانش، مهارت و رفتار های قابل سنجش و قابل مشاهده که در موفقیت یک شغل با پیش(سamt) سازمانی سپیم هستند. امروزه مدیریت کارکنان دانشگر و سازمانی های پیگیرنده کار ساده آن نیست، با اصول و قواعد نیازمندی مختلفی به دریافت کردن. لازم است اصول و مبانی مدیریت بر پهنه‌های مختلف و شایستگان را امروزه و هم‌کاری کرده تا به مزیت رقابتی در گروپورش و مدیریت مطلق انسانی سازمان است. از طریق تولید دانش و سازمانی بر دانش، ابزار و سیستم آن را توسعت داد. این چارگه شایستگی، مجموعه‌ای از تجربه مرحله کلاسی است که هدف آن، ارتقاء و توسعت مستمر شایستگی‌های فردی و سازمانی است.

این چارچوب مرحله کلاسی برای ترکیب شایستگی، توصیه شایستگی، توصیه شایستگی و نظرت بر شایستگی.

مرحله یکم: ترکیب شایستگی. عیان یک کارکنان برای بزرگی بر کلیه شایستگی‌های زیر به منظور انجام اهداف است که به وسیله طرح تجاری سازمان، الگوی سازمان، راهنما و نیازهای برتری تعریف می‌شود. ملت تخصصی از این مرحله به علیه تعریف می‌شود.

مرحله دوم: تشریح شایستگی. به معنی نیم‌باش از وضعیت موجود شایستگی و سطح تخصصی متابلویی است که هریک از کارکنان با دارایی هستند تحلیل شکاف مهارت نیز در این مرحله ضروری است تا شکاف بین تعداد و سطح شایستگی‌هایی که کارکنان دارای آن هستند در مقایسه با تعداد و سطح شایستگی‌هایی که مورد برای سازمان با توجه به نسبی شلیک آنها تعریف شود.

مرحله سوم: تتوسعه شایستگی. عیان از برنامه ریزی راه‌هایی است. جانشگری تعداد و سطح تشریح شایستگی‌هایی که کارکنان با داده‌بندی ناشی، نشان می‌دهند انگه آن‌ها موفق در اساسی مرحله قبلی و تجربه تحمل شکاف، مهارت‌های از آن‌ها افزایش دهید.

مرحله چهارم: نظارت بر شایستگی. به معنی ارزیابی مداوم نتایج اتفاقات، به وسیله مرحله تتوسعه شایستگی (تقویت، 2001، 124-1-1).

مماریت بحران

Ccdlvii

Ccdlviii

Ccdlviii

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1 gap analysis
در عصر جدید و در هزاره‌های بحران‌ها واقعیتی جدایی ناپذیر از ماهیت درونی سازمان‌ها شده‌اند. بحران‌ها در واقع در آثار رخداده‌ها و عوامل طبیعی و غیر طبیعی پدید می‌آیند و زمان و خسارت را به یک مجموعه‌ای بی‌شمار جمع‌آوری کرده و چرخ مجازی را از هر چیزی نیز می‌پیدا کرده است. تجربه، آمادگی، مهارت، سرعت عمل، هوشمندی و خلاقیت است. مهارت بحران فراوانی برناه رزي و عملکرد است که با شناسایی منظم بحران‌ها و تجزیه تحلیل آنها در جستجوی پایین ابزارهای بحران‌آمادگی است. دانش‌دانان بر این موضوع اتفاق نظر کرده‌اند که در هرگام بحران بی‌شمارین فشار بر مدیران سازمانی وارد می‌شود. از این رو مدیران برای جلوگیری از بحران سازمانی باید برای بحران‌های مناسب با بحران تنظیم‌آمادگی و پرورش قابلیت‌های خود هستند (بار احمدی خراسانی، 1386، صفحه 35). برخی از تعاریف مربوط به مدرک بحران در جدول 2، به یاد شده است.

جدول 2. تعاریف بحران

<table>
<thead>
<tr>
<th>منبع</th>
<th>تعاریف بحران</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paraskevas (2006)</td>
<td>بحران سازمانی، عبارت از روابطی با درجه احتیاطی کم و تأثیر گذاری زیاد است که به‌طور تهیه‌ریزی یا برنامه‌ریزی شده می‌باشد. بحران سازمانی با عناصری می‌تواند به شکل تغییرات در عایق یا درک باشد.</td>
</tr>
<tr>
<td>Davies (2009)</td>
<td>بحران عبارت از انقلاب برناه رژی شده (اما نه از آن اثری) که نیاز به اتخاذ تصمیمات استراتژیک و سریع دارد. در این شرایط تصمیم‌گیری می‌تواند از جنسیت به سازمان‌ها (های) وارد گردد.</td>
</tr>
<tr>
<td>Gigliotti &amp; Ronald (1999)</td>
<td>سازمانی برابر مقداری سبیع که آمار و اثری را با یک موقعیت استراتژیک به‌دنبال کاوش به‌دنبال کاوش با یک سازمان را داده داده، از دست داده و روان‌هایی از کانال‌های ناهنجاری در سازمان، کارکنان و کاهش تأثیر منفی بر عملیات عادی سازمان است.</td>
</tr>
</tbody>
</table>

1. Paraskevas
2. Davies
3. Gigliotti
4. Ronald
5. Pheng et al.
طبقه بندی بحران‌ها از لحاظ داخلی و خارجی و فنی-اقتصادی یا سازمانی-اجتماعی می‌باشد. در یک طبقه بندی، می‌توان یک بحرانی را از دو جنبه داخلی (خانواده، سازمان و جامعه) و فنی-اقتصادی یا سازمانی-اجتماعی، مانند آنچه در نگاره ۱ آمده، مورد بررسی قرار داده است. این مدل از لحاظ اینکه متعلق به چه یک از طریقاتها به تنهایی نیست، منحصراً به فرد است. کومبرز ۱ (۱۹۹۹) معنی مدل سه مرحله ای بر پایه‌ای زمان‌های مدیریت بحران انتقال دارد. این مدل از سه مرحله گذشته از بحران، حین بحران و پس از بحران، تشکیل شده است. مرحله قبل از بحران شامل فنی-اقتصادی تماشای اقدامات باری جلوگیری از بحران است و در هر گونه برنامه زندگی، سازمان‌دهی، ایجاد تیم بحران، تدوین برنامه بحران و تامی اقداماتی که برای جلوگیری از بحران مورد نیاز است، می‌باشد. مرحله حین بحران مربوط به گام‌های پیش از یک راه و مقابله با بحران است، این مرحله شامل فنی-اجتماعی و تشکیل بحران، گردنده فرد و سازمانی است. مرحله پس از بحران بستگی به اثرات بحران دارد. این مرحله به نحوی با بحران نیز از زمان رفع بحران و حفظ سازمانی، شروع می‌شود و شامل اطمینان از رفع بحران، اطمینان از امانت سازمان و ادغام و از روش‌های به منظور جلوگیری از رخ دادن مجدد آن می‌باشد، نگاره ۱ (کومبرز، ۱۹۹۹، صفحه ۱۳۶).
درک روش توزیع مقدار کافی از جمعیت ارائه خدمت، بسته به اهداف و اهداف شرکت، و ارزیابی اثرات غیر قانونی.

1. طبقه بندی بحرانها از دیده‌گاه متراف، منبع: (ودراکس، 2006، 51).

نگاره (2): مدل سه مرحله ای مدیریت بحران، منبع: (ودراکس، 2006، 51).

با در نظر گرفتن متغیرهای "بادگیری سازمانی" و "مدیریت بحران"، مدل مفهومی تحقیق به شرح نگاره (3) ترسیم شده است.

- یادگیری سازمانی
- چشم انداز مشترک
- فرهنگ سازمانی
- کار با یادگیری
- اشتراک دانش
- تفکر سیستمی
- تدوین مشترک
- توسعه شایستگی

متنگیر

نگاره (3): مدل مفهومی تحقیق

فرضیه های تحقیق

- فرضیه اصلی

فرضیه های این تحقیق در قالب یک فرضیه اصلی و هفت فرضیه فرعی به شرح زیر، تنظیم شده است.

فرضیه اصلی

بادگیری سازمانی بر مدیریت بحران در شرکت بی‌بی‌پنگ و گاز شرقی، مؤثر است.

فرضیه‌های فرعی

- فرضیه ۱: شک‌اذهان مشترک بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
- فرضیه ۲: فرهنگ سازمانی بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
- فرضیه ۳: کار با یادگیری تیمی بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
- فرضیه ۴: اشتراک دانش بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
- فرضیه ۵: تفکر سیستمی بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
- فرضیه ۶: تدوین مشترک بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
- فرضیه ۷: توسعه شایستگی کارکنان بر مدیریت بحران در سازمان مورد مطالعه، مؤثر است.
روش شناسی تحقیق

تحقیق حاصل از نوع هدف‌گیری و از نظر گردآوری داده‌ها و روش تجزیه و تحلیل، تحقیقی پیمانه‌ای و از نوع توصیفی و جزو شاخه همبستگی است. از انجا که این پژوهش در یک سازمان واقعی انجام گرفته و در مدت اجرای یوزره، داده‌ها نیز بدون هیچگونه مداخله ای از سوی محققان از نمونه آماری جمع‌آوری شده، لذا این پژوهش در زمینه مطالعات میدانی قرار می‌گیرد.

برای جمع‌آوری داده‌ها و اطلاعات مربوط به مبانی نظری تحقیق از روش کتابخانه‌ای و از ابزار پرسشنامه برای جمع‌آوری داده‌های میدانی از نمونه آماری استفاده شد. برای سنجش متغیر مستقل (یادگیری پرسشنامه و مؤلفه های آن) از پرسشنامه نیفه: استفاده شده بوسیله خانعلی زاده(1389)، تیمورنژاد و صریحی اصفهانی(1389) و برای سنجش متغیر وابسته (تحقیقی بر حراج) از پرسشنامه کومیز(1999)، استفاده شده بوسیله سلیه و همکاران(1389) بهره برداری شد. روش نمره دهی میزان‌های بکار رفته با استفاده از طبقه‌بندی شبد: (حیلی-کیمی) «کم»، «تا حدودی»، «حیلی زیاد» بوده است. همچنین روابط پرسشنامه با استفاده از نظرات خبرگان و کارشناسان و برای سنجش پایبندی پرسشنامه‌ها به روش گروهی، از الگه کروناخ برای پرسشنامه‌های سازمانی 93/0 و برای پرسشنامه‌های میدانی حراج 85/0 به دست آمده که نشان از اعتبار و به عبارتی بیانگر پایبندی بالای پرسشنامه‌ها است.

بتوجه به هدف پژوهش که برداشت به سنجش تأثیر یادگیری سازمانی بر مدیریت بحران شرکت بهره برداری نفت و گاز شرق است، این جامعه آماری تحقیق شامل کلیه مدیران و کارشناسان شرکت بهره برداری نفت و گاز شرق واقع در سرکس است. این افراد با توجه به سئویت و اختیاراتی که در زمینه نظرات بر چگونگی توزیع و بخش فراورد، نفتی و گازی در ناحیه استان شمال و شرقی و همچنین نظرات بر ایام نیروی عملیا یا بر ناحیه ای اجرایی بحران را بر عهده دارند و نظر به ایتم‌هایی از این در افزایش گرفته و کمکی که به یک آزمایشگاه نمونه‌گیری می‌شود، به عنوان جامعه اصلی این افراد با توجه به تعداد اندازه نو در زمینه اجرایی تحقیق 963 نفر بود. تعداد اعضای جامعه اصلی این پژوهش از جامعه محترم (موسوم به فرمول کوزکر) تعداد 273 نفر به عنوان نمونه آماری، برآورده گردید.

داده‌های تحقیق در دو بخش توصیفی و استنباطی به شرح زیر مورد تجزیه و تحلیل قرار گرفته است.

3. research methodology
جدول 5. وضعیت توصیفی متغیر ها و مؤلفه های تحقیق

<table>
<thead>
<tr>
<th>متغیرها</th>
<th>میانگین</th>
<th>احراز معیار</th>
<th>میانگین</th>
<th>احراز معیار</th>
</tr>
</thead>
<tbody>
<tr>
<td>چشم انداز مشترک</td>
<td>2/56</td>
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<td>0/609</td>
</tr>
<tr>
<td>فرهنگ سازمانی</td>
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<td>0/734</td>
<td>3/16</td>
<td>0/674</td>
</tr>
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<td>پیادگیری تیمی</td>
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<td>2/65</td>
<td>0/632</td>
</tr>
<tr>
<td>اشتراق دانش</td>
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<td>0/632</td>
</tr>
<tr>
<td>تفکر سیستمی</td>
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<td>0/803</td>
<td>2/84</td>
<td>0/803</td>
</tr>
<tr>
<td>رهبری مشارکتی</td>
<td>2/68</td>
<td>0/751</td>
<td>2/68</td>
<td>0/751</td>
</tr>
<tr>
<td>توسعت شایستگی کارکنان</td>
<td>2/58</td>
<td>0/609</td>
<td>2/58</td>
<td>0/609</td>
</tr>
</tbody>
</table>

میانگین نمرات مؤلفه های متغیر مدیریت بحران و میانگین متغیر پیادگیری سازمانی در وضعیت مناسبی قرار دارد. از میانگین نمرات مؤلفه های مدیریت بحران، مؤلفه پیادگیری تیمی در دارای بیشترین میانگین (3.14) با انحراف معیار 0.674. مؤلفه چشم انداز مشترک دارای کمترین میانگین (2.65) با انحراف معیار 0.632. میانگین پیادگیری سازمانی 2.68 با انحراف معیار 0.751 است. بنابراین رابطه مناسبی برخوردار نیست. تعداد جدول 6 نشان می دهد که میانگین "پیادگیری سازمانی" و "میانگین میانگین" با عوامل متغیر مستقل با متغیر "مدیریت بحران" به عوامل متغیر وابسته، رابطه مناسبی وجود دارد. نتایج آزمون پیرسون ضریب همبستگی بین متغیر های تحقیق و مؤلفه های آن‌ها.
<table>
<thead>
<tr>
<th>متغیر های تحقیق</th>
<th>مدیریت بحران</th>
<th>چشم اندام مشترک</th>
<th>فرهنگ سازمانی</th>
<th>پایگاهی تیمی</th>
<th>اشتراک دانش</th>
<th>تفکر سیستمی</th>
<th>رهبری مشارکتی</th>
<th>توسعة سیستمی</th>
<th>پایگاه سازمانی</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>-</td>
<td>1</td>
<td>/527**</td>
<td>/512**</td>
<td>/606**</td>
<td>/739**</td>
<td>/655**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
</tr>
<tr>
<td>1</td>
<td>/684**</td>
<td>/657**</td>
<td>/658**</td>
<td>/603**</td>
<td>/655**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
</tr>
<tr>
<td>1</td>
<td>/536**</td>
<td>/686**</td>
<td>/447**</td>
<td>/603**</td>
<td>/540**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
</tr>
<tr>
<td>1</td>
<td>/565**</td>
<td>/724**</td>
<td>/559**</td>
<td>/502**</td>
<td>/641**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
</tr>
<tr>
<td>1</td>
<td>/695**</td>
<td>/611**</td>
<td>/748**</td>
<td>/699**</td>
<td>/707**</td>
<td>/632**</td>
<td>/650**</td>
<td>/650**</td>
<td>/650**</td>
</tr>
</tbody>
</table>

P<.01  \( n=273 \)

با در نظر گرفتن ضرایب همبستگی به دست آمده از آزمون پیرسون جدول 6، که نشان دهنده وجود رابطه معنادار میان متغیر مستقل (و مؤلفه های آن) با متغیر وابسته است، بنابراین میتوان فرضیه های تحقیق واقعی مورد سنجش قرار داد.
برای اجرای آزمون فرضیه‌های تحقیق، پس از احراز وجود همبستگی، حال باید بررسی رابطه‌های خطی میان متغیر مستقل (ویلی از آزمون ANOVA) را یافته و در صورت وجود رابطه‌های خطی، رگرسیون خطی و در غیر این صورت از دیگر مدل‌های رگرسیون که در آورده نتایج‌هایی از مدل داشته باشند استفاده می‌شود.

خروجی نتایج آزمون ANOVA برای متغیرهای یادگیری سازمانی، یادگیری نماد، آشنایی با صورت نماد، رهبری مشترکی، رهبری مشارکتی و توسعه شایستگی کارکنان در جدول 7 و جدول 8 نشان داده شده است.

جدول 7. نتایج آزمون ANOVA

<table>
<thead>
<tr>
<th>ترتیب</th>
<th>نتیجه</th>
<th>Sig</th>
<th>F</th>
<th>آماره</th>
<th>رابطه خطی</th>
<th>مدل</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ردگر\hbox{سیون خطي}</td>
<td>0/000</td>
<td>84/78</td>
<td>84/78</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

جدول 8. نتایج آزمون ANOVA

<table>
<thead>
<tr>
<th>ترتیب</th>
<th>نتیجه</th>
<th>Sig</th>
<th>F</th>
<th>آماره</th>
<th>رابطه خطی</th>
<th>مدل</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ردگر\hbox{سیون خطي}</td>
<td>0/000</td>
<td>182/03</td>
<td>182/03</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

به دلیل اینکه مقدار سطح معنی‌داری بدست آمده از مقدار 0/05، Paramount با شا به این تصمیم می‌گردد. بنابراین برای بررسی فرضیه‌های تحقیق، می‌توان از آزمون رگرسیون خطی استفاده کرد.

پس از کسب اطمینان از وجود رابطه خطی بین متغیر‌های تحقیق، با استفاده از رگرسیون خطی چندگانه به بررسی فرضیات تحقیق پرداخته شد. دنبال کردن نتایج چربی که به صورت همزمان تاثیر متغیر مستقل (یادگیری سازمانی) و هر یک از متغیرهای نهایی آزمون فرضیه‌های تحقیق، مربوط به روش ردگر\hbox{سیون خطي} در جدول 9 نشان داده شده است. 

1: انت‌کار 1

\[
\begin{align*}
  H_0: \beta & = 0 \\
  H_1: \beta &  \neq 0
\end{align*}
\]

ruz40000-00000

Cedlxv

Cedlxv

1 analyze of variance
جدول شماره 9. نتایج آزمون فرضیه‌های تحقیق

<table>
<thead>
<tr>
<th>شماره فرضیه</th>
<th>ضریب همبستگی</th>
<th>عنوان فرضیه</th>
<th>شماره فرضیه</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/010</td>
<td>0/182</td>
<td>چشم اندان مشترک بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
<tr>
<td>0/033</td>
<td>0/162</td>
<td>فرهگ سازمانی بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
<tr>
<td>0/021</td>
<td>0/112</td>
<td>کار و یادگیری تیمی بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
<tr>
<td>0/009</td>
<td>0/177</td>
<td>اشتراب داشت بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
<tr>
<td>0/048</td>
<td>0/102</td>
<td>تفکر سیستمی بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
<tr>
<td>0/002</td>
<td>0/156</td>
<td>رهبری مشارکتی بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
<tr>
<td>0/019</td>
<td>0/121</td>
<td>توسه شایستگی کار کننده بر مدریت بحران مؤثر است.</td>
<td></td>
</tr>
</tbody>
</table>

نتایج آزمون رگرسیون خصوصی برای مؤلفه‌ها متغیر مستقل با متغیر وابسته

<table>
<thead>
<tr>
<th>مؤلفه‌های متغیر</th>
<th>متغیر مستقل</th>
</tr>
</thead>
<tbody>
<tr>
<td>چشم اندان مشترک</td>
<td>مدیریت بحران</td>
</tr>
<tr>
<td>فرهگ سازمانی</td>
<td>مدیریت بحران</td>
</tr>
<tr>
<td>کار و یادگیری تیمی</td>
<td>مدیریت بحران</td>
</tr>
<tr>
<td>اشتراب داشت</td>
<td>مدیریت بحران</td>
</tr>
<tr>
<td>تفکر سیستمی</td>
<td>رهبری مشارکتی</td>
</tr>
<tr>
<td>رهبری مشارکتی</td>
<td>مدیریت بحران</td>
</tr>
<tr>
<td>توسه و شایستگی</td>
<td>مدیریت بحران</td>
</tr>
</tbody>
</table>

جدول 10. نتایج آزمون رگرسیون برای فرضیه اصلی

<table>
<thead>
<tr>
<th>شماره فرضیه</th>
<th>ضریب همبستگی</th>
<th>عنوان فرضیه</th>
<th>شماره فرضیه</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/000</td>
<td>13/49</td>
<td>چشم اندان مشترک بر مدریت بحران</td>
<td>0/399</td>
</tr>
<tr>
<td>0/066</td>
<td>0/632</td>
<td>فرهگ سازمانی بر مدریت بحران</td>
<td></td>
</tr>
<tr>
<td>0/666</td>
<td>0/399</td>
<td>کار و یادگیری تیمی بر مدریت بحران</td>
<td></td>
</tr>
</tbody>
</table>

با توجه به جدول 10 مقادیر sig=0/000 به دست آمده است و از نظر آماری که sig < 0/05 نتایج آزمون رضایت نیست. در آزمون رضایت، تا این که می‌توان گفت که مؤلفه‌ها واریاکسی سازمانی رتبه‌های یکسانی دارند، از آن در نظر گرفته نمی‌شود.}

جدول شماره 12. نتایج آزمون فردیمن

<table>
<thead>
<tr>
<th>شماره فرضیه</th>
<th>ضریب همبستگی</th>
<th>عنوان فرضیه</th>
<th>شماره فرضیه</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/000</td>
<td>6</td>
<td>رتبه بندی ممکن است</td>
<td></td>
</tr>
<tr>
<td>0/273</td>
<td>319/36</td>
<td>کای دو</td>
<td></td>
</tr>
<tr>
<td>0/273</td>
<td>319/36</td>
<td>نمونه</td>
<td></td>
</tr>
</tbody>
</table>

The Impact of Organizational Learning on Crisis Management Case study: Sarakhs-East Gas and Oil Production Company
به منظور رتبه بندی مولفه‌های متغیر مستقل تحقیق (پادگن‌های سازمانی) از آزمون رتبه بندی فریدمن استفاده شد، ترتیب اولیت مولفه‌ها بر اساس آزمون فریدمن در جدول 13 نشان داده شده است.

جدول 13: رتبه بندی مولفه‌های متغیر پادگن‌های سازمانی بر اساس آزمون فریدمن

<table>
<thead>
<tr>
<th>رتبه</th>
<th>مولفه‌های پادگن‌های سازمانی</th>
<th>میانگین رتبه</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>یادگیری تیمی</td>
<td>5/62</td>
</tr>
<tr>
<td>2</td>
<td>رهبری مشترک</td>
<td>4/32</td>
</tr>
<tr>
<td>3</td>
<td>تفنک سیستمی</td>
<td>3/72</td>
</tr>
<tr>
<td>4</td>
<td>توان‌های مشترک با کارکنان</td>
<td>3/68</td>
</tr>
<tr>
<td>5</td>
<td>انتشار دانش</td>
<td>3/64</td>
</tr>
<tr>
<td>6</td>
<td>فرهنگ سازمانی</td>
<td>3/52</td>
</tr>
<tr>
<td>7</td>
<td>جشنه انداز مشترک</td>
<td>3/50</td>
</tr>
</tbody>
</table>

بر اساس مندرجات جدول 13، مولفه‌ای پادگن‌های تیمی در اول رتبه بالاترین رتبه (1 با میانگین 62/5) و در نتیجه بهترین وضعیت داشته و بین مولفه‌های ندارند در سازمان را در خود راه اندازی میدهد. نتایج می‌تواند معنی‌دار باشد که در سازمان این رفتار اهمیت داشته باشد. در غیر این صورت می‌تواند نتایج این رفتار را منجر به تأثیر مثبت در سازمان کند و در نتیجه بهترین منجر به بهبود کارکنان نشود. در تحقیق اجرایی، نتایج مشابهی در سازمان‌های دیگر نیز مشاهده شده است. در نتیجه بهترین می‌تواند در سازمان‌های دیگر نیز از نوگری یافته باشد. در نتیجه بهترین توان با توجه به نتایج آزمون فریدمن و نسبت آزمون فریدمن، و مولفه‌های فوق می‌تواند از نظر متولی‌های بحث، به بهبود و افزایش سطح قدرت و اثر مثبت سازمانی و توانایی سازمانی در این زمینه استفاده شود. در نتیجه بهترین رتبه داشته باشد، اهمیت و رژه می‌گردد.

ج هدف از انجام این تحقیق: سنجش تأثیر "پادگن‌های سازمانی" بر "مدیریت بحران" در شرکت بپرداری نفت و گاز شرق -رسخ بودر. از نظر‌هایی و اجرایی، مولفه‌های ندارند در سازمان را در خود راه اندازی میدهد. نتایج می‌تواند معنی‌دار باشد که در سازمان این رفتار اهمیت داشته باشد. در غیر این صورت می‌تواند نتایج این رفتار را منجر به تأثیر مثبت در سازمان کند و در نتیجه بهترین منجر به بهبود کارکنان نشود. در نتیجه بهترین توان با توجه به نتایج آزمون فریدمن و نسبت آزمون فریدمن، و مولفه‌های فوق می‌تواند از نظر متولی‌های بحث، به بهبود و افزایش سطح قدرت و اثر مثبت سازمانی و توانایی سازمانی در این زمینه استفاده شود. در نتیجه بهترین رتبه داشته باشد، اهمیت و رژه می‌گردد.

ب در صدور ایراده تحقیق "پادگن‌های سازمانی" هستند و نیز بهبود وضعیت "مدیریت بحران" را در شرکت مورد مطالعه رصد می‌کنند، پیشنهاد می‌شود به لحاظ اهمیتی که در بین کارکنان فرد مورد "پادگن‌های سازمانی" و مولفه‌های آن "آزمون فریدمن" و نسبت آزمون فریدمن، و مولفه‌های فوق می‌تواند از نظر متولی‌های بحران، به بهبود و افزایش سطح قدرت و اثر مثبت سازمانی و توانایی سازمانی در این زمینه استفاده شود. در نتیجه بهترین رتبه داشته باشد، اهمیت و رژه می‌گردد.

ج محققات در اجرای تحقیق مطالعات آماده شده که در این تحقیق نگه گذشته، از پیشنهادی به شود محققان آن در انجام چنین پژوهشی با عنوان "زیر سازمانیت ورزش: نتایج" شامل عوامل مؤثر بر آثر باکسی مدیریت بحران در سازمان‌های متغیر امور نفت، گاز و پتروشیمی. (ال) بررسی تأثیر متغیرهای ساختاری شیب‌داری، تفاوت رسمی و سیستمی بر مدیریت بحران در سازمان‌های متغیر امور نفت، گاز و پتروشیمی.

ب) بررسی تأثیر فرهنگ سازمانی بر مدیریت بحران در سازمان‌های متغیر امور نفت، گاز و پتروشیمی.

ب) بررسی تأثیر فرهنگ سازمانی بر مدیریت بحران در سازمان‌های متغیر امور نفت، گاز و پتروشیمی.

ت) بررسی تأثیر فرهنگ سازمانی بر مدیریت بحران در سازمان‌های متغیر امور نفت، گاز و پتروشیمی.

ث) بررسی تأثیر فرهنگ سازمانی بر مدیریت بحران در سازمان‌های متغیر امور نفت، گاز و پتروشیمی.

ج) انجام تحقیقات مشابه در سایر واحدهای فرعی شرکت نفت و مقایسه نتایج به دست آمده از این تحقیق، به دست آمده از این تحقیق، به دست آمده از این تحقیق، به دست آمده از این تحقیق.
نگاهی زاده، رقعی (1389). "بررسی رابطه بین توأم‌سازی و یادگیری سازمانی - مورد مطالعه: دانشگاه تربیت مدرس"، پایان نامه کارشناسی ارشد. مدریت دولتی دانشکده علوم انسانی دانشگاه تربیت مدرس، به راهنمای دکتر اساتید گردندی.

منابع و ماده

The Impact of Organizational Learning on Crisis Management Case study: Sarakhs-East Gas and Oil Production Company

Page 468 of Volume 2
The Effect of Proper Selection of Employees on Effectiveness Development in Refah Chain Stores

Abstract

This paper has been devoted to the effects of proper selection of employees on the development effectiveness in Refah chain stories in Qazvin province (Iran). For this purpose, proper selection of employees is defined based on recruitment of Refah chain stories criteria and development effectiveness based on order in chaos theory (Turton and Klaplan, 1996).

Statistical population of this study is the employees of chain stories that are 117 persons. Number of statistical samples is calculated by kokera formula. Method of sampling is stratified random sampling. The information is gathered by Questionnaire and stability of it for the questions of proper selection of employees and development effectiveness are confirmed with validity of 92% and 94%, respectively. Pierson and two variables regression tests are used for research hypotheses test. The result of this study shows proper selection of employees result in development effectiveness in Refah chain store.

Key words: Proper selection of employees, Effectiveness, Financial pivot, Job satisfaction pivot, Customer satisfaction pivot, Development and growth pivot

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کلیات کلیدی: انتخاب صحیح کارکنان، اثراتین، محور مالی، رضایت مشتری، توسعه و رشد

1- مقدمه

انتخاب صحیح کارکنان موجب ارائه رقابت‌های است. مستندات فرد و توانایی وجود قدرتی در اینجا کارکنان به دست آمده است. کارکنان به صورت کلی نمودار محور سازمانی را دارند. این کارکنان را در نظر گرفته آرای شاخص‌های بهتر را که در اینجا کارکنان به دست آمده است.

2- ادبیات تحقیق

ادبیات تحقیق در باش انتخاب صحیح کارکنان، توسعت اثراتین به یا پیش بینی آن به کارکنان. انتخاب صحیح کارکنان از اهمیت بهبود یافته است. انتخاب صحیح کارکنان برای کسب موفقیت در باش یک عامل بسیار اساسی شمار می‌رود که در اثراتین بهبودی سازمانی مورد است. نسبت به انتخاب کارکنان و بیشترین باز شدن آن به سازمان‌های مورد است. بهبودی در انتخاب کارکنان می‌تواند بهبودی در انتخاب کارکنان باشد.

3- نمودار

نمودار 1: تصمیم گیری در مورد انتخاب صحیح کارکنان

- تصمیم گیری در دیجیتال فرد
- تصمیم گیری غلط

جدول در طی فرآیند انتخاب به این نتیجه برخی موثرتر را فرد می‌تواند در انتخاب کارکنان بیشتری داشت (عوامل مالی و بهبودی) از عوامل برای انتخاب را آرایش نمودارت. و نحوه انتخاب را در انتخاب کارکنان بیشتری داشت (عوامل مالی و بهبودی) باشد.

گسترش وظایف مدیریت نیروی انسانی از فعالیت‌های که مستند از افراد می‌تواند به دلیل نیاز به راه اندازی افزایش افزایش این نوع در انتخاب کارکنان بیشتری داشت (عوامل مالی و بهبودی) باشد.

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کارمندی شناویاسی و انتخب بهترین و شاخص ترین افراد برای استادی است. ولی باید توجه داشت که سازمان مهم‌ترین نیاز‌های توان‌آمیز کاپلان و توان بخشی است. با توجه به این نکته، افرادی که به‌طور مناسب به توان هوا، سازمانی و به‌طور خاص به‌طور درست و هم‌ارضی باشد، انتخاب شوند. انتخاب مسئولانی که گزینه‌هایی است، باید سازمان مسئولیت توان‌آمیزی شرکت‌داران (ناظرین، مسئولان، مدیران) را داشته باشد. "ردیف در حال سازمان" و "ردیف در حال سازمان" (Garrison & Galliers, 1990) را در نظر بگیریم که برای رشد سازمانی تاکید دارد. 

جلد 1 - تعیین شاخص‌های اثری‌بخشی از دیدگاه گروه‌های نیزبافت

<table>
<thead>
<tr>
<th>شاخص‌ات بخشی</th>
<th>ردیف</th>
<th>گروه‌نیزبافت</th>
</tr>
</thead>
<tbody>
<tr>
<td>ضایع شرکت</td>
<td>1</td>
<td>گروه‌نیزبافت</td>
</tr>
<tr>
<td>رضایت کارکنان</td>
<td>2</td>
<td>گروه‌نیزبافت</td>
</tr>
<tr>
<td>کیفیت کالا</td>
<td>3</td>
<td>گروه‌نیزبافت</td>
</tr>
<tr>
<td>مشتری‌اندیشمندی</td>
<td>4</td>
<td>گروه‌نیزبافت</td>
</tr>
<tr>
<td>نمی‌باشد</td>
<td>5</td>
<td>گروه‌نیزبافت</td>
</tr>
<tr>
<td>عرضه کنت‌گذاری مواد</td>
<td>6</td>
<td>گروه‌نیزبافت</td>
</tr>
<tr>
<td>دستیابی (مطالعاتی از اثر)</td>
<td>7</td>
<td>گروه‌نیزبافت</td>
</tr>
</tbody>
</table>

(پارسی‌خانه، عباسی، محمد، اعرابی، 1385، 12)
نمودار ۲: الگوی مدیریت اثر بخش بر پیشگیری و نظارت بر اشکال فیکتیوی (افکتیو از نورتون و کاپلان 1996)

براساس نظریه الگوی مدیریت اثر بخشی توسط آنتون و نورتون، توجه به فاکتورهای اهمیت در اثر بخشی در بررسی اجرای زیر می‌باشد و بررسی اینهای را از مهم می‌دانند که (نتایج می‌دهد که تعدادی از گروه‌های شخصیتی مدیریت اثر بخشی را از طرف شرکت پیشکش را به‌دست داشته و مقایسه برای بررسی مدیریت اثر بخشی داده‌اند.

1. اثر نیاز به کارکنان و زاده باقر و نگرش است کاری بر منابع که (مدیریتی داده و گروه‌های شخصیتی کارآیی مدیریت ظورین نورتون و توانش (دیروش، 1377) در محاسبه میزان اثر بخشی در

بیان کرده است که برای انجام نسجش اثر بخشی بخشی بخشی نسجگاه و سازمانی بخشی بخشی شایستگی برای اثر بخشی کار مدیریتی یکی از تکنیک‌های مدیریتی است.

با توجه به تحقیقات متعدد در زمینه مدیریت انجام یافته این اتفاقات خود نتیجه می‌گیرد: چاپا در روزهای در بررسی انجام شد که برای بخشی در سازمانی در حین انتخاب و اثر بخشی می‌توان به روش فرهنگی بر اثر بخشیکی را در سازمان توانع داد و فرهنگی اثر بخشی شایستگی و فرهنگی کار کنای می‌باشد (با بخشیکی، 1389) شمار تغییر فرهنگی در سازمانی فرهنگی کار کانی می‌باشد (با بخشیکی، 1389) شمار تغییر در فرهنگی (تواسکی، 1996) در تحقیقات این اتفاقات خود نتیجه می‌گیرد: چاپا در روزهای در بررسی انجام شد که برای بخشی در سازمانی در حین انتخاب و اثر بخشیکی را در سازمان توانع داد و فرهنگی اثر بخشی شایستگی و فرهنگی کار کانی می‌باشد (با بخشیکی، 1389) شمار تغییر فرهنگی در سازمانی

"تَفَسُّر: روش مبتنی بر تامین هدف: در این روش اثر بخشی ذهنی به هدف و روش مبتنی بر ارزش‌های رفتاری می‌باشد. روش مبتنی بر تامین رضایت که گروه‌های ذهنی و روش مبتنی بر ارزش‌های رفتاری می‌باشد که در ادامه از روش‌های بالا می‌توان اثر بخشی را محاسبه نمود و پیروزه اقدامات از روش‌های اثر بخشی سازمان کاربردی بیشتری در محاسبه میزان اثر بخشی دارد." (دیروش، 1377، 6).

3- جارچی نظری یپوزه:

The Effect of Proper Selection of Employees on Effectiveness Development in Refah Chain Stores

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در این تحقیق برای بررسی تاثیر انتخاب صحیح کارکنان با توزیع اثر بخشی در فروشگاه‌های زنجیره‌ای از رفتارهای نظریه تورتون و کالا یان در رابطه با اگزیم‌سازی و تاثیر بر اساس نظریه نمک در انتخاب کارکنان بحث یافته‌اند.

1. محور مالی: نشان دهنده زیرده مالی می‌باشد (قدمی، محسنی، 1384، 4).

2. رضایت شغلی: تأثیر از رضایت کارکنان از کار و حقوق و دستمزد تأمین. (قدمی، محسنی، 1384، 5) صایت

3. رضایت مشتری: عیان است از اولویت مشتری در خصوص کیفیت کالا و خدمات. به این ترتیب، این مطالعه دارای دو صورت بهبودی در انتخاب کارکنان می‌باشد.

4. مرحله‌ی چهارم: مطالعه در زمینه انتخاب صحیح کارکنان با استفاده از تئوری‌های سنجشی و اصول‌های انتخاب کارکنان و بررسی هزینه‌های متقاضی شده است. (Curanuam & Pitt, 1997).

ارائه شده است. به شکلی که تا چه ادعا سطح کالا

ادوار شد. در این اثر برای نظام رضايت مشتری از کالا و خدمات، بهبودی در انتخاب کارکنان می‌باشد.

در این مرحله به دلیل آماری و مطالعه‌های هماهنگ، سرمایه رضایت مشتری و رضایت کارکنان فروشگاه‌های زنجیره‌ای رفاه می‌شود.

- روش‌شناسی بزوهش

این بزوهش از نظر روش، بیمیانه و از حیث هدف کارشناسی است. بیانگر ای است. جامعه آماری بزرگبان حاضر کارکنان فروشگاه‌های زنجیره‌ای از رفتارهای رفاه می‌شود.

1. انتخاب صحیح کارکنان با توزیع اثری بخشی در فروشگاه‌های زنجیره‌ای رفاه می‌شود.

2. انتخاب صحیح کارکنان با توزیع محور مالی (بازه‌های در فروشگاه‌های زنجیره‌ای رفاه می‌شود.

3. انتخاب صحیح کارکنان با توزیع رضایت مشتری در فروشگاه‌های زنجیره‌ای رفاه می‌شود.

4. انتخاب صحیح کارکنان با توزیع رضایت شغلی کارکنان فروشگاه‌های زنجیره‌ای رفاه می‌شود.

- نمونه‌گیری بزوهش

برای انتخاب جامعه آماری از روش نمونه‌گیری تصادفی طبقه ای استفاده شده است. دینا و تجربی که ابتدا جامعه آماری بر اساس تعداد فروشگاه‌های زنجیره‌ای رفاه در استان ثبت نشده در نظر گرفته شده است بعدها از محاسبه دیگر زمان سفارش به تعداد مشخص شده

نتایج مشاهده شده است.
6- روش تجزیه و تحلیل داده های آماری
به منظور تجزیه و تحلیل داده هایی به دست آمده از پرسشنامه‌های جمع آوری شده از روشهای آماری توصیفی و استنباطی استفاده شده است. به دین ترکیب که برای توصیف آماری پاسخ داده شده به سوال‌هایی در پرسشنامه پژوهش ابتدا جدول‌های توزیع فراوانی و درصد فراوانی های مربوط به سوال‌های دموگرافیک و سوال‌های پرسشنامه مطابق ها و پژوهش‌های شده شده است. در سطح استنباطی نیز برای آزمون فرضیه‌ها از آزمون های پیوند و رگرسیون دو متغیره استفاده شده است.

1- توصیف آماری سوال‌های دموگرافیک: اطلاعات به دست آمده در جدول 2 و 3 نشان داده شده است.

جدول 2- توزیع فراوانی و درصد پاسخ‌های نمونه آماری به سوال‌هایی (جنسيت و ضعیت تاهل)

<table>
<thead>
<tr>
<th>جنسیت</th>
<th>زن</th>
<th>مرد</th>
</tr>
</thead>
<tbody>
<tr>
<td>فراوانی درصد</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>کمیت پاسخ</td>
<td>23</td>
<td>30</td>
</tr>
</tbody>
</table>

جدول 3- توزیع فراوانی و درصد پاسخ‌های نمونه آماری به سوال‌هایی (سن، تحصیلات و سابقه کار)

<table>
<thead>
<tr>
<th>سن (سال)</th>
<th>جمع بالاتر از 45</th>
<th>45-41</th>
<th>40-36</th>
<th>35-31</th>
<th>30-26</th>
<th>25-20</th>
<th>پاسخ</th>
</tr>
</thead>
<tbody>
<tr>
<td>فراوانی درصد</td>
<td>43%</td>
<td>17%</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
<td>3%</td>
<td>کمیت پاسخ</td>
</tr>
<tr>
<td>کمیت پاسخ</td>
<td>10</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>کمیت پاسخ</td>
</tr>
</tbody>
</table>

جدول 4- آماره های توصیفی متغیر‌های پژوهش

<table>
<thead>
<tr>
<th>متغیر</th>
<th>ابعاد توصیف آماری بخشی</th>
<th>مالی</th>
<th>رضایت مشتری</th>
<th>شغلی</th>
</tr>
</thead>
<tbody>
<tr>
<td>تعداد</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>بدون پاسخ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>میانگین</td>
<td>4/175</td>
<td>3/538</td>
<td>3/715</td>
<td>3/520</td>
</tr>
<tr>
<td>میانه</td>
<td>4/223</td>
<td>3/528</td>
<td>2/710</td>
<td>3/523</td>
</tr>
<tr>
<td>انحراف</td>
<td>0/476</td>
<td>0/389</td>
<td>0/520</td>
<td>0/479</td>
</tr>
<tr>
<td>معیار</td>
<td>0/647</td>
<td>0/173</td>
<td>0/348</td>
<td>0/529</td>
</tr>
</tbody>
</table>
Table 3: Pearson Correlation Coefficients of the Variables of Job Satisfaction and Abroad (Financial, Career, and Personal Growth) in the Study of 5.5 Employees of the Refah Chain Stores. 

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>M</th>
<th>SD</th>
<th>R</th>
<th>R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>117</td>
<td>5.28</td>
<td>0.52</td>
<td>0.5920</td>
<td>0.346</td>
</tr>
<tr>
<td>Financial</td>
<td>117</td>
<td>5.28</td>
<td>0.52</td>
<td>0.5920</td>
<td>0.346</td>
</tr>
<tr>
<td>Career</td>
<td>117</td>
<td>5.28</td>
<td>0.52</td>
<td>0.5920</td>
<td>0.346</td>
</tr>
<tr>
<td>Personal Growth</td>
<td>117</td>
<td>5.28</td>
<td>0.52</td>
<td>0.5920</td>
<td>0.346</td>
</tr>
</tbody>
</table>

Notes: 1. Pearson correlation coefficients were computed using SPSS software. 2. The significance level was set at 0.05. 3. The correlation coefficients were computed using the formula: 

\[ r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} \]

where \( r \) is the correlation coefficient, \( x \) and \( y \) are the individual scores, and \( \bar{x} \) and \( \bar{y} \) are the means of the scores. 4. A positive correlation indicates a positive relationship between the two variables, while a negative correlation indicates a negative relationship. 5. A correlation coefficient of 0.50 or higher is considered a strong relationship. 6. The correlation coefficients were used to determine the strength and direction of the relationship between the variables of job satisfaction and abroad (financial, career, and personal growth). 7. The significance level was set at 0.05. 8. The correlation coefficients were computed using the formula: 

\[ \text{Pearson Correlation Coefficient} = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} \]

9. The significance level was set at 0.05. 10. The correlation coefficients were computed using the formula: 

\[ r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} \]

where \( r \) is the correlation coefficient, \( x \) and \( y \) are the individual scores, and \( \bar{x} \) and \( \bar{y} \) are the means of the scores. 11. A positive correlation indicates a positive relationship between the two variables, while a negative correlation indicates a negative relationship. 12. A correlation coefficient of 0.50 or higher is considered a strong relationship. 13. The correlation coefficients were computed using the formula: 

\[ \text{Pearson Correlation Coefficient} = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} \]

where \( r \) is the correlation coefficient, \( x \) and \( y \) are the individual scores, and \( \bar{x} \) and \( \bar{y} \) are the means of the scores. 14. A positive correlation indicates a positive relationship between the two variables, while a negative correlation indicates a negative relationship. 15. A correlation coefficient of 0.50 or higher is considered a strong relationship. 16. The correlation coefficients were computed using the formula: 

\[ r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} \]

where \( r \) is the correlation coefficient, \( x \) and \( y \) are the individual scores, and \( \bar{x} \) and \( \bar{y} \) are the means of the scores. 17. A positive correlation indicates a positive relationship between the two variables, while a negative correlation indicates a negative relationship. 18. A correlation coefficient of 0.50 or higher is considered a strong relationship. 19. The correlation coefficients were computed using the formula: 

\[ r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} \]

where \( r \) is the correlation coefficient, \( x \) and \( y \) are the individual scores, and \( \bar{x} \) and \( \bar{y} \) are the means of the scores. 20. A positive correlation indicates a positive relationship between the two variables, while a negative correlation indicates a negative relationship. 21. A correlation coefficient of 0.50 or higher is considered a strong relationship.
۷- نتیجه گیری و بحث
بر اساس اطلاعات به دست آمده از جدول ۵، ملاحظه می‌شود که برای همه فرضیه‌ها در سطح معنی‌داری یک‌در-۰ (۵/۰) و با توجه به معیار ریاضی، میانگین سطح تعیین‌شده در جدول ۶ را داریم. بنابراین به‌طور کل در بخش اول این فرضیه‌ها را رد نمی‌کنیم و به جای آن نتیجه می‌گیریم که در بخش اول این فرضیه‌ها معنی‌دار نیستند. البته در بخش دوم فرضیه‌ها نیز در مورد این بخش‌ها را رد نمی‌کنیم، اما نتیجه‌گیری‌های این بخش‌ها به‌طور کلی میانگین سطح تعیین‌شده را در بخش اول ندارند و بنابراین نتیجه‌گیری‌های این بخش‌ها نیز در بخش دوم نمی‌توانند قابل فهم باشند. در نهایت، نتیجه‌گیری‌های این بخش‌ها نیز در بخش دوم نمی‌توانند قابل فهم باشند. البته در بخش دوم فرضیه‌ها نیز در مورد این بخش‌ها را رد نمی‌کنیم، اما نتیجه‌گیری‌های این بخش‌ها به‌طور کلی می‌توانند قابل فهم باشند.

8- پیشنهادات
با توجه به اینکه نتیجه‌گیری‌های انجام شده در اینجا به‌طور کلی برای اخذ اطلاعات، انتخاب صحیح کارکنان بر اثر بخش و ابعاد آن نتیجه گرفته است که با کاربرای روش‌های جدید و با توجه به معیار ریاضی، میانگین سطح تعیین‌شده را به‌طور کلی در بخش اول داشته‌ایم. در نهایت، نتیجه‌گیری‌های این بخش‌ها نیز در بخش دوم نمی‌توانند قابل فهم باشند. البته در بخش دوم فرضیه‌ها نیز در مورد این بخش‌ها را رد نمی‌کنیم، اما نتیجه‌گیری‌های این بخش‌ها به‌طور کلی می‌توانند قابل فهم باشند.
The Effect of Proper Selection of Employees on Effectiveness
Development in Refah Chain Stores

2. Utilization and implementation of employee selection and training in order to improve the effectiveness of employees in small industries. (Salkow, Christian, 2007)

3. An examination of the impact of training and education on the success of small industry employees. (Wang, John, 2008)

4. Evaluation of the impact of employee selection and training on the growth of small industries. (Salkow, Christian, 2007)


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Examining the Effect of Profitability on the Future Stock Value of Companies Listed In Tehran Stock Exchange

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Abstract
Evaluate and assess the profitability of the companies are always important for owners (shareholders), investors (potential shareholders), financial creditors (such as banks and financial institutions) and especially managers. In other words, one of the criteria for evaluating manager’s performance and also measuring firm value in stock price valuation models is the profit element and the actual and potential profitability. So the ability of predicting firm’s profitability with different methods has a special place in financial research. To predict the potential profitability or non-profitability of companies we rely on the information published by financial statements. Present study is aimed at the investigation of examining the effect of profitability on the future stock value with emphasis on the type of industry. Listed active companies of cement, automobile and pharmaceutical industries in Tehran stock exchange during the years 2006 to 2011 is statistical society of this study. In this paper Pearson, Spearman and regression analysis used for analyzing data and examining the hypotheses. Findings provide that profitability has effect on the future stock value of companies listed in Tehran stock exchange (cement, automobile and pharmaceutical industries). This criterion is useful in forecasting future value and has considerable power of explanation. On the basis of the results, using return on assets in the evaluations to forecast future value of stock is useful for investors.

Keywords: future stock Value, profitability, stock exchange, industry

کلمات کلیدی: بررسی تاثیر سودآوری بر ارزش آتی سهام در شرکت‌های پذیرفته شده در پورس اوراق بهادار تهران

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چکیده

ارزیابی و برآورد سوداوری شرکت ها همراه مورد توجه سازمانی (سهامداران)، سرمایه‌گذاران (سهامداران)، مقایسه و بررسی بر اساس مدل جمعیتی می‌تواند به بررسی دگرگونه‌ای از سرمایه‌گذاران و نهایتاً به شرکت‌ها در مدل‌های ارزیابی شرکت‌ها، ارزیابی و بررسی سوداوری شرکت‌ها باید به طور کامل مطالعه و تحلیل انجام شود.

در این پژوهش، برای بررسی این مدل، سهامداران شرکت‌ها و بانک‌ها به عنوان افراد مالی و خصوصاً سرمایه‌گذاران برای بررسی سوداوری شرکت‌ها به روش‌های مختلفی مورد بررسی قرار گرفتند. در این پژوهش، برای بررسی سوداوری شرکت‌ها به روش‌های مختلفی مورد بررسی قرار گرفتند.


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AZ مقایسه صورتهای سود و زیان هر شرکتی می توان اطلاعات جالبی را در مورد کارایی و مدیریت آن بدست آورد. بیشترین کماتی که در امور مالیه ای زیر لحاظ سرمایه گذاری، اعتبار و یا بارده فعالیت انجام دهنده و یا علاقه‌مند به ممولا به میزان سود شرکت نسبت به فروش و مبلغ سرمایه گذاری توجه می کند. در عمل به یک کمیته که سود واحد تجاری در صورت سرمایه و فروش، ارزش ویژه، دارایی ها و یا سرمایه در گردن در مخرج آن باشد اصطلاحاً بیان می‌کند.

هدف شاخص‌های سوداوری و تعیین میزان موفقیت و تجارت در کسب سود است و در تجربه و تحلیل این شاخص‌ها می‌باشد سود، به طور مطلق یا نسبی در ارتقاء با منبع می‌باشد. این شاخص‌ها می‌توان به موارد زیر اشاره کرد:

- بازده فروش (ROA)
- بازده حقوق سهام
- حاشیه سود ناخالص
- حاشیه سود خالص

از جمله این شاخص‌ها می‌توان به موارد زیر اشاره کرد:

1-Return on Sales
2-Return on Assets
3-Return on Equity
4-Gross Margin
5-Net margin
مقایسه استفاده می‌شود بهتر است در برابر مقدار ROA های گسترش شرکت‌ها ROA شرکت مشابه مقایسه صورت

\[ \text{سود خالص} = \text{بازده دارایی} \times \text{فرت خالص} \times \text{متوسط مجموع دارایی} \]

بازده مجموع دارایی ها را می‌توان به صورت دیگری نیز نشان داد که به فرمول دویوئنت 1 معرف است و در آن

ارتباط بین حاصله سود و گردش مجموع دارایی ها نشان داده می‌شود (arser آتی نگر،1385).

همانطور که مشاهده می‌شود روش دویوئنت رابطه بین گردش دارایی و باید تجاری و بازده فروش را می‌توان سنجش کارایی و ممکن است که در دهه نسبت گردش دارایی ها نشان می‌دهد. گردش دارایی هایی که به تجاری هایی آمده می‌شود و سودی که آن یا بدست آمده است را نمایان می‌کند و در مطالعه اجزای تشکل دهنده دارایی و سود و رابطه آنها مورد استفاده قرار گرفته است. (آذری،45،1374).

در اینجا ارجاع دارد که دو روش جامع نشان دهنده این از طریق بدهی اکثر بانک‌های مورد توجه است، از این رو سرمایه‌گذاران در مورد ارائه نگاره‌های تجاری مذکور نرخ بزده دارایی ها را به کار می‌برند. چرا که بزده حقوق صاحبان سهام، نمی‌تواند ارزیابی صحیح از عملکرد واحد تجاری داشته باشد. به عبارت دیگر اختلاف بین بزده دارایی ها و بزده حقوق صاحبان سهام اثر استفاده از ارزش سرمایه واحد تجاری و در واقع این امر بیانگر خاصیت اهمیت استفاده از بدهی های برجه دار را نشان می‌دهد. همچنین با توجه به این که میزان اهم و وام‌های دریافتی در محاسبه بزده دارایی ها در جمع دارایی‌ها و در مخارج کسر منظر می‌شود، قاعده‌ای با نسبت تجاری بهره‌گیری از هم که از جهتی نتیجه کاربردی وام است در تعیین بزده محسوب گردید. از این رو عده‌ای به همراه داده می‌شود به فاصله را با سود خالص جمع کرده و در صورت کسر قرار می‌دهند و بدين ترتيب اعتبار دهنده‌گان نژد زنی نیافتن واحد تجاری محسوب می‌گردد.

گزیده‌ای از پیشنهادات انجام یافته در خصوص موضوع پژوهش عبارت است از:

1. Du Pont
نتایج نشان می‌دهد که این سایر میانگین‌های مالی، بازده و ارزش شرکت‌ها، سال به سال بزرگتر می‌شود. این نتایج نشان می‌دهد که با افزایش ارزش، قیمت این شرکت‌ها، سال به سال بزرگتر می‌شود.

3. روش‌شناسی پژوهش

پژوهش حاضر از نظر روش، بیماری و از نظر نوع، تحلیلی و از حيث هدف، کاربردی است. جامعهٔ موردی پژوهش شرکت‌های ایرانی بوده و از دیگر پژوهش‌های ایرانی برترین و در دوست‌داره‌های بیشتر نتایج داشته است.

Celdxxxiv

1. Ghosh
2. Nissim & Penman

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همچنان که در جدول (1) ملاحظه می‌شود برای ارزیابی تأثیر متغیر مستقل در پیش‌بینی سود خالص به مجموع دارایی ها

میانگین ساده، مونتاژ میانگین ساده، برای بررسی این که آیا نزدیک‌کننده به سال مورد نظر برای سرمایه‌گذاری محتوا اطلاعاتی دارد یا خیر، میانگین موزون به‌ناحیه‌ای که در آن وزن متغیر با توجه به نزدیک‌کننده به سال مورد نظر تعیین شده است (به ترتیب از 1 تا 3) که در ضمن نسبت قیمت به ارزش دفتری سهام در (متغیر وابسته) مطابق فرمول 2 معمول از ارزش سهام بوده و برای با نسبت قیمت بازار بر ارزش دفتری سهام در پایان دوره می‌باشد.

\[ MBVR = \text{ارزش دفتری هر سهم در پایان دوره/قیمت بازار هر سهم} \]

(2)

جدول (1): متغیرهای پژوهش همراه با علایم اختصاصی آنها

<table>
<thead>
<tr>
<th>علامت اختصاصی</th>
<th>متغیر مستقل</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA ave</td>
<td>میانگین ساده بازده دارایی ها</td>
</tr>
<tr>
<td>ROA w.ave</td>
<td>میانگین موزون بازده دارایی ها</td>
</tr>
<tr>
<td>MBVR A</td>
<td>نسبت قیمت به ارزش دفتری آتی سالینه سهام</td>
</tr>
<tr>
<td>MBVR A.G.M</td>
<td>نسبت قیمت به ارزش دفتری آتی بعد از مجمع عادی</td>
</tr>
</tbody>
</table>

\[ \text{Cedlxxxv} \]

\[ \text{Cedlxxxv} \]
4. فرضیه‌های پژوهش

فرضیه‌های پژوهش حاضر عبارت است از:

1. میانگین ساده‌بازده دارایی‌های در برابر قیمت به ارزش دقتی آنی سالیانه سهام تأثیر دارد.
2. میانگین ساده‌بازده دارایی‌های در برابر قیمت به ارزش دقتی آنی بعد از مجموع معادل تأثیر دارد.
3. میانگین موزون بازده دارایی‌های در برابر قیمت به ارزش دقتی آنی بعد از مجموع معادل تأثیر دارد.
4. میانگین موزون بازده دارایی‌های در برابر قیمت به ارزش دقتی آنی بعد از مجموع معادل تأثیر دارد.

5. یافته‌ها و بحث

به منظور تجزیه و تحلیل داده‌ها و آزمون فرضیه‌های پژوهش از روش‌های بایسکی آمار استنباطی به وسیله بسته‌های نرم‌افزار آماری SPSS استفاده شد. از آزمون و جوهر رابطه بین متغیرهای مستقل و وابسته از آزمون پیرسون و برای تعیین همبستگی بین متغیرهای مستقل و وابسته از رگرسیون خطی ساده استفاده شد. به لحاظ مقادیر بودن ماهیت فعالیت صنایع مختلف در بورس اوراق بهادار تهران و با توجه به اینکه عملکرد و اهداف تجاری متفاوت از شرایط صنعت مرتبطه، منابع نیک و کارخانجات صنایع و رشد و بهبود سازی به صورت جداگانه مورد تجزیه و تحلیل قرار گرفته است. نتایج آزمون همبستگی پیرسون مربوط به جدول (2) نشان می‌دهد که در آزمون فرضیه‌ها میانگین دانسته‌های مربوط به بورس و دفتری و بورس و دفتری می‌باشند و تفاوت با طراحی کمتر است. در حالی که ۵۸ درصد می‌باشد و با توجه به اینکه همبستگی در صنایع امروز، بیش از چندین نیمه درصد به وجود آمده، طرح آزمون می‌تواند ادعا نمود که آزمون‌های فوق در سطح امینی ۹۵ درصد معنادار می‌باشند.

جدول (۲): نتایج آزمون همبستگی مربوط به صنایع سیمان، داروسازی و خودروسازی

<table>
<thead>
<tr>
<th>فرضیه‌ها</th>
<th>صنایع</th>
<th>آزمون</th>
<th>رابطه‌ی متغیرها</th>
<th>تعداد مشاهدات</th>
<th>سطح معنی‌داری</th>
<th>ضریب همبستگی</th>
<th>آزمون</th>
<th>ROA ave-MBVR</th>
<th>A.G.M</th>
<th>سیمان</th>
<th>ی</th>
<th>خودروسازی</th>
<th>ام</th>
<th>داروسازی</th>
</tr>
</thead>
<tbody>
<tr>
<td>H0 ردد</td>
<td>0.001</td>
<td>0.480</td>
<td>48</td>
<td>پیرسون</td>
<td>ROA ave-MBVR</td>
<td>A.G.M</td>
<td>1</td>
<td>سیمان</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>H0 ردد</td>
<td>0.000</td>
<td>0.485</td>
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<td>پیرسون</td>
<td>ROA ave-MBVR</td>
<td>A.G.M</td>
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<td>خودروسازی</td>
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<td>H0 ردد</td>
<td>0.000</td>
<td>0.590</td>
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<td>H0 ردد</td>
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<td>پیرسون</td>
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<td>H0 ردد</td>
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<td>H0 ردد</td>
<td>0.000</td>
<td>0.431</td>
<td>80</td>
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<td>A.G.M</td>
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</tr>
<tr>
<td>H0 ردد</td>
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<td>A.G.M</td>
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<tr>
<td>H0 ردد</td>
<td>0.000</td>
<td>0.529</td>
<td>88</td>
<td>پیرسون</td>
<td>ROA ave-MBVR</td>
<td>A.G.M</td>
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<td>88</td>
<td>پیرسون</td>
<td>ROA ave-MBVR</td>
<td>A.G.M</td>
<td>2</td>
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<td>H0 ردد</td>
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<td>4</td>
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</table>
Examining the Effect of Profitability on the Future Stock Value of Companies Listed In Tehran Stock Exchange

| H₀ | 0.000 | 0.589 | 216 | ROA ave*MBVR A | 1 |
| H₀ | 0.000 | 0.581 | 216 | ROA ave*MBVR A,G.M | 2 |
| H₀ | 0.000 | 0.625 | 216 | ROA w.ave* MBVR A | 3 |
| H₀ | 0.000 | 0.620 | 216 | ROA w.ave* MBVR A,G.M | 4 |

جدول (4): آزمون رگرسیون خطی ساده برای فرضیه‌های پژوهش

<table>
<thead>
<tr>
<th>صنایع</th>
<th>فرضیه 1</th>
<th>فرضیه 2</th>
<th>فرضیه 3</th>
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<td>MBVR A</td>
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نتایج پژوهشی متناظر با اهداف و فرضیه‌های پژوهش عبارت است از:

1. میانگین ساده‌ای بر سر دسته‌ی وارزشی افرادی که دارای ارزش دفتری نسبی قیمت ماده‌ای است.
2. میانگین ساده‌ای بر سر دسته‌ی وارزشی افرادی که دارای ارزش دفتری نسبی قیمت ماده‌ای است.
3. میانگین موزون بر سر دسته‌ی وارزشی افرادی که دارای ارزش دفتری نسبی قیمت ماده‌ای است.
4. میانگین موزون بر سر دسته‌ی وارزشی افرادی که دارای ارزش دفتری نسبی قیمت ماده‌ای است.

نتایج حاصل از بررسی فرضیه‌ها و در شرکت‌های دبیرگرده شده در بازار بورس اوراق بهادار ایران(صنایع سیمان، خودرو و دارو) نشان می‌دهد که معیار بازده دارای این بازار بودن توان توضیح دهنده بالاترین بسیاری از همکاری‌های آنی در شرکت‌هایی پذیرفته شده در بازار اوراق بهادار ایران (مانند صنایع سیمان، خودرو و دارو) معیار مناسبی می‌باشد.

نتایج آزمون این فرضیه با اینکه در آزمون‌هایو همکاری(2001) و گل (2008) مطابقت می‌کند. در این راستا به مداری پیشنهاد می‌شود برای تأکیدگذاری روی ارزش شرکت توجه خود را بیشتر به معیارهای مطابقت با میانگین سود و یا سود نقدی در ارتقاب باشد. جوانه‌که با نظر میرسید از نظر سرمایه‌گذاران، اعلام سود و زیان در مقایسه با نتایج پژوهشی برخوردار است. نوسان قیمت سهام شرکت‌های پس از اعلام EPS و تبادلی بیشتری برخوردار است. تحمل آن و یا اعلام DPS تأثیر مثبت سودآوری بر ارزش شرکت شاید به این خاطر باشد که سودآوری از دید سرمایه‌گذاران نشانه‌ای از عملکرد مثبت مدیریت است.

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1-Ramezani et al
Examining the Effect of Profitability on the Future Stock Value of Companies Listed In Tehran Stock Exchange

Abstract

Current traditional based budgeting at organizations does not represent information concerning results of resource budgeting and degree of efficiency and competency of plans. It also has a short time horizon, and places restrictions on management capability in controlling expenses and supervising each unit performance. To solve the problem, increase responsibility for responding, and allocate optimized sources as well as manage charges, the researcher intends to propose performance based budgeting emphasizing the importance of results and activities. This study aims to investigate the establishment of performance based budgeting system and compare it with the present budgeting system of Aali Nasab Hospital, Health management of East Azerbaijan Province. This research would be a quantitative study. Statistical populations of this study include inpatient services of main operational centers of the Aali Nassab Hospital. Impatient services of Cardiac surgery, due to their paramount importance, were chosen as a statistical sample and were examined during 2009. In order to analyze data and to test hypothesis, this study drew upon management accounting techniques such as Activity based costing, Activity based budgeting and paired T-Test. The results indicate that it is possible to establish performance based budgeting system in the hospital and the establishment will change the hospital's current budgeting system which is based on growing budgeting and will place it according to the volume of the task and function. There is a significant difference between the performance based budgeting system and the present budgeting system in the hospital.

Keywords: Performance budgeting, Traditional Budgeting, Activity based budgeting, Activity based costing

Examining the Possibility of Implementation of Performance Based Budgeting System and Its Comparison with the Current Budgeting System in Aali Nassab Hospital (Health Management of Social Security Organization of Eastern Azerbaijan Province)
چکیده

روش بودجه‌برداری اجتماعی که در سازمان‌ها رواج دارد اطلاعاتی را در خصوص نتایج هزینه کردن اعتبارات و میزان اثری بر وابستگی بر پردازش های ایجاد نمی‌کند. همچنین افراد که مدیریت در ستاد مدیریت و در توانایی مدیریت در کنترل هزینه و نظارت بر اجرای روش‌های مدیریت و روان‌سازی با پایداری، تخصص بهبود می‌شود و در صورت انتقال هزینه بهبودی برای برنامه‌ریزی عمیق‌الغز می‌باشد. توقف نتایج باعث نبوده بهره‌برداری بهتر، کنترل بر خود اقدامات و تغییرات مداخله ها باشد.

بیمارستان‌های مالی نسبت به مدیریت در دست‌رسی جمع‌میانه مطالعه‌های اکثری با توجه به خدماتی که در بیمارستان‌ها ارائه می‌شود بهتر است. مواردی که باعث ارتقای کاربردی می‌کنند می‌باشند. خدماتی که باعث ارتباط بین مراکز خدماتی می‌شود که باعث توسعه بودجه، بودجه‌برداری و توقف نتایج می‌باشد. این موارد به منابع و تفاوت مصرف، تخصیص و بهبود سازمان‌های مالی و مبنا است. همچنین مدل‌های مالی می‌باشند که باعث توانایی اعمال و توقف نتایج می‌شود.

1- مقدمه

روش بودجه‌برداری اجتماعی که در سازمان‌ها رواج دارد اطلاعاتی را در خصوص نتایج هزینه کردن اعتبارات و میزان اثری بر وابستگی بر پردازش های ایجاد نمی‌کند. همچنین افراد که مدیریت در ستاد مدیریت و در توانایی مدیریت در کنترل هزینه و نظارت بر اجرای روش‌های مدیریت و روان‌سازی با پایداری، تخصص بهبود می‌شود و در صورت انتقال هزینه بهبودی برای برنامه‌ریزی عمیق‌الغز می‌باشد. توقف نتایج باعث نبوده بهره‌برداری بهتر، کنترل بر خود اقدامات و تغییرات مداخله ها باشد.

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از نظر که روش موجود محاسبه بهای تمام شده خدمات درمانی بهداشتی در سطح شهر و پیش‌تر نقاط دنیا بر اساس روش ترافیک‌گزاری کلیت وضع شده است. این روش از این رو که، اطلاعات مورد نیاز را برای تصدیق‌گیران در این عصر قرار نمی‌گیرد، برای هماهنگی و هماهنگی و همچنین راهنمایی و هدایت مدیران مالی و بررسی و پیگیری بیشتر های سازمانی می‌تواند کمک کند. باشد سازمان تأمین اجتماعی در دو بخش بهم‌سازی و درمان به بیانشکان آنها خاتمه می‌دهد. این خدمات در بخش درمان از طریق ممکن شدن درمان تأمین اجتماعی استان انجام می‌گیرد. با توجه به اینکه منابع سازمان در سال‌های اخیر با کاهش مواجه شده، لزوم بانگ‌گیری در روش‌های مدیریت هزینه، جهت کنترل هزینه‌ها و تخصیص بهینه اعتبارات بیش از پیش احساس می‌شود. در این راستا این تحقیق به منظور بررسی امکان استقرار سیستم بودجه‌بری عملياتی در این‌ها روش‌های مدیریت درمان تأمین اجتماعی استان از لحاظ شرکت‌های خدمات بهداشتی و درمانی سازمان تأمین اجتماعی، با اینکه این استقرار این سیستم سبب شده به سیستم فعلي سازمانی خواهد بود. و گام موتوری در افزایش کارایی و اخلاقی اعتبارات تخصصی سازمان و کاهش هزینه‌ها و افزایش کیفیت خدمات حاویه داشته‌باشد، انجام می‌شود.

2- مبانی نظری پژوهش

در این بخش به تشریح هر یک از روش‌های بهبودی قابل کاربرد در بودجه‌بری عملياتی پرداخته می‌شود:

1. تنظیم بودجه‌بری عملياتی به روش حسابداری قیمت تمام شده بدون استقرار یک نظام سیستم حسابداری قیمت تمام شده در دستگاه‌های دولتی، تنظیم بودجه عملياتی به روش قیمت تمام شده به امکان پذیر نمی‌باشد. روش حسابداری قیمت تمام شده به وسیله جامعیت کلیه عوامل هزینه (کستمزرد، مواد و سیستم) روش کاری است ولی به کار بستن آن مستلزم استقرار یک سیستم حسابداری مالی و قیمت تمام شده (صنعتی) و پیچیده و پیشرفته می‌باشد. به علاوه جنون هزینه واحده که بر حسب سیستم پیچیده، تغییرات قیمت‌ها می‌کند. هزینه عمليات را در سال‌های مختلف با مدل‌های مختلف می‌داند. در نتیجه، می‌توان گفت روش قیمت تمام شده به دلایلی همه‌جانب استفاده از جهانی مانند اقتصادی، حسابداری تعدیلی، عمده تابع بودن قیمت‌ها و... با محدودیت‌های بالقوه مواجه می‌باشد. حسابداری قیمت تمام شده در امور مالی و تجاری بیشتر معمول است لذا بودجه

47 - Flow of economic resources
برآورد که ابزار طبق روپکرده حسابداری قیمت تمام شده عبارت است از: طبقبندی عملیات، انتخاب واحد انداده گیری، برآورد هزینه یک واحد کار، پیش بینی حجم عملیات و محاسبه هزینه عملیات 2. تنظیم بودجه‌زی عملیاتی به روش انداده‌گیری گیری یک کار کارشناسی

دوامین روش قابل‌کاربرد در بودجه عملیاتی، روش انداده‌گیری گیری یک کار کارشناسی. نامه‌ی تعیین اساسی (1384) انداده‌گیری گیری یک کار، ابزاری از روش برقراری یک راه‌برد صحیح و منطقی میان کار انجام شده به نیروی انسانی به‌منظور به‌کارگیری رفتار در مقدماتی که مقدار کار می‌باشد. این روش وسیله‌ای جهت تجزیه و تحلیل عملیات اداری بوده و فرضی این روش کنترل، مصرف زمان و مشکلات روش حسابداری قیمت، مصرف زمان و توانایی ابزار، وسایل و روش‌های خاصی که در انجام یافتن عمل به کار می‌روند. مقدار زمان مذکور معمولاً بر حسب ساعت، به‌نفره که برای تکمیل یک واحد کار مصرف می‌شود، به‌عینی می‌شود و آن را معیار زمانی می‌گویند (اقتداری 1354).

این روش، به‌طوری‌که در مؤسسات و شرکت‌های صنعتی مناسب است و به دلیل سیاسی بکارگیری آن در امور دفتری و اداری و تحفظات، نسبت به اینکه در مورد کار کناندن سفته‌های دولتی مورد نیاز است، شدید است. (کارشناسی: فعالیت‌های یافته‌ی است در بررسی ابزار بررسی‌های انداده‌گیری و روش‌هایی که انجام دادن کار، که در ضمن فعالیت‌های انسان، و هدف آن بهبود، روش‌های است. همچنین مهندسی روش‌ها و مهندسی زمان و حرکت هم می‌تواند به عنوان معیارهای کارشناسی محسوب شود. (سمعی، 1384).

برای کارکرد مصرف می‌شود و به‌راور‌گیری هزینه‌ها می‌پردازد و از شاخص‌هایی همچون تنمال به مرکزیت 50 و اکتندگی 51 و

48 - Time Study
49 - Time Standard
50 - Senses analysis
51 - Central tendency
تحلیل رگرسیون و همبستگی

3.  تنظیم بودجه‌ریزی عملیاتی به روش به‌هایابی برمنی‌فی‌لایت (ABC)

سومین روش قابل کاربرد در بودجه‌ریزی عملیاتی، روش به‌هایابی برمنی‌فی‌لایت است. به اعتقاد پارکر (1995) هدف اصلی روش به‌هایابی برمنی‌فی‌لایت به‌طور کلی در این روش کاربرد دارد که در ابتدا با بررسی سیستم‌های سازمانی، مطالعه منابع که به‌طور کلی در سازمان‌های مختلف مورد استفاده قرار می‌گیرند مطالعه و بررسی درجه‌بندی و تئوری سیستم‌های سازمانی انجام می‌شود. این روش به‌طور کلی به روش‌های مختلف عملیاتی سیستم‌های سازمانی منابع که در سازمان‌های مختلف مورد استفاده قرار می‌گیرند مطالعه و بررسی درجه‌بندی و تئوری سیستم‌های سازمانی انجام می‌شود. این روش به‌طور کلی به روش‌های مختلف عملیاتی سیستم‌های سازمانی منابع که در سازمان‌های مختلف مورد استفاده قرار می‌گیرند مطالعه و بررسی درجه‌بندی و تئوری سیستم‌های سازمانی انجام می‌شود.
عمليات تشخيصی

بهایی تمام شده فعالیت‌های دارا که به طور کلی بعدها شافاکه بررسی عملیات، دوستان کاری و ارتباط عمیقات آنها و افزایش مستقیم است، با استفاده از رادیوگرافی، استراتژیک که به‌طور کامل دستگاه‌ها و سیستم‌ها را بررسی می‌کند. شاید به‌طور کلی، نشان‌دهنده برای بودجه‌های مدیریت در بخش‌های تشخیصی

بیمارستان آمرودزی شهید دستی‌بیش در سال 1385 پرداخت. عملیات بهایی در بخش‌های تشخیصی و خصوصاً آزمایشگاه و رادیولوژی به منظور محاسبه بهایی تمام شده 10 نوع آزمایش و 5 نوع رادیوگرافی، توانسته‌های به منظور مبناي، مره و مزایاف صورفی، استحکام و صورت مربوط به مرکز بیماران برای تهیه بهایی تمام شده بر حسب گروهی در بخش‌های تشخیصی بیمارستان آمرودزی شهید دستی‌بیش را بدست اورده. نتایج حاصل از پژوهش و نشان می‌دهد که تفاوت میان‌دازی بین بهایی تمام شده محاسبه بهایی روش ABC تنها در بخش‌های تشخیصی بیمارستان شهید دستی‌بیش وجود دارد. مضافاً اینکه روش بهایی بر مبانی فعالیت‌های م과학ی برای محاسبه بهایی تمام شده خدمات در بخش‌های تشخیصی بیمارستان شهید دستی‌بیش شرایط مبنا‌اشد که در جهت استقرار سیستم بودجه‌ریزی عمیقات بايد اجراء شود.

بودجه‌ریزی عمیقاتی و تشخیصی

زنیلان و سلمانی (1390) در تحقیقی به بررسی نحوه استقرار سیستم بودجه‌ریزی عمیقاتی مشابه در شهرداری کلان‌شهر تبریز پرداختند. در این تحقیق ضمن معرفی سیستم بهایی بر مبانی فعالیت بیمارستان‌های غربی مناسب برای محاسبه بهایی تمام شده خدمات شهرداری به‌طور جامع و تطبیق سیستم جامعی از آن رهنی بودجه‌ریزی عمیقاتی برداخته می‌شود و با توجه به تحقیقاتی دفتری و مناقشاتی در بخش‌های تشخیصی، واقعی بهایی تمام شده خدمات به‌طور مبنای شده است. با پیامدی بودجه‌ریزی عمیقاتی به‌طور مبنا بودجه‌ریزی عمیقاتی برمانی مبنا و بهایی تمام شده واقع خدمات خواهیم بود.


- Activity Based Management (ABM)
بهمکاران ۶۴ (۲۰۰۴) در بررسی میزان پذیرش سیستم ABC در بیمارستان‌های کانادا برداختند. هدف اصلی پژوهش آنها بدست آوردن شواهدی در مورد عملکرد پذیرش پایین‌سیستمت ABC جهت استقرار سیستم بودجه‌ریزی عملیاتی و موانع موجود بر سر راه پذیرش و اجرای آن بود. آنها با استفاده از پرسشنامه و مصاحبه با کارمندان کلیدی بیمارستان اطمینان از عنوان‌های ABC بیمارستان اقدام به جمع‌آوری شواهد کردند. نتایج حاصل از پژوهش جهان فراهم کردند که سیستم ABC به عنوان یک ابزار مدیریت بکار گرفته شده، ابزار مربوط به بررسی منافع و هزینه‌های سیستم مدیریت رفاهیت و تصمیم‌گیری نسبت به بودجه‌ریزی پرورده بوده (بودجه‌ریزی عملیاتی) در بیمارستان‌ها استفاده نمی‌شود. علی‌الاصل فقدان این پذیرش را در بدنی مدیران اجرایی نسبت به سیستم و عدم توانایی آن در ارائه یکی از دسته‌های مالی مورث، دولتی بودن تصمیم‌گیری‌های مربوط به تصمیم‌گیری‌های منابع، عدم وجود ارتباط بین انگیزه‌های پزشکان و مدیریت هزینه‌ها و اینکه این سیستم نیز یکی دیگر از بارها تحلیل‌های مدیریتی است، می‌توان جستجو کرد.

وگمان ۶۵ (۲۰۰۶) در تحقیقی با عنوان «توسعه و کاربردهای روش بهبودی پر مسئولیتی»، با تحلیل کاربردهای حسابداری مدیریت با هدف اصلاح روش بهبودی پر مسئولیتی در کشور فرانسه برداختند و در بخش اول کاربردهای حسابداری مدیریت که کیکی از مواردی در استقرار سیستم بودجه‌ریزی عملیاتی استراحتی که می‌تواند کاربردها می‌کند. نتایج حاصل از تحقیق نشان می‌دهد که حسابداری مدیریت از روش‌هایی اصل به عنوان سیستم او بوده‌اند. مدیریت هزینه‌های داخل سازمانی از طریق بودجه‌ریزی عملیاتی و حسابداری مصرف منابع، سازمان را مدیریت می‌کند.

4- سوالات و پریش‌های پژوهش

به منظور تحقیق اهداف پژوهش، پرسش اصلی و پرسش‌های فرعی مطرح شده عبارت است از:

Ccdxcvi

Ccdxcvi

Ccdxcvi

62 - Wegmann (2010)
با توجه به اینکه داده‌ها این تحقیق مربوط به اطلاعات مالی مدیریت درمان سازمان تامین اجتماعی استان آذربایجان شرقی بوده و نتایج آن می‌تواند در استقرار و پیش‌بینی سیستم مورد عملیاتی مجدو واقع شود، در این پژوهش جهت حضور و بهره‌برداری از سیستم بودجه‌برداری، تلاش شده است

با توجه به اینکه داده‌ها این تحقیق مربوط به اطلاعات مالی مدیریت درمان سازمان تامین اجتماعی استان آذربایجان شرقی بوده و نتایج آن می‌تواند در استقرار و پیش‌بینی سیستم مورد عملیاتی مجدو واقع شود، در این پژوهش جهت حضور و بهره‌برداری از سیستم بودجه‌برداری، تلاش شده است.
1. مراکز مالی: افرادی که در مراکز درمانی و بیمارستان های انجام شده در بیمارستان انگلیس می‌گردد. این مرکز وظیفه بررسی‌های ناحیه، نظارت، کنترل، هایات و سپری‌سازی واحدها و مراکز درمانی را دربرمی‌گیره و به عنوان داده‌های معنی‌دار و اهدافی تحقیقی در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان برای ایجاد فناوریهای های عملیاتی اصلی است.

2. مراکز شبیه‌سازی عملیاتی: این مراکز فعالیت‌های عملیاتی در حوزه عمومی و به‌طور مستقیم درگیر ارائه خدمات به بیماران می‌باشند. به‌طور عامی‌انگیز و دستگاهی، ساخته می‌شوند.

3. مراکز عملیاتی اداری: این مراکز فعالیت‌های اداری را تحت مدیریت خود جای می‌دهند و با استفاده از داده‌های عملیاتی و واحدهای مالی، به‌طور مستقیم درگیر کار می‌باشند.

4. مراکز عملیاتی اصلی: مراکز عملیاتی اصلی، به‌طور مستقیم به‌طور مستقیم درگیر فراهم کردن خدمات به بیماران می‌باشند. از قبیل، جراحی، قلب و پا، خدمات فیزیوتراپی و دیگر.

نظرات چندین نفر استفاده گردیده به عنوان نمونه انواع فعالیت‌های شبیه‌سازی عمومی و مراکز درمانی مرتبط در رابطه با تحقیقات و طرح‌های تحقیقاتی در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان برای ایجاد فناوریهای های عملیاتی اصلی است.

ب. شبیه‌سازی تحقیقاتی مبتنی بر مراکز هزینه.

پس از شبیه‌سازی مراکز درمانی و تحقیقات در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان و به‌طور مستقیم فعالیت‌های عملیاتی اصلی با وجود داده‌ها و اهدافی تحقیقی در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان برای ایجاد فناوریهای های عملیاتی اصلی است.

۱. مراکز شبیه‌سازی عملیاتی: این مراکز فعالیت‌های عملیاتی در حوزه عمومی و به‌طور مستقیم درگیر ارائه خدمات به بیماران می‌باشند. به‌طور عامی‌انگیز و دستگاهی، ساخته می‌شوند:

- مراکز مالی: افرادی که در مراکز درمانی و بیمارستان های انجام شده در بیمارستان انگلیس می‌گردد. این مرکز وظیفه بررسی‌های ناحیه، نظارت، کنترل، هایات و سپری‌سازی واحدها و مراکز درمانی را دربرمی‌گیره و به عنوان داده‌های معنی‌دار و اهدافی تحقیقی در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان برای ایجاد فناوریهای های عملیاتی اصلی است.

- مراکز عملیاتی اداری: این مراکز فعالیت‌های اداری را تحت مدیریت خود جای می‌دهند و با استفاده از داده‌های عملیاتی و واحدهای مالی، به‌طور مستقیم درگیر کار می‌باشند.

- مراکز عملیاتی اصلی: مراکز عملیاتی اصلی، به‌طور مستقیم به‌طور مستقیم درگیر فراهم کردن خدمات به بیماران می‌باشند. از قبیل، جراحی، قلب و پا، خدمات فیزیوتراپی و دیگر.

نظرات چندین نفر استفاده گردیده به عنوان نمونه انواع فعالیت‌های شبیه‌سازی عمومی و مراکز درمانی مرتبط در رابطه با تحقیقات و طرح‌های تحقیقاتی در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان برای ایجاد فناوریهای های عملیاتی اصلی است.

ب. شبیه‌سازی تحقیقاتی مبتنی بر مراکز هزینه.

پس از شبیه‌سازی مراکز درمانی و تحقیقات در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان و به‌طور مستقیم فعالیت‌های عملیاتی اصلی با وجود داده‌ها و اهدافی تحقیقی در حوزه‌های مختلف عمومی و عملیاتی تخصصی بیمارستان برای ایجاد فناوریهای های عملیاتی اصلی است.
2. هزینه‌های فعالیت‌های پشتیبانی عمومی براساس محرک‌های فعالیت شناسایی شده در این بخش به مراکز عملیات تشخیصی و عملیاتی اصلی تسهیم می‌گردد.

3. هزینه‌های مراکز عملیات تشخیصی با توجه به محرک‌های فعالیت شناسایی شده مستقیماً به مرکز عملیاتی اصلی تسهیم می‌گردد.

4. پس از تسهیم هزینه‌ها بر روی فعالیت‌های عملیاتی اصلی و محاسبه هزینه‌های این مرکز، با توجه به محرک‌های شناسایی شده، این هزینه‌ها به خروجی‌های جراحی قلب تخصیص داده می‌شود.

- شناسایی و تعیین انواع خدمات بخش جراحی قلب بیمارستان جهت محاسبه بهای تمام شده به روش بهایی بر مبنا فعالیت با توجه به اینکه بیمارستان استاد عالی‌نسب دارای خدمات مختلف و متنوع بیماران می‌باشد، این خدمات از میان این خدمات، انواع خدمات جراحی قلب بدلیل اهمیت و گرفته شده، همیشه این خدمات به دلایل دیگری باشند.

- این خدمات، هزینه‌های عمده‌ای را به خود اختصاص می‌دهند و دارای هزینه‌های مستقیم و غیرمستقیم می‌باشند.

- خدمات جراحی قلب نسبت به سایر خدمات در یک بخش متکی است و این کار تسهیم هزینه‌ها را دقیق تر و استاندارد می‌نماید.

- این خدمات ابتدا بهره‌وری تخصصی می‌باشد.

- نتایج حاصل از انتخاب این نوع از خدمات را می‌توان به بیمارستان‌های تخصصی جراحی قلب تعمیم داد.

- محاسبه بهای تمام شده خدمات بخش جراحی قلب بیمارستان به روش بهایی بر مبنا فعالیت بهای تمام شده خدمات بخش جراحی قلب بیمارستان با استفاده از روش بهایی بر مبنا فعالیت طبق روش ارائه شده محاسبه گردد. طی بررسی‌ها و محاسبات صورت گرفته در بیمارستان، مجموع هزینه‌ها به مراکز هزینه شناسایی شده تخصصی و در نهایت در جدول (4-15) بهای تمام شده خدمات بخش جراحی قلب بیمارستان با استفاده از روش بهایی بر مبنا فعالیت محاسبه گردد.
نتایج حاصل از بررسی سوال‌های فرعی پژوهش

نتایج حاصل از بررسی سوال‌های فرعی نشان می‌دهدکه امکان طراحی سیستم بهایی بر مبنای فعالیت جهت محاسبه و تعیین قیمت تمام شده واقعی خدمات در بیمارستان وجود دارد. در نتیجه با محاسبه بهایی تمام شده خدمات انجام شده در بیمارستان به روش بهایی بر مبنای فعالیت، استفاده از سیستم بودجه‌ریزی بر مبنای فعالیت برای برآورد منابع مصرفی جهت ارتقای حجم خدمات معین و برای دوره بعد امکان پذیر است. نتایج حاصل از بررسی سوال‌های فرعی، امکان استقرار سیستم بودجه‌ریزی عملیاتی در بیمارستان وجود دارد.

نتایج حاصل از بررسی فرضیه فرعی پژوهش

با توجه به اینکه در تحقیق حاضر به منظور تجزیه و تحلیل داده‌ها و آزمون‌های فرضیه‌های فرعی، روش T زوجی گروه‌ای مورد استفاده قرار می‌دهیم، لذا می‌پیامد است برای مقایسه بین فرضیه‌های یک‌طرفه باکمارچی این آزمون‌هایی انتخاب می‌کنیم. پیش‌فرض زوجی از آزمون T زوجی، برخورد با داده‌هایی مربوط به روش‌های مورد آزمون از توزیع نرمال می‌باشد و نتایج حاصل از باکمارچی آزمون T زمانی می‌تواند اعتبار داشته باشد که این فرض برقرار باشد. این امر باید در این بخش از تحقیق با استفاده از روش کولموگوروف-اسمرفون یا سپس از طریق نرم‌افزار SPSS از روش‌های آزمون‌های این که در ستاد مورد بررسی و روش‌های معیار‌های آماری تعیین فرضیه‌های آماری تحقیق می‌باشد. این فرض صفر و فرض مقابل در این آزمون به صورت زیر تعیین می‌شوند:

\[ H_0: \text{توزیع داده‌ها نرمال می‌باشد} \]
\[ H_1: \text{توزیع داده‌ها نرمال نمی‌باشد} \]

نتایج حاصل از این آزمون به تک‌کیفی روش‌ها و مجموع آنها در جدول (1) ارائه شده‌اند:

<table>
<thead>
<tr>
<th>کامپیوتر</th>
<th>تعداد مشاهدات</th>
<th>روش</th>
</tr>
</thead>
<tbody>
<tr>
<td>بهایی بر مبنای تعیینهای (TBC)</td>
<td>16</td>
<td>(k&lt;sub&gt;1&lt;/sub&gt;)&lt;sub&gt;B&lt;/sub&gt;</td>
</tr>
<tr>
<td>بهایی بر مبنای فعالیتی (ABC)</td>
<td>16</td>
<td>(k&lt;sub&gt;2&lt;/sub&gt;)&lt;sub&gt;B&lt;/sub&gt;</td>
</tr>
</tbody>
</table>

جدول (1): نتایج آزمون کولموگوروف-اسمرفون - استفاده از روش بهایی بهایی

\[ \text{Paired T test} \]

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با توجه به ترتيب حاصله، جفت در حاصل مبنای رد آزمون تا پایان اثرات کیفی و فضایی است. در صورتی که قضاوتی دقیق در حاصل مبنای رد آزمون تا پایان اثرات کیفی و فضایی است. در واقع که قضاوتی دقیق در حاصل مبنای رد آزمون تا پایان اثرات کیفی و فضایی است. پس در نظر گرفته شده، به سطح نشست فاشیست های صورت گرفته، به صورت این آزمون کاربرد دارد. این آزمون با تریفای فرضیه های تحقیق در قابلیت فرضیه های ارائه شده یک یکی به مبنای رد آزمون تا پایان اثرات کیفی و فضایی است.

با توجه به ترتیب حاصله، جفت در حاصل مبنای رد آزمون تا پایان اثرات کیفی و فضایی است. در واقع که قضاوتی دقیق در حاصل مبنای رد آزمون تا پایان اثرات کیفی و فضایی است. پس در نظر گرفته شده، به سطح نشست فاشیست های صورت گرفته، به صورت این آزمون کاربرد دارد. این آزمون با تریفای فرضیه های تحقیق در قابلیت فرضیه های ارائه شده یک یکی به مبنای رد آزمون تا پایان اثرات کیفی و فضایی است.


<table>
<thead>
<tr>
<th>H₀</th>
<th>H₁</th>
<th>جفت در حاصل مبنای رد آزمون تا پایان اثرات کیفی و فضایی است.</th>
<th>پیشنهاد</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/873</td>
<td>0/593</td>
<td>32</td>
<td>بهبود می‌شود</td>
</tr>
</tbody>
</table>


<table>
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| ترتیب آزمون مبنای رد آزمون تا پایان اثرات کیفی و فضایی است. |
|---|---|---|---|
| 0/000 | 0/696 | 15 | |
تصمیمگیری نادرست میان دست و پا شد بیمارستان‌ها می‌توانند با استفاده از سیستم بودجه‌بری عملیاتی، با اطمینان بیشتری نتایج حاصل را مورد بررسی قرار داده و تصمیم‌گیری مناسب‌تر و صحیح‌تری با استفاده از اطلاعات حاصل از این سیستم اتخاذ نمایند. در نتیجه می‌توان بیان نمود که بکارگیری سیستم بودجه‌بری عملیاتی، اطلاعات کاملتر و دقیق‌تری را در انتخاب مدیران بیمارستان خواهد گذاشت. با توجه به امکان استقرار سیستم بودجه‌بری ریزی عملیاتی در بیمارستان‌ها، استاد عالی وکاربردی نحوه استقرار سیستم بودجه‌بری ریزی عملیاتی در بیمارستان استاد عالی نسب

نمودار (1): مدل کلی و کاربردی نحوه استقرار سیستم بودجه‌بری عملیاتی در بیمارستان استاد عالی نسب
در این مدل کلیه هزینه‌های لازم جهت دستیابی به اهداف کمی‌تعیین‌شده که با توجه به بررسی‌های انجام شده در

بیمارستان، این هزینه‌ها به دو دسته هزینه‌های مستقیم و غیرمستقیم تقسیم می‌شوند.

هزینه‌های مستقیم می‌توانند از دو دسته هزینه‌های مستقیم بیمارستان طبقه‌بندی‌ی می‌گردد که یکی تأثیر مستقیم بر طرح اقدامات بهداشتی می‌گذارند. گروه دوم از این هزینه‌ها به دسته‌های غیرمستقیم می‌گردد، که اکثریت آنها به‌طور مختصر و تشریح دقیقتر در طبقه‌بندی‌های مختلف می‌شوند.

به‌طور کلی با توجه به این‌که هزینه‌های مستقیم و غیرمستقیم به دو دسته تقسیم می‌شوند، نیاز به تحلیل دقیق این دو دسته برای استفاده به‌کارگیری در سیستم‌های مالی به‌طور مناسب است.

ارائه نتایج این مطالعه به‌صورت یک مقاله در مجله مالی است.
Examining the Possibility of Implementation of Performance Based Budgeting System and Its Comparison with the Current Budgeting System in Aali Nassab Hospital

8- Chongruksut, Wiriya, 2002, The Adoption of Activity-Based Costing in Thailand, School of Accounting and Finance Faculty of Business and law victoria University.

Abstract

The aim of this study is to compare explainatory power of Book Value and intellectual capital (IC) in determination of firm's stock price in Tehran Stock Exchange. To do so, 70 firms listed in TSE are investigated for the period of 2003 to 2012. Pulic (2000) model is used for intellectual capital measurement. The results of the study show that Book Value has more explainatory power than IC. This result shows that, in contrast with most of countries, TSE firms put more emphasis on financial and physical capital, and intellectual capital have not obtained its real role in the capital market of Iran.

Keywords: Book Value, Intellectual Capital, firm's stock price
ارزده همچنین، سرمایه‌ای افزایش یافته و به طور سیستماتیک، ارزش شرکت پایین‌تریابی خواهد شد. یکی از اهداف مهم گزارش‌گری مالی، ارائه اطلاعات مورد برای تصمیم‌گیری است و سیستماتیکی اطلاعات حسابداری، نش بی‌پایان در پیش‌بینی فعالیت‌سازمان‌ها و همچنین محیط اقتصادی کشور ایفا می‌کند. از اطلاعات مهم مندرج در صورت‌های مالی، سود حسابداری است، اغلب تحلیل‌گران مالی در سرمایه‌های ارزگذاری قیمت، سهام و ارزیابی عملکرد بناگاه اقتصادی است. این متغیر استفاده می‌کند (ناطقی، 1383) سرمایه‌های هر دارابی بر می‌گردید که باعث ایجاد جریان‌های نقدی آنی شود. بیشتر دارابی‌های دسته‌بندی شده، ماهیت مشاهده و عینی دارند. بنابراین، سرمایه‌مشهود به دارابی‌های فیزیکی و مالی سازمان اشاره دارد. ارزش این دارابی‌ها به طور اداری افتا می‌شود و به اساسی بر روی ارزش‌پذیری شرکت‌ها به دست آمده از دیگر سرمایه‌های ناشود. این در حالی است که اهمیت دارابی‌های ناشود در تعیین سرمایه‌ای آنی به طور فراوان‌دامی در حال افزایش است. در حال حاضر حسابداری مالی سنتی قادر به محاسبه ارزش واقعی شرکت‌ها نمی‌باشد و تنها به اندیشگری ترازش‌نامه و دارایی‌ها در افرت می‌کند. سرمایه‌های مالی در جهت کامل‌تری به کسب و کار مشاهده ارزش واقعی سازمان‌ها قرار می‌دهد و با استفاده از آن می‌توان ارزش آنی شرکت‌ها را نیز محاسبه کرد (مهدوی و اصغر‌زاد، آمیری، 1388: 101). بطوری که ارور زنده, نهایت به عنوان سرمایه‌های فکری بکار گرفته شده در قابلیت سود‌آوری پایدار و مستمر شرکت‌ها بیش از باید سرمایه‌های مالی باکر گرفته شده می‌باشد.

پایانهای مالی موجب تسهیل جذب سرمایه و وجوه تبدیل یافتن شرکت‌ها شده و با جمع‌آوری و تخصص سرمایه‌ها اندکی و بلاتسابقاته مدیر باعث استرداد سرمایه‌گذاری، تولید و انتقال می‌شود. از طرفی سرمایه‌گذاران همواره به دنبال فرصت‌های سرمایه‌گذاری هستند که احتمالات منفی را برای مبانی سرمایه‌گذاری سنگین‌می‌کند. این راستا با توجه به مبانی و امکانات محدود خود ناگفته از انتخاب بین موردی فرصت‌های سرمایه‌گذاری هستند که در پیش راه‌اندازی امکان‌هایی که احتمالاً سرمایه‌گذاری دارد. جهت نیل به این هدف و روش به‌خشنی به بازارهای مالی از طریق جنب سرمایه‌ها و تخصص مناسب آن‌ها، برای سرمایه‌گذاران لازم است اعمال‌های موثر با معاون‌های پوستری را برای انجام‌پذیری، روابط موجود بین پارامترها اساسی در زمینه سرمایه‌گذاری در سهیم از قبیل ارزش‌دهی و سرمایه‌گذاری در محاسبه و ترازش‌نامه‌ها را در تعیین قیمت بازار شرکت‌های پذیرفته شده در بورس و قدرتی توصیه‌های بیکری، بررسی و مقایسه نمایند.

2- مبانی نظری و ادیب‌های پژوهش

سرمایه‌های فکری، داشتنی است که می‌تواند به ارزش تبدیل شود (1996) ادویتسون و مالونه ارزش شرکت‌ها تابعی از سرمایه‌های فکری و همچنین سرمایه‌های فکری را ترکیبی از سرمایه‌های انسانی و سرمایه‌ساختاری معنی‌داری بسیاری دارند.
برای همکاران سرمایه‌داری فکری را در مفهومی که تامین می‌نمایند، مرتبط است. می‌توان گفت که در سال‌های بیش از ۱۹۹۹، و مکتب همکاران (۱۹۹۹، ۹۸) بوتیس و همکاران (۲۰۰۰) سرمایه‌سازی را نشان می‌دهند. این مسئله در سازمان‌های سرمایه‌داری و همچنین بورس و همکاران (۲۰۰۱) سرمایه‌سازی را ترکیبی از سرمایه‌سازی، تکنیک‌های ویژن‌بندی، تکنیک‌های ویژن‌بندی و تکنیک‌های ویژن‌بندی نوآوری ۱۰ و سرمایه‌ریوی‌های ۱۱ معرفی می‌کند. هدف صورت‌های مالی، ارائه اطلاعات کامل و طبقه‌بندی شده درباره وضعیت مالی، عملکرد مالی و انعطاف‌پذیری مالی و از جمله تجربیات است که برای طرفی که تست از استفاده کننده صورت‌های مالی در انتخاب تصمیمات اقتصادی مفید واقع شود. صورت‌های مالی همچنین نتایج ایجاد و وظیفه مباشرت مثبت‌یابی‌ها را است. برای مثال، سازمانی از مصوبه ۱۶۰ سازمان حسابرسی، ۱۳۸۶. سرمایه‌داری اطلاعات برای سرمایه‌گذاران در سال‌های اخیر مورد توجه هستند. است تنها است که در تصویب سرمایه‌گذاران و سایر گروه‌های دیگر تأثیر بگذارد. برای رسیدن به این هدف، گزارش‌های مالی باید صورت شفافی از تماس‌های فکری و همکاران باشند. امکان در مفهومی که در انتخاب سرمایه‌های مالی اغلب در صورت‌های مالی گزارش می‌شود اما تا کنون استفاده‌های گزارشگری سرمایه‌داری فکری تدوین نشده است و بدلیل اهمیت روز افزون سرمایه‌های فکری در قرآیندی برتری استراتژیک شرکت‌ها، اکثر شرکت‌ها در پایه‌های سرمایه‌داران اولین سال اساسی این است که چگونه سرمایه‌های فکری را براورد با ادعا به‌طور محدود می‌کنند و داده‌های سرمایه‌داری از جمله قیمت‌ها، ارزش‌ها و پرداخت داده‌های واقعیتی، نشان‌دهنده است که در مقیاسی با سرمایه‌داری فکری، قبض و اهمیت سرمایه‌های مالی در تعیین قیمت‌ها چاپ و فکری‌هایی به‌طور قابل توجهی است (آنلاین رسیدی و سرمایه‌داران، ۱۳۸۴: ۵۰). در این راستا، لو و زاویور (۱۹۹۹) در بررسی می‌کنند که سرمایه‌داری اطلاعات مالی در طول ۲۰ سال گذشته کاهش یافته است و لازم است تا این بهبود است که صورت‌های مالی نمی‌توانند بطور کامل تغییرات عدم‌های جمله میزان سرمایه‌داری فکری را متعاقب کنند. در صورت جدید تاکنون تاکنون بر صورت‌های فیزیکی و دارای‌های مشاهدم نمی‌توان به کاربری و شبکه‌بری رسید بلکه در دیدگاه‌های جدید تولید نیاز به‌طور کامل شرکت‌ها را تعیین نمی‌کند. پیشینه‌ها ۲۰ سال‌های سرمایه‌داری فکری را نظر می‌دهد تا این طریق توان بردی از نظر میزان واقعی شرکت یا ارزش‌ها، بازار و فکری شفاف و مشخصی داشته باشند. از سوی دیگر، روس و همکاران (۱۹۹۸) مطرح کرده‌اند که ارزش

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۱. Lev and Zarowin
۲. Bradley
۳. Roos et al.

Chin chen et al. 8
Appuhami 6
Kamath 5
Rudez and Mihalic 4

2. Pew tan et al.
4. Rudez and Mihalic
5. Kamath
6. Wang et al.
7. Appuhami
8. Chin chen et al.

yalama and Coskun (2003) به این نتیجه رسیدند که 0.60 ارزش سرمایه فکری و باستانه و سرمایه انسانی و به ترتیب 0.20 و 0.30 ارزش شرکت تحت تاثیر سرمایه داخلی و خارجی است. پیکسوتو (1999) رابطه بین سود عمده‌ای، سود خالص و ارزش افزوده اقتصادی را با ارزش بازار شرکت‌ها مورد آزمون قرار داد. نتیجه این پژوهش نشان داد که ارزش افزوده اقتصادی نسبت به سود عمده‌ای و سود خالص هم‌بستگی پیشی‌برداری با ارزش بازار شرکت‌ها دارد.

عباسی و صدفی (1389) در پژوهشی با عنوان "پیرسی کارایی نظارت سرمایه فکری بر عملکرد مالی شرکت‌ها در بورس تهران" به این نتیجه رسیدند که ضریب‌های کارایی سرمایه فیزیکی و انسانی تأثیر مثبت و معنی‌داری بر سود هر سهم شرکت‌ها دارد. مالنگز ضریب تعیین نشان داد که سهم هر سهم سرمایه فکری 97 درصد، 98 درصد و 95 درصد به ترتیب نوسان‌های نرخ بازده حقوق صاحبان سهام، سود هرسه و نرخ بازده سالانه را تطبیق می‌کند. اوراوا رستمی و سراجی (1384) در پژوهشی با عنوان منشی سرمایه فکری و بررسی رابطه میان سرمایه فکری و ارزش بازار سهام شرکت‌های بورس اوراق بهادار تهران به این نتیجه رسیدند که هم‌بستگی بالا و معنی‌داری بین سرمایه فکری و ارزش بازار سهام وجود دارد. طالب نیا و همکاران (1391) تأثیر سرمایه فکری بر ارزش بازار و عملکرد مالی شرکت‌های صنعت سیمان را مورد بررسی قرار دادند. نتایج تحقیق آنها نشان می‌دهد که بین سرمایه فکری با ارزش بازار و عملکرد مالی شرکت‌های فعال در صنعت سیمان ارتباط معنی‌داری وجود دارد. هجمنگ نتایج تحقیق آنها نشان می‌دهد که در میان عناصر تشکیل دهنده سرمایه فکری، کارایی سرمایه بکار گرفته شده، دارای بیشترین تاثیر بر ارزش بازار شرکت‌های فعال در صنایع سیمان می‌باشد.

با توجه به تحقیقات انجام شده در ایران تحقیقی در مورد مقایسه بین قدرت توضیحی ارزش فکری و سرمایه فکری در تعیین قیمت بازار سهام شرکت‌های پذیرفته شده در ایران انجام نشده است. نتایج این پژوهش بررسی این موضوع در بورس اوراق بهادار تهران است تا با توجه به این سنوال که کدامیک از مفاهیم ارزش فکری اکثر سهم را بهتر می‌تواند تبیین کند.

3- فرضیه پژوهش

\text{Cdx}

\text{Cdx}

\text{Cdx}

8 Yalama and Coskun
9 O’Donnell et al.

Peixoto.

قدرت توضیحی سرمایه فکری بیشتر از ارزش دفتری در تعیین قیمت سهام شرکت‌های پذیرفته شده در بورس اوراق بهادار تهران است.

4- متغیرهای پژوهش

در این پژوهش ارزش دفتری و سرمایه فکری به عنوان متغیر مستقل در نظر گرفته شده و همچنین از قیمت سهام بازار شرکت‌ها به عنوان متغیر وابسته استفاده شده است. بهطور خلاصه متغیرهای پژوهش حاضر عبارتند از:

1- متغیرهای مستقل

4-1- ارزش دفتری

در پژوهش حاضر از ارزش دفتری منعکس شده در صورت های مالی شرکت‌ها به عنوان یک از متغیرهای مستقل استفاده شده:

$$BV = \frac{(TA-TL)}{WANS}$$

1) موانع موزون تعداد سهام در پایان سال / (کل بدهی‌ها در پایان سال - کل دارایی‌ها در پایان سال)

برای انتخاب مناسبتر سرمایه فکری از مدل پالیک 1 (2000) استفاده شده است. پالیک مدل انتظارگذاری سرمایه فکری را در سال 1997 مطرح و در سال 1998 آن را توسعه داد و در سال 2000 کامل نمود. وی از ضریب (VAIC) ارزش افزوده سرمایه فکری (VAIC) برای انتخاب سرمایه فکری شرکت‌های پذیرفته شده در بورس استرالیا استفاده کرد. در مدل ارزش افزوده از تفاوت به سمتها و داده‌ها صورت رابطه 1 حاصل شده است:

$$VA = \frac{(VAIC)}{داده‌ها - ستاده‌ها = ارزش افزوده}$$

2) منظور از داده‌ها دراهم حاصل از فروش کالا و خدمات است و منظور از ستاده‌ها همه مالیات‌های داده شده است. هزینه‌های به این نرخ که با رفتار برای تولید کالا و خدمات به جز هزینه‌های حقوق و دستمزد کارکنان و هزینه استهلاک است. زیرا پرداخت هزینه نوعی سرمایه-گذاری در نیروی انسانی است و در نتیجه به ایجاد ارزش افزوده فکری و ساختمانی در اثر اصلاح و فرآیند‌ها و مقررات کمک می‌کند. هزینه استهلاک نیز جزء هزینه‌های غیرنقضی شرکت‌های است:

$$Cdx = \text{هزینه استهلاک} + \text{هزینه حقوق و دستمزد کارکنان} + \text{سود عملیاتی} = \text{ارزش افزوده}$$

3. Pulic
ضریب کارایی سرمایه فیزیکی (VACA): این ضریب نشان دهنده ارزش افزوده ایجاد شده ناشی از بکارگیری دارایی های فیزیکی مشهود است. بنی از این دارایی که ریال ارزش افزوده حاصل می شود.

$$\text{VACA} = \frac{VA}{CA}$$

ضریب کارایی سرمایه انسانی (VAHU): این ضریب نشان دهنده ارزش افزوده ایجاد شده توسط کارکنان است که از تقسمی ارزش افزوده به هزینه حقوق و دستمزد کارکنان بسته می آید. به آن معنی است که به ازای یک ریال هزینه حقوق و دستمزد باید به کارکنان برای ایجاد ارزش افزوده به شدت می آید.

$$\text{VAHU} = \frac{VA}{HU}$$

ضریب کارایی سرمایه ساختاری (STVA): این ضریب نشان دهنده ارزش افزوده ایجاد شده ناشی از فرآیندها و ساختارهای موجود در شرکت است. این به آن معنی است که جن درصد از ارزش افزوده شرکت ناشی از سرمایه ساختاری است. سرمایه ساختاری و ضریب کارایی سرمایه ساختاری از رابطه زیر محاسبه می شود (پالیک، 2004):

$$\text{STVA} = \frac{SC}{VA}$$

بنا بر این ضریب ارزش افزوده سرمایه فکری از مجموع ضرایب بالا حاصل می شود:

$$\text{VAIC} = \text{VACA} + \text{VAHU} + \text{STVA}$$

قیمت بازار سهام شرکت ها به عنوان متغیر وابسته در نظر گرفته شده که از ضریب تعداد سهام به قیمت سهام بدست می آید.

روش شناور پژوهش

با توجه به این که داده های این پژوهش مربوط به اطلاعات مالی شرکت های واقعی بوده و نتایج آن می تواند آماده تهیه و ارائه کتابخانه مالی سهام شرکت های واقعی به دلیل این که رابطه عملی و مدلولی بین متغیر های مورد بررسی قرار می گیرد، لذا این پژوهش از نوع توصیفی بوده و از سوی دیگر از لحاظ روش انجام پژوهش از نوع پژوهش های نیمه تجربی پسوردیدادی می باشد و روش تحقیق مورد استفاده از نوع
همبستگی می‌باشد. به‌منظور گردآوری اطلاعات از روش کتابخانه‌ای استفاده شده است. بدین‌گونه که اطلاعات مورد نیاز جهت ادبیات تحقیق و مبانی نظری آن از طریق کتاب‌ها، مجله‌ها و مقاله‌های معترف و پایان‌نامه‌ها، اطلاعات و داده‌های آماری مورد نیاز جهت ارزیابی فرضیه‌ها نیز از طریق منابع سازمان بورس اوراق بهادار تهران 1-گردآوری شده است. با توجه به قلمرو محتوا پژوهش، جامعه آماری این پژوهش شامل کلیه شرکت‌های پذیرفته شده در بورس اوراق بهادار تهران در بازه زمانی 1382 تا 1390 تعیین شده است. در این پژوهش برای تجزیه و تحلیل اطلاعات از روش رگرسیون چند متغیره استفاده شده است. به علاوه، از نرم‌افزارهای Excel و SPSS برای گرافیک و تجزیه و تحلیل آماری اطلاعات استفاده شده است.

پیشنهاد ها

بر اساس نتایج جدول 1 مقدار احتمال مربوط به متغیر مستقل (0.01) کمتر از 0.05 است که با توجه به مثبت بودن مقدار پراورد ارزش دفتری بین بیل مهارت شرکت‌های پذیرفته شده در بورس اوراق بهادار تهران تاثیر مثبت و معنی‌داری دارد. این امر به دنبال آمارهاتسن (1.542) نیز عدم وجود پدیده خود همبستگی بین اقیانسیهای مدل رگرسیونی را پیشنهاد می‌کند. به همین ترتیب، آزمون کولموگروف اسمیرنوف با توجه به این که مقدار آن بیشتر از 0.05 درصد است نرمال بودن باقی‌مانده‌ها مدل‌های رگرسیونی را رد نمی‌کند.

جدول (1): نتایج حاصل از برآورد مدل رگرسیونی برای رابطه بین قیمت بازار سهام و ارزش دفتری

<table>
<thead>
<tr>
<th>مقدار</th>
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<td>0.007</td>
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<tr>
<td>D-W</td>
<td>1.542</td>
<td>13.712</td>
<td>0.230</td>
<td>0.479</td>
<td>0.875</td>
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بررسی نتایج جدول 2 مقدار احتمال مربوط به متغیر مستقل (0.206) بیشتر از 0.05 است که نشان می‌دهد ارزش سرمایه فکری بر قیمت بازار سهام تاثیر معنی‌دار نمی‌گذارد. آزمون کولموگروف اسمیرنوف بررسی نبات‌گیری بین اقیانسیهای تاثیر ارزش سرمایه فکری و ارزش سرمایه فکری ارائه می‌رسد. نیز عدم وجود پدیده خود همبستگی بین اقیانسیهای مدل رگرسیونی را پیشنهاد می‌کند.

جدول (2): نتایج حاصل از برآورد مدل رگرسیونی برای رابطه بین قیمت بازار سهام و ارزش سرمایه فکری

<table>
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### مقدار تایب

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### آزمون کولموگروف اسمیرنوف

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<th>مقدار احتمال</th>
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<tr>
<td>مدل 2</td>
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</tr>
</tbody>
</table>

### بحث و نتیجه‌گیری

سرماهای فکری یکی از موضوعاتی است که در هزینه دستیابی به سرمایه‌ای بدن کاری می‌شود. سرمایه‌ای فکری به‌طور خاص، سرمایه‌ای فکری نمونه‌هایی است که بر اساس مدل‌های مختلف در این زمینه ارائه شده است. سرمایه‌ای فکری به‌صورت ارزش دارایی از سرمایه فکری در تغییرات بazaar سهام شرکت‌های دیگری نشده است. در این مقاله، سرمایه‌ای فکری در مقایسه با سرمایه‌ای مالی و فیزیکی در تغییرات بزار سهام شرکت‌های دیگری نشده است.

### نتایج

- در تغییرات بزار سهام شرکت‌های دیگری، سرمایه‌ای فکری در مقایسه با سرمایه‌ای مالی و فیزیکی، شرکت‌های دیگری نشده است.
- ساره‌ای مدلی در دستیابی به سرمایه‌ای فکری با استفاده از تجربه و ارزیابی ارزش دارایی از سرمایه فکری است.
- در این مقاله، سرمایه‌ای فکری در مقایسه با سرمایه‌ای مالی و فیزیکی، شرکت‌های دیگری نشده است.

### ارزیابی سرمایه‌ای فکری

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<th>ساره‌ای مدل</th>
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</table>

### استنتاج

در نهایت، سرمایه‌ای فکری در مقایسه با سرمایه‌ای مالی و فیزیکی، شرکت‌های دیگری نشده است. در این مقاله، سرمایه‌ای فکری در مقایسه با سرمایه‌ای مالی و فیزیکی، شرکت‌های دیگری نشده است.
سرماههای انسانی در مقایسه با ارزش دفتری قدرت توضیح دهنده‌گی بسیار پایین داشته و حتی پایین‌ترین بودن همبستگی سرمایه‌ای آسانی و ارزش شرکت‌ها بخاطر است که اغلب سرمایه‌ای کمک می‌شود شکسته به ارزش دفتری در سطح پایین‌ترین قرار گیرد. لیل های اک می‌تواند از سرمایه‌ای فکری در تعیین فیلم بازار سهام شرکت‌ها دارای قدرت توضیح واقعی نیستند و تنها یک نکات برای درک استادی کنندگان از این متغیرها در صورتی مالی و پیش‌اندازه‌ای همراه نباشد. اما نسیان است بورس اوراق بهادار تهران در راستای شفافسازی اطلاعات مالی و غیرمالی به ویژه اطلاعات مربوط به سرمایه‌فکری، قوانین و معیارهای عملي و موتر را عملی نماید.

متای و مکات
1. (1384) بررسی تاثیر سرمایه‌های فکری بر ارزش شرکت‌های پذیرفته شده در بورس اوراق بهادار تهران، مجله بررسی‌های حسابداری، شماره 4. صص 62-69.
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Working Papers

(Published here in abstract or extended abstract form)
Relational Resources as Drivers of Export Success: Thai Exporters’ Perspective

Abstract

Several emerging economies such as Thailand are export-dependent. In addition, a majority of exporters from such countries rely on trade relations with their importers to improve their sales. Furthermore, since these exporters invest in tangible and intangible resources, one of their major challenges is to determine which ones create a competitive advantage in the direction of export success when dealing with importers. Although Resource Based View (RBV) and dependence theories have been applied to explain this phenomenon in developed exporting countries, more work is needed for exporting countries such as Thailand. In this study, the RBV literature is extended to understand the links connecting exporter dependence, investment in tangible and intangible resources, and competitive advantage. In addition, the correlation of the linkages between dependence, degree of competitiveness and relationship quality (commitment) and satisfaction are explored. A pilot study was conducted to understand the applicability of this extended Resource Based View (RBV) model on U.S. importers from Thai exporters’ perspective. The questionnaire was administered on Thai exporters using the commercial wing of the U.S embassy in Thailand. Respondents were asked to consider their major U.S. importer while completing the questionnaire. Bivariate correlation indicates that the following variables are positively correlated ($p < 0.05$):

Investment in intangible resources and competitiveness, competitiveness and commitment, competitiveness and satisfaction, and commitment and satisfaction. The correlation between tangible resources (type of product) exported and degree of competitiveness and between exporters’ dependence and competitiveness and dependence and commitment to the exchange was non-significant. These findings are used as a basis for an agenda of testable propositions for relational resources as drivers of export success.

Keywords: Emerging Economies; Exporting, Relational Resources; Export Success

Abstract

Most organizations find that their ability to identify and innovatively exploit opportunities decreases as they move from the entrepreneurial to the growth phase. The key to Success in the highly competitive and dynamic environment that most companies presently operate in is to retain this ability. Therefore, companies need to adopt an entrepreneurial strategy - seeking competitive advantage through continuous innovation to effectively exploit identified opportunities — in order to sustain and grow under such circumstances. As environments become more complex and dynamic, firms must become more entrepreneurial in order to identify new opportunities for sustained superior performance. Corporate entrepreneurship (CE) involves organizational learning, driven by collaboration, creativity and individual commitment. Therefore, it is widely held that human resource management (HRM) practices are an important driver of success. However, there is a pressing need for empirical research that addresses the contributions that HRM makes to a firm’s ability to accept risk, be innovative and be proactive. This paper reviews empirical research linking HRM practices with CE in Globalised Scenarios. It is found that although there is consensus as to the importance of HRM to CE, the empirical evidence is mixed and tends to lack a clear theoretical explanation. This review identifies two central themes that need to be addressed as we seek a theoretical explanation for this important relationship: individual risk acceptance and the encouragement of discretionary entrepreneurial contributions. It is suggested that these two issues are interdependent. Potential theoretical avenues and future research directions are discussed. From a managerial perspective, the results of the study indicate that the Corporate Entrepreneurship Assessment Instrument can be a useful tool in analyzing corporate entrepreneurship environment in the statutory bodies.

Keywords: Corporate Entrepreneurship, Entrepreneurial Leadership, Focused Entrepreneurship, Human Resource Management, Innovation.
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Asian Institute of Technology, Thailand  
Email: st111090@ait.ac.th

Rian Beise-Zee  
Ritsumeikan Asia Pacific University, Japan

The Effects of Expert Communication on Customer Attitudes in Professional Service: The Counter Effect of Source Credibility and Persuasion Knowledge

Abstract

Shared decision making and customer co-creation have been introduced in healthcare and service marketing abundantly but these concepts have no proven confirmation to positive result of customer evaluation. It might mere operational process. Information sharing which consist in prerequisite step of shared decision making has specified to be mostly preferred and had been proposed in this research to become upstream of customer satisfaction. To confirm this question, the authors conducted a scenario-video based experiment of service encounter in doctor-patient counseling. This work serves as empirical evidence that customer satisfaction is indeed dependent with service provider information sharing. Expert recommendation which frequently be used as endorsement in credence service is studied with source credibility of providers and persuasion knowledge of customers. Furthermore, the authors highlight the usage of combination of written scenario and video using individual exposure on tablet as an innovative instrument in this experiment that control for both external and internal validity thoroughly. The major implication of this study is that information sharing is the key to satisfy customer. Professional service providers need to communicate in clear, factual and full informative way. To persuade customer decision, recommendation can be utilized only if customers possess low persuasion knowledge or recognize high credibility of providers. Training to adapt communication approach and observe customer characteristics become primacy to assure and achieve customer positive evaluation at early encounter.

Keywords: Information sharing, expert recommendation, customer attitude, customer satisfaction, service design, scenario and video experiment
Examining socioeconomic factors and political knowledge toward understanding political gender gap in entrepreneur development

ABSTRACT

A deeper understanding of gender gaps is essential because at least some gender differences in the political and business realm are both pervasive and impactful in nature. The aim of this study is to examine the affect of socioeconomic factors on men and women political behaviours in developing entrepreneurship mind set. In this study, socioeconomic, ethnicity, culture and gender are control variables that proposed to influence on political behaviour and entrepreneurs for both male and female. In addition, political knowledge is another variable which proposed to influence on men and women behavioural intention. This research contributes to literature by examining gender gap among developing and developed countries.

Keywords: Socioeconomic Factors, Political Knowledge, Political Gender Gap and Entrepreneur Development

INTRODUCTION

Understanding socioeconomic factors and gender gap helps manager to design internal business strategy in global area. According to Gagliarducci and Paserman (2012) women are still underrepresented in leadership positions in the corporate and business world, in academia, in government, and in other prestigious professions and most of the existing research has focused on explanations of the reasons for this phenomenon. This issue is more obvious in undeveloped and developing countries. Drawing from literatures, men and women tend to behave different political attitudes, for example, as widely noted by both journalists and social scientists (Diekman and Schneider 2010). Thus, the behaviour of men and women are fundamental important toward building up a business regarding to socioeconomic factors and political knowledge.

Previous literature in entrepreneur context mostly focuses on demographic characteristic in shaping entrepreneur development. In this study political knowledge and socioeconomic factors proposed to have significant impact on the development of entrepreneurship. The disparity between male and female participation is evident, in particular when dealing with politics (De Piccoli and Rollero 2010). In fact, gender is significant across all the estimated models, and has a negative sign indicating that women, with other conditions remaining the same, are less passionate about European Central Bank (for example) independence (Hayat and Farvaque 2012). According to Griffin (2010), gender enriches the dynamism both of studies and practices in the global political economy. Therefore, understanding gender gap has political, economical and social impact importance for entire prosperous society and entrepreneurs mind set development.

In this study, socioeconomic, ethnicity, culture and gender are control variables that proposed to influence on political behaviour for both male and female. In addition, political knowledge
is another variable which proposed to influence on men and women behavioural intention. The research objectives are as below:

i) To understand the affect of socioeconomic factors, gender gap and political behaviours to determine entrepreneur behaviour in different culture.

ii) To determine impact of political knowledge on men and women political behaviours in different culture to determine entrepreneur behaviour.

**BACKGROUND**

Theoretically, there is no clear answer as to whether the elected representative's gender is importance for policy choices (Svaleryd 2009). Potrafke and Ursprung (2012) found that in the longer term, globalization is predicted to increase gender equality and suggest optimism regarding the effects of globalisation on women in the development process. Past studies highlight the importance of differences in political dispositions by gender, where women are less likely than men to possess the precursors of political knowledge (Wolak and McDevitt 2011). The contention that femininity makes women unprepared or unsuited for participation in the political realm has roots in both feminist theory and in the field of political science (Cole and Sabik 2010). Among the inequalities studied, gender gaps wherein women are less politically engaged than men have been a consistent finding (though for voting this gap has reversed in the U.S.A since the mid-eighties) (Coffe 2011).

Social scientists have amply documented gender gaps in issues, partisanship and vote choice (Norrander and Wilcox 2008). An increasing number of academic books, Ph.D. theses and articles are being published every year on Gender and Politics (Dahlerup 2010). The inequalities between assigned male and those assigned female, and the behaviours and expressions associated with those categories, have constituted the historic basis of feminist analysis (Francis 2008). Feminists have produced compelling accounts of the entanglement of gender in the global workings of the economy challenging the ‘masculinity hyper mobility’ that has characterized so many academic accounts of globalization (Sharp 2007).

**LITERATURE REVIEW AND THEORETICAL RESEARCH FRAMEWORK**

A deeper understanding of gender gaps is necessary because at least some gender differences in the political realm are both pervasive and impactful (Diekman and Schneider 2010). According to Coffe (2011) further research is needed to study the impact of context on the extent of the gender gap and explore reasons why gender gaps are explained by socioeconomic resources and political attitudes in some nations and not others. In addition, Svaleryd (2009) argue that ethnic group and occupation may also be correlation with preferences and therefore have an impact on policy decisions which need to be study. Hirschl, et al. (2012) found that religiously influenced presidential voting reflects the political behaviour of a relatively privileged component of the electorate. In fact, gender relations are profoundly influenced by the organization of social economy (Clough 2009). Research that delineates the elements of specific roles that contribute to political attitudes is critical to such an understanding (Diekman and Schneider 2010). Further research could clarify how men and women differently manage private life and social/political commitment (De Piccoli and Rollero 2010).

Wolak & McDevitt (2011) pos a question: what factors then might close the gender gap in political knowledge? Scholars of both gender politics and political behaviour more broadly
have, in recent years, produced a wide-ranging body of work that examines the apparent gap in political knowledge between women and men (Dolan 2011). The political knowledge gender gap is real, and it exists across time and space (Dow 2009). Therefore, the problem statement in this study is: understanding socioeconomic factors and political knowledge toward understanding of political gender gap among different nations. The results indicate that expected gender differences disappear when respondents are asked about the levels of women’s representation in the national government (Dolan 2011). An important qualification to our argument is that the gap in gender preferences depends on the extent to which women participate in the labour market, as well as on the probability of divorce (Iversen and Rosenbluth 2006).

Figure 1: Theoretical Research Framework

ENTREPRENEUR BEHAVIOR

Entrepreneurs' behaviour is a key construct in understanding how entrepreneurs create new organizations (Bird et al. 2012). Entrepreneurship, conventionally understood, is a process where opportunity recognition precedes prototype development (Haefliger et al. 2010). Studies on decision making have repeatedly demonstrated that entrepreneurs make extensive use of simplifying heuristics and thus often exhibit cognitive biases (Burmeister and Schade 2007). Entrepreneurs involved in the ownership of multiple businesses (i.e., habitual or repeat entrepreneurs) may accumulate experience, which can be leveraged to identify subsequent business opportunities (Ucbasaran et al. 2009).
Results (Edralin 2012) showed that the positive spillover effects of work on family needs and personal needs of the women entrepreneurs is having good reputation in the community while negative spill over is having to do with health problems/physical exhaustion/stress due to long work hours and workload. Innovation has often been identified as an essential ingredient in new venture success (Baron and Tang 2011). New ventures cannot be created without the leadership of founders who initially define the mission of their organizations, set specific goals, and organize and motivate the efforts of their employees (Ensley et al. 2006).

Wincent et al. (2008) defined entrepreneurs as “perceived compensation for their efforts as an affective reaction to perceived financial results from the venture an entrepreneur is engaged in. Entrepreneurs may work independently to develop their own for-profit businesses or may work in larger corporations and engage in entrepreneurial activities that benefit their employers (Hallak et al. 2012). Baron and Markman (2003) define entrepreneurship as “a scholarly field that seeks to understand how opportunities to bring into existence ‘future’ goods and services are discovered, created, and exploited, by whom, and with what consequences”. Entrepreneurial process-based research has focused on two broad dimensions so far: opportunity recognition and information search, and resource acquisition and business strategies (Liao et al. 2005).

**CONCLUSION**

Innovation is often a crucial ingredient in new venture success but at present, we know relatively little about the role of individual entrepreneurs in encouraging its occurrence (Baron and Tang 2011). The academic interest in entrepreneurs' behaviour focuses on the exploitation of an opportunity and the creation, development, and early growth of a new venture (Bird et al. 2012). Entrepreneurship scholars are seeking to understand ‘why’ and ‘how’ some individuals, and not others, identify more opportunities and opportunities with superior wealth-creating benefits (Ucbasaran et al. 2009). Despite the importance of domain knowledge, commercializing seemed to rely on the user entrepreneurs’ ability to combine domain knowledge and experience with complementary assets (Haefliger et al. 2010).

The creation of firms with innovative products and services has been identified as a key driver for wealth creation and economic growth (Cassar 2006). In most countries, micro-entrepreneurs are an important element of the economy, accounting for the creation of new business opportunities and employment (Bravo et al. 2013). Entrepreneurship is a rewarding yet stressful undertaking, as it is associated with risk taking, income and outcome uncertainty, intense work effort, long working hours, decision autonomy, and considerable responsibility (Uy et al. 2012). The finding that entrepreneurs’ cognitive biases vary with contextual factors indicates that their tendency to exhibit cognitive biases is not rooted in “innate” preferences and, therefore, is not unchangeable (Forbes 2005).

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Role of Strategic Management Elements in determining Firm’s Resource and Competitive Advantage. Study from Nigeria’s Manufacturing Sector

Abstract

The purpose of this study is to investigate the role of strategy formulation, implementation and control as independent variable in determining firm’s resources in form of competitive advantage using Resource base view’s value, rare and inimitable resources as the dependent variable in Nigeria’s manufacturing sector. Data was collected through personal questionnaire from 166 manufacturing firms in Nigeria who are members of manufacturing association of Nigeria within North West and North Central zones, with 70% response rate. The results indicate that there is positive and significant relationship between strategic management elements; implementation and control with elements of competitive advantage; value, rareness and inimitability. According to the result, manufacturers in Nigeria fully agree that strategy control is essential when a unique strategy has been implemented so as to successfully generate competitive advantage. This study adds knowledge to the theory and practice of competitive advantage particularly in Nigeria’s manufacturing firms. Its theoretical and empirical significance adds more insight on the previous empirical studies in the field that is to say it gives guidelines to manufacturers in Nigeria on the impact of strategic management approaches on competitive advantage. For government and firms, the study provides avenue of creation and generation of competitive advantage in Nigeria and Africa as a whole since the phenomena is general.

Keywords: Strategy, Strategic Management element, Resource Base View and Competitive Advantage
Abstract

This study investigates the determinants of overseas research and development (R&D) by Taiwanese multinational enterprises (MNEs) in China. Specifically, we examine the influences of various aspects of localization on affiliates’ R&D intensity. Using surveyed MNE data during 2007-2009, and employing the Heckman two-step approach, the empirical estimations find that MNEs with a larger firm size, more R&D expenditure and a higher outward FDI intensity tend to undertake R&D in China. Moreover, host regions’ characteristics, particularly market size and R&D resource, matter for attracting MNEs to do R&D locally. Crucially, an affiliates’ R&D intensity is related to the degree of localization. The degree of market localization and localization of the R&D network has a positive association with an affiliates’ R&D intensity, while localization of the production network does not result in a positive R&D spillover effect in China.

Keywords: overseas R&D; localization; China

JEL classification: F23, L29, O31, O32
Foreign Multinationals and Wages in Malaysian Manufacturing

Abstract

Using industrial census data for 2000, and smaller sets of survey data for 2001-2004, this paper will revisit the extent of wage differentials between medium-large (20 or more workers) foreign multinational enterprises (MNEs) and local plants in Malaysia’s manufacturing industries. Descriptive statistics suggest that MNEs tend to pay higher wages than local plants and that they tend to hire higher quality labor, in addition to being more capital intensive and larger than local plants. In previous econometric analysis of large, combined samples of 17 manufacturing industries (excluding a few smaller, statistically unusual industries, Ramstetter 2012), estimates of earnings equations suggest that highly statistically significant wage differentials averaging 6-9 percent persisted after accounting for differences in labor quality, capital intensity, size, as well as the effects of industry affiliation and plant location on the constants estimated. When all slopes are allowed to vary among 17 industries (by estimating separate equations for each industry), results varied among industries. Estimates yielded consistently significant and positive differentials for all periods and estimation methods in six industries: food and beverages, chemicals, rubber, general machinery, electrical machinery, and furniture. This paper will extend this research to better account for simultaneity issues and hopefully to extend the paper to include analysis of 1994-1997.

Keywords: Multinational corporations, Southeast Asia, manufacturing, wage determination
JEL categories: F23, J31, L60, O53

Reference

Collegegrad.com as E-recruitment Site by Malaysian College Graduates

ABSTRACT

Electronic recruitment becomes an essential practice among competitive firms in different industry due to the significant importance of human resource capabilities toward building competitive positioning. The purpose of this study is to explore into attitudes and behaviour of college graduated students by examining a question of why Collegegrad.com is less preferred by college graduates as an e-recruitment? The study explore into the attributes of Collegegrad.com compared to those of Jobstreet.com and JobDB.com in a Malaysian context. This study is among a few studies which is evaluating and assessing online job vacancies in Malaysia. Most of previous studies discussed the effectiveness of information system (IS) in general only. In addition, a few studies have examined the attitudes and behavioural intention of graduated students in Malaysia by focusing on international online job vacancies portals.

Keywords: Human resource Management, Online recruitment, Collegegrad.com, Malaysia.
The utility of subscription-based mobile application vendors A case study of BlueBridge Digital

Abstract

Purpose: This case study examines the Software as a Service, recurring revenue model of mobile application development as pioneered by BlueBridge Digital and their subsidiary VisitApps. This system is analyzed against current market trends in relation to the niche industry of tourism mobile application development and the broader mobile application development industry as a whole.

Design: A survey of the industry is conducted via current literature and market analytics. The information for the case study is provided directly by BlueBridge founder and CEO, Santiago Jaramillo in addition to other employees. Additionally, the problem of implementing this model in China and other developing economies is explored via existing literature.

Findings: This paper finds the model Blue Bridge’s subsidiaries offer to be a superior model of application development, delivery, and support than other common existing models for mobile application vendors. Further, many of its best practices may be replicable in developing economies.

Originality: The originality of the business model in question and the exploration of its possible implementation in developing economies provide value and new information to the body of literature and record surrounding mobile application development.

Keywords: mobile application development, software as a service, recurring revenue, tourism
The Influence of Physical Environment on Emotions, Customer Satisfaction and Behavioural Intentions in Chinese Resort Hotel Industry

Abstract

The objective of this study is to examine the influence of physical environment on emotions, customer satisfaction and behavioural intentions in Chinese resort hotel industry. A convenient sampling technique was used to select the sample. A total of 500 questionnaires were distributed to customers of Resort hotels in four different cities of China (PRC) out of which 170 were returned (35% response rate). The result from the finding suggests that customers who have higher perceptions of the physical environment are more likely to have positive emotions, increasing customer satisfaction and behavioural intentions. Therefore, Chinese resort hotels need to pay attention in upgrading their facilities in order to elicit positive emotion and maintaining their relationship with customer satisfaction.

Keywords: Physical environment, Emotions, Customer Satisfaction, Behavioural Intentions

INTRODUCTION

Numerous authors have also stressed this fundamental element of emotion in tourism industry, as emotional experiences within a service environment can affect customer’s perceptions, satisfaction and behaviour, amount of time spent in the service setting, and willingness to revisit (Lin and Liang, 2011; Martin, et al., 2008; Simpeh, et al., 2011). In this context, Walls (2013) explained that emotional component is a natural part of tourism experience. Otto and Ritchie (1996: 168) supports this argument by stating that, “Perhaps more than any other service industry, tourism holds the potential to elicit strong emotional and experiential reactions by consumers”. The prominent role of emotions in bringing benefits such as increased satisfaction, improved retention, favourable word-of-mouth and employees, and enhanced customer loyalty has been repeatedly emphasized in recent hospitality studies (Han et al., 2009; Ladhari, 2009; Lee et al., 2010; Martin et al., 2008).

The influence of the physical environment on consumer behaviour has received significant attention from researchers and has gained a wide acceptance from the academicians and practitioners (Andreu, et al., 2006; Han and Ryu, 2009; Turley & Milliman, 2000). For example, Slatten et al., (2011) points-out physical environment as an important factor that effects customer emotions during a service encounter. However, few studies have focused on the role of emotions while determining the effect of physical environment on the behavioural responses of the customers (Arnold, et al., 2005), especially in the context of collective hedonic services such as spectator sports, performing arts, concert events and events at theme parks and resorts etc. This gap has also been pointed out by Han & Ryu (2009), who
suggested that various internal responses of customers should be included while studying the effect of physical environment and behavioural intentions.

Therefore, this study aims to investigate the effect of physical environment on customer emotions, customer satisfaction and behavioural intentions. The focus of this study will be on Chinese resort hotel industry which is a highly relevant service context to study as China is one of the most popular tourist destinations in Asia for both the domestic and international tourists and is projected to become the largest tourist country by 2013 (United Nations World Tourism Organization, 2012).

LITERATURE REVIEW

Physical Environment
Bitner (1992: 58) used the term *servicescape* to describe the built environment or, more specifically, “the man-made, physical surroundings as opposed to the natural or social environment”. Similarly, Lee and Jeong (2012) defined physical environment as an environment created by service provider including overall layout, design, decoration, and aesthetics. This phenomenon has recently been found to be an important part of consumer evaluation of satisfaction with services (Ruiz, et al., 2012). However, satisfactory experience of the customer usually depends on customer's ability to interact with the physical environment in order to produce a satisfactory consumption experience (Turley & Milliman, 2000). The importance of creating an attractive atmosphere has gained growing attention among scholars and hospitality managers as it is a key factor for attracting and satisfying customers in hospitality industry (Han & Ryu, 2009). In this context, physical environment plays a critical role in differentiating service firms and influencing the nature of customer experiences (Bitner, 1992; Pareigis, et al., 2011).

Emotions
Customer emotion has been studied as a central element by the researchers while investigating perceptions of service experiences (Lin & Liang, 2011). For example, Bagozzi, et al., (1999: 184) define emotion as “a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically; and may result in specific actions to affirm or cope with the emotion, depending on its nature and the person having it.” Similarly, emotions are viewed as intentional and based on specific objects or referents (Burns & Neisner, 2006). In this context, emotions are considered to be a person’s positive (pleased, relaxed, etc.) and negative (nervous, annoyed, etc.) feelings. Numerous researchers have pointed out the significant contribution of customer emotions in selection of service providers, evaluation of service quality, determination of repeat purchasing behaviours and development of brand loyalty (Burns & Neisner, 2006; Lee, et al., 2009; Martin, et al., 2008).

Customer Satisfaction
Customer Satisfaction is defined as “a judgment that a product, or service feature, or the product or service itself, provides a pleasurable level of consumption–related fulfilment, including levels of under or over fulfilment” (Oliver, 1997: 13). On the other hand, Day (1984: 497) described satisfaction from a cognitive perspective as “a post-choice evaluative judgment concerning a specific purchase selection”. Numerous researchers have studied customer satisfaction across hospitality industry. For instance, Westbrook and Oliver (1991) used four emotions-laden items to study customer satisfaction. On the other hand, Amin et al., (2013) pointed out that customer satisfaction is based on four factors i.e., reception, food...
and beverage, house-keeping and price. There is a high tendency for the critical attributes to receive compliments for good performance and vice versa. Thus, many researchers tried to find the best attributes for enhancing customer satisfaction effectively by focusing on the attribute. Consequently, satisfying customers is the ultimate goal of every business due to its potential impact on repeat purchasing behaviour and profits (Jani & Han, 2011; Ryu, et al., 2012; Slatten, et al., 2011).

**Behavioural Intentions**

Zeithaml et al. (1996: 33) states that behavioural intentions “. . . signal whether customers will remain with or defect from the company”. These behavioural intentions are either favourable or unfavourable. The favourable includes positive word of mouth, more spending with the service provider, paying a price premium and remaining loyal. The unfavourable, includes leaving the service provider, negative word of mouth, less spending with the company and/or taking legal action (Ladhari, 2009). Similarly, Oliver (1997: 28) described behavioural intentions as “a stated likelihood to engage in behaviour”. In this context, behavioural intentions are considered to include revisit and word-of-mouth intentions (Jani & Han, 2011). Consequently, customers’ previous experiences with a product or service results in formation of an attitude toward the provider that is greatly associated with consumer intentions to repurchase and recommend (Han & Kim, 2009).

**HYPOTHESES DEVELOPMENT**

**Physical Environment, Customer Satisfaction and Behavioural Intentions**

Previous studies have been found that physical environment effect customers both cognitively and emotionally (Burns and Niesner, 2006; Kim et al., 2009; Bitner, 1992; Ladhari, 2009; Pareigis et al., 2011). For example, a service setting’s physical environment include different elements such as colour, air, scent, illumination, facilities, layout can leads to customer emotion (Andreau, 2006; Baker, et al., 1994; Han and Ryu, 2009; Lin and Liang, 2011). In this context, physical surroundings can influence customers’ behaviour, level of customer satisfaction, the level of their spending on services setting and intention to stay in the future (Bitner, 1992; Jang et al., 2011; Martin, et al., 2008; Mehrabian and Russell, 1974; Wakefield & Blodgett, 1996). Therefore, it is hypothesized that;

- **H1.** Physical environment is positively related to emotions.
- **H2.** Physical environment is positively related to customer satisfaction.
- **H3.** Physical environment is positively related to behavioural intentions.

**Emotions, Customer Satisfaction and Behavioural Intentions**

Past research has indicated that there was a positive relationship between a customer’s positive affect and behavioural intentions (Wong, 2004). When a customer experiences positive emotions in a service encounter, it will lead them to stay with the same service provider and spread positive word of mouth (Jang & Namkung, 2009). In this context, customer emotions and satisfaction with the service encounter play an important role in predicting behavioural intentions (Martin, et al., 2008; Oliver, 1997; Clemes, et al., 2011; Ladhari, 2009). Thus, the following hypotheses are:

- **H4.** Emotions are positively related to behavioural intentions.
- **H5.** Customer satisfaction is positively related to behavioural intentions.

**METHODOLOGY**
Research Instrument
Physical environment was measured using five items adapted from (Wu and Liang, 2009). Emotions was measured using four items adopted from Lin and Liang (2011), while customer satisfaction was operationalized using the four emotion-laden items proposed by Westbrook and Oliver (1991). Four items for behavioural intentions were adopted from (Jani and Han, 2011). A five-point Likert scale were employed in this study starting from 1 (strongly disagree) to 5 (strongly agree).

Sample Design and Data Collection
The target population for this study was limited to those guests who had stayed at Chinese resort Hotels at least once. The survey was conducted through face-to-face interaction with the guests at various locations at selected resort hotels. A self-administered survey was used to collect the data. A convenience sample was drawn for the survey. Sampling was conducted by distributing questionnaires to guests at different times of the day, over three weeks period. In order to reduce the referrals to participate, guests were explained with the purpose of the research. A total of 500 questionnaires were distributed to resort hotel customers and 170 were returned (35% response rate). 48.2 % of the respondents are male and 51.8% respondents represented female. Approximately 12.4% were younger than 20 years of age, 64.1% were between the ages of 21 and 30 years, 17.1% were between the ages of 31 – 40 years and 6.5% were older than 41 years. 40.6% of the total respondents had bachelor degree whereas 48.2% had a master degree. Amongst the 170 respondents, 59.4% were Chinese whereas 40.6% were foreigners.

Analytical Methods
The collected data was analysed using SPSS Statistics 20 and AMOS 20. Following the procedure suggested by Anderson and Gerbing (1988), a measurement model was estimated before the structural model. A confirmatory factor analysis (CFA) was employed to assess the measurement model and to test data quality, including reliability and construct validity checks. Structural equation modelling (SEM) was conducted to assess overall fit of the proposed model and test hypotheses.

RESULTS
Measurement Model
A measurement model was estimated using the maximum likelihood estimation method. The initial 17 items developed for measurement were subjected to CFA. Based on the results of the CFA, one item was deleted because of low factor loadings and low squared multiple correlations. Specifically, 1 items of physical environment (i.e., “The resort’s lighting is appropriate”) was removed. The results of CFA on the remaining 16 items showed a moderate fit to the data. The chi-square value ($x^2$) of the measurement model was 154.795 (df = 98, p = 0.000). The $x^2$/df value of 1.580 falls within a range of below 5 as suggested by Marsh and Hocevar (1988). Other practical fit indices demonstrated that the measurement model fit the data well (RMSEA 0.059; CFI 0.957; GFI = 0.901). Consequently, this measurement model was used for all further analyses.

As shown in Table 1, the composite reliability values were well above the 0.70 level suggested by Nunnally (1978), ranging from 0.77 to 0.87. All standardized factor loadings emerged fairly high and significant, ranging from 0.62 to 0.87. This suggested convergence of the indicators with the appropriate underlying factors (Anderson & Gerbing, 1988). The average variance extracted (AVE) values for each construct were all above 0.50. Further,
none of the squared correlations between pairs of constructs was greater than AVE by each construct (Fornell & Larcker, 1981). Overall, these results showed strong evidence of the unidimensionality, reliability, and validity of the measures.

("Table 1 goes about here")

Discriminant validity of the constructs are shown in Table 2 that shows the discriminant validity of the construct, since the square root of the AVE between each pair of factors was higher than the correlation estimated between factors, thus ratifying its discriminant validity (Hair et al., 2006; Amin et al., 2013).

("Table 2 goes about here")

**Structural Model**

A structural model was estimated to test the hypotheses from H1 to H5. The goodness-of-fit statistics of the proposed model showed that the model reasonably fits the current data. Chi-square value of the model ($\chi^2 = 154.795$, $df = 98$, $p = 0.000$) and other goodness of fit indices (RMSEA = 0.059; CFI 0.957; GFI = 0.901) revealed that the model fit the data reasonably well. The structural results of the proposed model are depicted in Figure 1.

("Figure 1 goes about here")

The hypothesized relationship between the perception of physical environment and emotions was significant ($p < 0.05$), thus H1 was supported. The results indicated that customers who have higher perceptions of the physical environment are more likely to have positive emotions. The path coefficient of the relationship between the perception of physical environment and customer satisfaction was significant, and thus H2 was supported. These findings suggest that a better environment helps customers to get satisfied. The relationship between the perception of physical environment and behavioural intentions (H3) was also supported by an estimate of 0.06 ($p < 0.05$), suggesting that a more positive perception of physical environment leads to more favourable behavioural intentions. This result confirmed previous studies verifying that the perception of physical environment positively influences customers’ behavioural intentions. The conceptual paradigm proposed by Mehrabian and Russell (1974), in which psychological states created by environments influence an individual’s behaviour in terms of approach or avoidance. This finding emphasized the direct influence of the physical environment on behavioural intentions. The path coefficient of the relationship between customer emotions and and behavioural intentions was 0.29 ($p < 0.05$) indicating that emotions of the customers are significant predictor of behavioural intentions. This result supported H4. Lastly, as expected, the linkage between customer satisfaction and behavioural intentions (H5) was supported by an estimate of 0.68 ($p = 0.00$), supporting hypothesis 6 and suggesting that customer satisfaction leads to more favourable behavioural intentions. The summary of the results are presented in Table 3.

("Table 3 goes about here")

**DISCUSSION AND CONCLUSIONS**

The influence of the physical environment on consumer behaviour has received significant attention of researchers (Andreu, et al., 2006), and has also gained a wide acceptance from the academicians and practitioners (Turley & Milliman, 2000). However, few studies have
focused on the role of emotions while determining the effect of physical environment on the
behavioural responses of the customers (Arnold, et al., 2005), especially in the context of
collective hedonic services. This study fills this gap by investigating the effect of physical
environment on customer’s emotions, satisfaction and future behavioural intentions in the
Chinese resort hotels.

These findings were consistent with previous studies identifying the role of atmospherics on
customer emotions (Harris and Ezeh, 2008; Kim et al., 2009; Lin & Liang, 2011) and
customers’ satisfaction and post-consumption behaviours (Bitner, 1992; Ha and Jang, 2012;
Jang et al., 2011; Ruiz et al., 2012; Wakefield and Blodgett, 1994). The findings also show
that customer emotions also significantly influenced behavioural intentions. These findings
are also in line with the previous literature (Burns & Neisner, 2006; Jang and Namkung,

Additionally, this study was conducted in Chinese resort hotels, it is very surprising to see
that despite being one of the fastest growing tourist spot, Chinese hospitality in general and
Chinese resort hotels in particular are overlooked by the researchers. Most of the studies
focusing on service environment, customer emotions and satisfaction and/or behavioural
intentions in hospitality industry focused on restaurants (Chow et al., 2007; Ryu et al., 2012;
Ryu and Han, 2010). Furthermore this study is an extension of the M-R environmental
stimuli-emotional state-behaviour paradigm by including satisfaction in the current model,
confirming that physical environment within any service setting not only influences customer
emotions and behaviours, but also their perceptions such as satisfaction.

MANAGERIAL IMPLICATIONS

The study results indicate that better physical environments would help eliciting positive
customer emotions. It is evident that creating a high quality and attractive environment is not
an option for the management, but a substantial aspect of service quality. As stated earlier,
theme parks and resort hotels emphasize the more hedonic aspects of customer experiences
through an environment reflecting their theme or culture. Thus, atmospherics might be a
critical cue for customers to elicit positive customer emotions as services in resort hotels,
spas, theme parks etc., are consumed primarily to fulfil the customer’s pursuit of pleasure in
their lives (Madrigal, 2003; O’Shaughnessy & O’Shaughnessy, 2002). Thus, Chinese resort
hotels should make an effort to satisfy customers by designing and maintaining good physical
environment, which can lead to positive post consumption behaviours. Chinese resort hotels
should consider physical environment as an effective marketing strategy in order to appeal to
customers from various backgrounds.

LIMITATIONS AND FUTURE RESEARCH SUGGESTIONS

Although the results of the current study have shed light on several important issues, some
limitations need to be considered in future research. Since convenience sampling was used in
this study, results cannot be generalised. For instance the findings should be interpreted with
cautions when applied to different types of hotels or different industries. Future research
should examine the proposed relationships in other types of hotels and industries. Besides,
this study employed a uni-dimensional construct of physical environment. It is advisable to
use multi-components of physical environment in future studies.

References, Figures, & Tables available from the authors
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The Influence of Malaysian Higher Education’s Service Quality on Middle Eastern Student Satisfaction  

ABSTRACT  
The objective of this study is to identify the factors that contribute to satisfaction of Middle Eastern students studying in universities in Malaysia and its effect on student satisfaction. A convenient sampling technique was used to select the sample. A total of 200 questionnaires were distributed to Middle Eastern students of Malaysian Universities out of which 122 were returned (61% response rate). The result from the finding were consistent with previous studies examining the effect of service quality on customer satisfaction and show that generally Malaysian university’s students are satisfied with the service quality performed by them, i.e. academic aspects, non-academic aspects, program issues, reputation and access. Therefore, Malaysian Universities need to pay attention in upgrading their service quality in order to satisfy not only Middle Eastern but also other international students.  

Keywords: Student Satisfaction, Higher Education, Service Quality  

INTRODUCTION  
Organizations from various industries emphasize on service quality due to its strategic role in enhancing competitiveness especially in the context of attracting new customers and enhancing relationship with existing customers (Ugboma et al., 2007). Similarly, the providing quality service in higher education sector is one of the most important priorities for the educational institutes all over the world (Trivellas and Dargenidou, 2008). This sector is playing an increasingly important role in the economy of many nations, and Malaysia is not different. The internationalisation of the higher education sector is a high priority for Malaysian Government where education has been identified as one of the National Key Economic Areas (NKEAs) and Malaysia is trying to position itself as a stable, safe and relatively cheap place for overseas students to study. Efforts are made to improve the world ranking of Malaysian universities and to have 150,000 international students by 2015 (http://www.studymalaysia.com, 2013). Amongst the students coming to study at Malaysian Universities, there is a constant incline in the number of students from Middle East (Malaysia Education Promotion Centre, 2008).  

These international students have grown up in a different environment and are little different from domestic students in a country (Levy, Osborn, and Plunkett 2003; McInnes 2001). Thus, their expectation and perception of satisfaction may differ. So, universities in Malaysia have to consider these different needs of the students in order to satisfy them. Student satisfaction plays a crucial role for the success of a service provider and can act as an essential tool to enhance the universities’ perceived service quality (Abdullah, 2006). Keeping these arguments under consideration, this paper aims to identify the factors that contribute to
satisfaction of Middle Eastern students studying in universities in Malaysia and its effect on student satisfaction.

LITERATURE REVIEW

Service Quality
Service quality is considered to be an important dimension of competitiveness (Lewis 1990). Service quality has been frequently studied in the services marketing literature. During the past two decades it has become a major area of attention to researchers because of its strong impact on customers and organizations (Sureshchandar et al 2002; Seth and Deshmukh 2005). Since a lot of research has been done on service quality, an all-embracing definition of service quality is very difficult to produce (Kitchroen 2004). American Society for Quality (ASQ) defines quality as "The totality of features and characteristics of a product or service that bears on its ability to satisfy given needs" (Haksever et al. 2000, p.331).

Several measurement instruments have been developed aiming to capture and explain the service quality dimensions. SERVQUAL is the mostly used instrument out of these instruments which links the concept of service quality to the notions of perception and expectations. Perceived service quality is the result of comparison between expectations and perceptions (Parasuraman et al., 1988; Gronroos, 1994). However, this conceptualization was under extensive criticised by Cronin and Taylor (1992; McAlexander et al., 1994; Chiu 2002; Teas, 1994) in terms of its applicability and generalizability. It is now agreed in the current literature that perception-only measure of service quality produce a better result than perception versus expectation measure (Sultan and Wong, 2011).

Service Quality in Higher Education
The service quality in the field of education and higher learning particularly is essential and important. It is established that positive perceptions of service quality has a significant influence on student satisfaction (Alves and Raposo, 2010). However, there is a considerable debate about the best way to define service quality in higher education (Becket & Brookes, 2006). According to Cheng and Tam (1997: p.23) “Education quality is a rather vague and controversial concept”. However, defining higher education quality depends on stakeholders, all of whom experience different aspects of the higher education institution. Since the main stakeholder of higher education institution is its students, so service quality is comprised of experiences that students engage during their whole time at the higher education institution (Roland, 2008). In this context, it is observed that universities are operating in an environment where understanding the role and importance of service quality is important (Shank et al., 1995; Trivellas and Dargenidou, 2008).

Abdullah (2005) presented HEdPERF, a service quality scale to measure perceived service quality within Malaysian higher education sector using five dimensions i.e., Academic aspects, Non-academic aspects, Program issues, Reputation and Access. Another scale named as “The Performance–based Higher Education” (PHeD) developed a 67–item instruments for evaluation of perceived service quality of Japanese universities (Sultan & Wong, 2010a). This study has eight dimensions. These are dependability, effectiveness, capability, efficiency, competencies, assurance, unusual situation management, and semester–syllabus. Similarly, LeBlanc and Nguyen (1997) examine the dimensions of service quality and their relative importance to service quality as perceived by business students. This study develops 38–item based on eight dimensions i.e., personnel/faculty, contact personnel/administration, responsiveness, reputation, curriculum, physical evidence and access to facilities. Despite the
contribution of this study to finding dimensions, the major limitation of this study is that it considers only a small business school of a university and its student population (LeBlanc and Nguyen, 1997). In another study, Tahar (2008) state that students define quality base on five dimensions i.e., ability to create career opportunities, issues of the program, cost/time, physical aspects and location.

**Student Satisfaction**

Hunt (1977: 459) defines satisfaction as “a consumer’s post purchase evaluation of the overall service experience (process and outcome). It is an affective (emotion) state of feeling reaction in which the consumer’s needs desires and expectations during the course of the service experiences have been met or exceeded”. Similarly, Kotler and Clarke (1987) define satisfaction as a state felt by a person who has experienced performance or an outcome that fulfill his or her expectation. According to Sapri and Finch (2009) student satisfaction plays an important role in determining the accuracy and authenticity of the services being provided.

Student satisfaction can be explained many ways. Kaldenberg et al. (1998) discussed and found that in the college, student satisfaction was driven by evaluating the quality of coursework and other curriculum activities and other factors related to the university. Grossman (1999) discussed that student could be treated like a customer or a client within the college and in that case, the college serve the students on a better priority to fulfill their expectations and needs. Elliot and Healy (2001) proposed student satisfaction is a short-term attitude, derived from the evaluation of the received education service. Factors influencing student satisfaction can be divided into institutional factors and personal factors (Appleton-Knapp & Krentler, 2006). Institutional factors related include the quality of instructions, the quality and promptness of the instructor’s feedback as well as the clarity of his/her expectations, the teaching style of the instructor, the research emphasis of the institute and the size of classes (Dana et al., 2001; Fredericksen et al., 2000; Krentler & Grundnitski, 2004; Lado et al., 2003; Porter & Umbach, 2001). Personal factors that have been found to be predictors of student satisfaction are age, gender, employment, temperament and preferred learning style and students’ grade point average (Brokaw et al., 2004; Fredericksen et al., 2000; Porter & Umbach, 2001).

**Service Quality and Student Satisfaction**

There are several studies done in past which shows that various service quality of higher education leads to student satisfaction. Abdullah (2005) pointed out the non-academic aspects, academic aspects, program issues, access and reputation are determinants of service quality in higher education. Afzal et al. (2010) reported Design, Delivery and Assessment, Academic facilities, Non-academic facilities, Recognition, Guidance, Student representation, Study opportunities and Group size are the eight dimensions that determine the service quality of the higher education. Bitner & Zeithaml (1996) have discussed that the communication skills of teaching staff, the effective interaction between staff and students can help students achieve study objectives, leading to higher student satisfaction. Kuh and Hu (2001) have claimed that effective interaction between student and faculty is a strong predicator of student satisfaction. Kara and DeShields (2004) hypothesized that faculty performance, advising staff performance, and classes would influence students’ academic experience and which in turn would influence the student satisfaction. Delaney (2005) reported that academic staff, academic experience, residential life, social life on campus, personal development opportunities, student service and resources were the service quality that lead towards the student satisfaction. Brochado (2009) found that HEdPERF, distinguished non-academic aspects, academic aspects, program issues, access, and reputation
in higher educational service, had high correlation with overall satisfaction, future visits and intention to recommend the university to a friend. Huang (2009) also in his paper found HEdPERF service quality sub-variables like academic aspects, non-academic aspects, access superior to determine the student satisfaction of Xiamen University of China. (Huang, 2009). This is the reason this study also adopts HEdPERF as the theoretical base and hypothesises that five dimensions of HEdPERF significantly influence student satisfaction (as shown in Figure 1).

\[ H1: \text{There is a relationship between non-academic aspects and overall student satisfaction of the students.} \]

\[ H2: \text{There is a relationship between academic aspects and overall student satisfaction of the students.} \]

\[ H3: \text{There is a relationship between reputation and overall student satisfaction of the students.} \]

\[ H4: \text{There is a relationship between program issues overall student satisfaction of the students.} \]

\[ H5: \text{There is a relationship between access and overall student satisfaction of the students} \]

(“Figure 1 goes about here”)

**METHODODOLOGY**

**Research Instrument**
The constructs in this study were measured using a five-point Likert-type scale and multiple items. All measurement items validated in previous studies were borrowed and slightly modified to match with the objectives of this present study. For all measurement items across categories, scores ranged from 1 (strongly disagree) to 5 (strongly agree). Academic aspects were assessed using nine items adapted from (Abdullah, 2006; Huang, 2009). Non-academic aspects were measured using ten items adopted from (Abdullah, 2006; Huang, 2009). Program issues, reputation and access were measured using four items each adapted (Abdullah, 2005; Brochado, 2009). Lastly, student satisfaction was measured using five items adopted from (Abdullah, 2005; Westbrook and Oliver, 1991).

**Sample Design and Data Collection**
The target population for this study was limited to Middle Eastern students studying in Malaysian Universities. The survey was conducted through face-to-face interaction with the students at various universities in Malaysia. A self-administered survey was used to collect the data. A convenience sample was drawn for the survey. Sampling was done by distributing questionnaires to students at different times of the day, over four weeks period. A total of 200 questionnaires were distributed and 122 were returned (61% response rate). Of these useable responses, there were 58.2% and 41.8% responses received from male and female respondents, respectively. It was revealed from the frequency analysis that 2.5 per cent of the respondents, belonging to below 20 year old age group. The age group that dominate the survey responses is 26 – 30 Years old which is 328 per cent of the responses, yielding 40 responses. Followed by this group is 27.9 per cent of the students, yielding 34 responses, and they are 31 – 35 year old age group. The next group of students belong to 20 – 25 year old age group, totalling 32 responses or 26.2 per cent of the total response. The last groups of students belong to above 35 years old age group providing 10.7 per cent of the total responses or 13 responses. The survey also tried to incorporate
representative student samples across their ethnicity or nationality. The findings state that 9 per cent students were from Saudi Arabia, 4.9 per cent students were from Yemen, 18.9 per cent students were from Sudan, 26.2 per cent students were from Libya and 41.0 per cent students were from Iran. In terms of the type of educational institute, 62.3 % of the total respondents were studying in public institutes whereas 37.7 % of the total respondents were studying at private institutes. The survey also tried to investigate the sources of funding for the representative student sample. The findings state that 73.8 per cent students were funded by their parents family or self-funded. 4.9 per cent students were being funded by their organizations or work place whereas 21.3 per cent students were getting funded by their respective governments. Demographic profile of the respondents is shown in Table 1.

Table 1 also shows the descriptive statistics for all the five dimensions of service quality. The overall mean score for academic aspects is equal to 3.576 on a 5 point Likert scale showing that students agree with the statements related to academic aspects. The overall mean score for non-academic aspects is equal to 3.939 on a 5 point Likert scale showing that students agree with the statements related to non-academic aspects. The overall mean score for program issues is equal to 3.618 on a 5 point Likert scale showing that students agree with the statements related to program issues. The overall mean score for reputation is equal to 3.901 on a 5 point Likert scale showing that students agree with the statements related to reputation. The overall mean score for access is equal to 3.891 on a 5 point Likert scale showing that students agree with the statements related to access. The overall mean score for student satisfaction is equal to 3.873 on a 5 point Likert scale showing that students agree with the statements related to their satisfaction.

Regression Analysis
Regression analysis was conducted to test the relationship of higher education service quality dimensions and student satisfaction. Five dimensions of higher education service quality were considered as independent variables whereas student satisfaction was regarded as dependent variable.

The regression analysis for the relationship of academic aspects and student satisfaction is shown in Table 2. β = 0.802, t = 0.15, p = 0.000, which has reach a statistical significance. It means that academic aspects of a higher education institution have a significant influence on student satisfaction. Hence, H1 supported. Similarly, for the relationship between non-
academic aspects and student satisfaction is also significant ($\beta = 0.124$, $t = 0.973$, $p = 0.000$). It means that non-academic aspects of a higher education institution have a significant influence on student satisfaction which supports H2. The regression analysis for the relationship of program issues and student satisfaction is shown in Table 2. $\beta = 0.061$, $t = 0.573$, $p = 0.002$, which has reach a statistical significance. It means that program issues have a significant influence on student satisfaction. Hence, H3 supported. The relationship between reputation and student satisfaction is also significant ($\beta = 0.217$, $t = 1.613$, $p = 0.011$). It means that reputation of a higher education institution have a significant influence on student satisfaction which supports H4. Lastly, the regression analysis for the relationship of access and student satisfaction ($\beta = 0.375$, $t = 3.851$, $p = 0.000$) has a statistical significance. It means that access have a significant influence on student satisfaction. Hence, H5 supported. From the regression results in Table 2, it can be observed that the coefficient of determination (adjusted R square) value is 0.519. It means that 51.9% of the variance in student satisfaction can be influenced by these five dimensions of higher education service quality (academic aspects, non-academic aspects, program issues, reputation and access). The remaining 48.1% of variance in student satisfaction can be influenced by other factors outside the model.

**DISCUSSION AND CONCLUSION**

Higher education service providers emphasize on service quality due to its strategic role in enhancing competitiveness especially in the context of attracting and retaining students by satisfying them (Wong and Sultan, 2010). Service quality in higher education is studied by numerous researchers. However, limited number of studies has focused on international student’s perceptions of service quality provided by universities (Hanaysha et al., 2011). This study fills the gap by investigating the effect of Malaysian universities’ service quality dimensions (HEdPERF) on Middle Eastern student satisfaction. The findings showed that all the dimensions of service quality influences student satisfaction. These findings were consistent with previous studies examining the effect of service quality on customer satisfaction (Abdullah, 2006; Afzal et al., 2010; Hanaysha et al., 2011; Kuh and Hu, 2001; Sultan and Wong, 2010).

Determining and assessing students’ satisfaction based on their perception of university’s service quality is not easy, but can be very helpful for the university to build strong relationship with their existing and potential students (Hanaysha et al., 2011). The results also indicate that generally Malaysian university’s students are satisfied with the service quality performed by them, i.e. academic aspects, non-academic aspects, program issues, reputation and access. In other words, Malaysian Universities have successfully implemented their policies of providing quality services to students.

**LIMITATIONS AND FUTURE RESEARCH SUGGESTIONS**

The findings are based on the data collected from Middle Eastern students in Malaysia Universities, so the results cannot be generalised. A larger sample from other backgrounds should be included in future studies.

References, Figures, & Tables are available from the authors
Skill Wage Gap in Brazil: 1980-2000

Abstract

It is generally accepted that migration will lead an increase in income. However the question is how income will be distributed across individuals in society? If migrants have lower education levels, when compared to current urban workers, then the inflow of migrants will increase the skill wage gap in urban areas. Previous work on this topic has focused on international migration in developed countries. To the best of our knowledge this is the first study to look at the impact of rural-urban migration on city wages. Our results contribute to the evaluation of regional policies, as recent research has found that regional policies can lead to an increase in the number of rural to urban migrants.

We use data from the Brazilian Census for 1980 to 2000 to estimate the elasticity of substitution between high and low skill workers. We instrument for the change in the ratio of high to low skill workers, with rural-urban migrants (driven by rainfall shocks in rural areas). We find an elasticity of substitution between high and low skill of 0.52, much lower than what has been found in the international migration literature. This is driven by people moving from the formal to the informal sector. Our simulations show that migration between 1991 and 2000 lead to an 8.5% decrease in the wage gap between high and low skill workers, in Brazil.
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**Relationship Of Business Strategy, Strategic Capabilities And Environmental Uncertainties On Organization Performance Of Malaysian Hotel Industry**

**ABSTRACT**

This concept paper investigates the relationship of business strategy, strategic capabilities and environmental uncertainties on organizational performance in context of hotel industry in Malaysia. This study provides literature reviews regarding underpinning theories, Porter’s generic competitive strategy, strategic capabilities, environmental uncertainties on organizational performance. This paper reveals the specific matching between competitive strategy and strategic capabilities. Moreover, the research methods of this study are disclosed. Finally, this study provides several implications to the researchers and practitioners regarding the strategy, capabilities, environmental uncertainties and performance nexus.

**Keywords:** Competitive Strategy, Capabilities, Environmental Uncertainties, Performance
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**Effects of Abusive Supervision, Clinical Learning Environment on Turnover Intention among Trainee Doctors in Public Hospitals, Malaysia**

**Abstract**

Effective development of professionals requires the existence of strong supervision. With regards to healthcare, supervisors have an important role to play as they are role models for young doctors. However, emphasizing on brute force such as abusive supervision will lead to trainee doctors’ intention of leaving of the medical profession. In contrary to expectation, prior literature indicated that abusive supervision may have positive effect on performances of supervisees. For instance, it was indicated that supervisees were found to be highly responsive towards negative aspects of external context, which tend to have stronger influence on supervisees attitudes and behaviours compared to positive contextual aspects. These indicate that supervisors may mistreat their supervisee in order to enhance supervisees’ performance. Furthermore, it was posited that for a trainee doctors undergoing internship, it is dependent for its accomplishment on two key factors, which includes effective supervision and the provision of a favourable clinical learning environment.

Thus, the main objective of this study is to examine the effects of abusive supervision, clinical learning environment, on turnover intention among the trainee doctors in public hospitals in Malaysia. Thus, the relationship between abusive supervision and turnover intention will be examined. Clinical learning environment will be included as a mediating variable in the abusive supervision – turnover intention relationships.

The individual trainee doctors who are undergoing internship in Malaysian public hospitals will be the units of analysis. The respondents will be selected from the number of trainee doctors in approved government hospitals for internship training in Malaysia, listed in the Malaysian Medical Council webpage and the questionnaires will be self-administered to trainee doctors at public hospitals of Wilayah Persekutuan, Malaysia. Systematic sampling will be utilized.

From the preliminary search of literature, there seems to be no study that identified to what extent abusive supervision can have effect on turnover intention among public hospital trainee doctors in Malaysia. Additionally, to date, based on the researcher’s best knowledge, no empirical research were found on the antecedents of clinical learning environment and specifically on the effect of abusive supervision on clinical learning environment of trainee doctors. Therefore the findings of this study is expected to provide theoretical basis and empirical evidence on whether abusive supervision is essential or not towards stimulating clinical learning environment as well their influence on turnover intention among trainee doctors. Moreover, this study is expected to contribute to the body of knowledge especially in the human resource development field as well as practical implication for the hospitals especially in terms of developing future doctors.

**Key Words:** Abusive Supervision, Clinical Learning Environment, Turnover Intention
Substitutes for Leadership: An Alternative Perspective

Abstract

This study has examined the mediating effects of substitutes for leadership on the relationship between leadership styles and followers’ outcomes. Data were collected through self-administered questionnaires and 523 usable responses were retrieved. The proposed relationships were tested using simple and hierarchical regression in SPSS. The results of simple regression regarding the individual’s effects of leadership styles and substitutes for leadership on outcomes revealed that majority of the predictors have positive effects on outcomes. Hierarchical regression results showed that some of the substitutes for leadership have significantly mediated on leadership styles and followers’ outcomes. This study concluded that if a leader develops pervasive understandings about the nature of substitutes for leadership then it is easy for him/her to get the desired outcomes.
The Determinant Factor Influencing the Attitude of Zakat Payer: A Case Study of Aceh, Indonesia

Abstract

The objective of this study is to identify the determinant factors influencing the attitude of zakat payers in Aceh, Indonesia. A convenient sampling technique was conducted to distribute the questionnaire to respondents. There are four dimensions to identify the determinant factor of zakat payer: iman, zakat knowledge, trust, and payment system accessibility. The result of the study found that the main factor influencing the attitude of zakat payer are iman, zakat knowledge, payment system accessibility and trust to institution.
The Impact of Corruption on the Global Competitiveness of Arab Countries

Abstract

Corruption is a worldwide phenomenon that has been accompanying civilizations since the dawn of civilization. It has different types, forms and shapes and it encompasses various activities such as extortion, bribery, money laundering, and human trafficking. Even when it comes to definition, scholars are not able to come up with a unified definition for this phenomenon.

This research focuses on corruption in general at the country level. Specifically, it sheds light on the corruption phenomenon across the Arab world. Looking at different facets of the Arab countries, this study aims to determine the impact of economic, political, demographic, and socio-cultural systems on the dynamics of corruption.

Several hypotheses will be developed depicting the relationship between independent variables such as GDP per capita, economic stability, political unrest, population per square km, and the level of education and the dependent variable “level of corruption”.

The sources of information for collecting data for this study will come from the World Bank database, International Monetary Fund datasets and Transparency International, in addition to the local media and news. Data will be collected for 18 Arab countries over a period of 10 years. A longitudinal analysis will be conducted on this data to generate reliable results that will enrich our understanding of this phenomenon in the designated countries.
Impact of Money Laundering on the Marketing Performance of Multi-National Corporations

ABSTRACT

The purpose of this research is to determine the characteristics of countries that attract money laundering activities. Money laundering is one of the major corrupt activities that are destroying economies and damaging countries’ welfare. With an estimation of USD 2,850 billion of laundered money flows around the world, it is very important to understand the characteristics of destination countries that prompt Multinational Corporations (MNCs) to break the hyper-norm of anti-corruption and engage in such a criminal offence. Using “Anomie Theory” conjectures, antecedents are divided into opportunities and conditions. Data from more than 50 countries will be obtained from several sources including the UN Center for International Crime Prevention database, the US federal database, and other reliable datasets. A regression model will be deployed to determine the effect of country-level and characteristics on the MNCs money-laundering activity.

Key words: Corruption, Multinational Corporations (MNCs), Anomie Theory; money laundering

INTRODUCTION

Corruption is one of the oldest challenges facing humankind. Throughout history, this phenomenon has been a major factor in the fall of great civilizations (Aron, 1959 in Wertheim, 1964). Corruption defined in the contemporary literature as “abuse of public authority for private gain” (Husted, 1999; Jain, 2001; Shleifer & Vishny, 1993) has caught interest in various domains, including political science, sociology, economics, ethics, law and criminology, international business, and management. This research studies the phenomenon from both demand and supply side.

LITERATURE REVIEW

In international business, corruption has been studied extensively in order to understand its causes and effects on multinational corporations’ strategies (Rodriguez et al., 2006). Researchers are basically interested in MNCs' strategies to cope with the corruption of host governments, (Rodriguez et al., 2006). Ring et al. (1990) advocate the MNC use of several strategies such as "forestalling" and "absorption" to counter political and economic imperatives in host countries. Doh, Rodriguez, Uhlenbruck, Collins & Eden (2003) discuss the effects of corruption on the MNC, the government, and the society as a whole and suggest five strategies for coping with corruption including "avoidance", “adjusting [the] entry
mode”, and “internal training”. Similarly, Rodriguez et al. (2005) introduce a model where the MNC can choose to enter a corrupt country either in the form of a “strategic partnership” or as a “wholly-owned subsidiary”, depending on the level of arbitrariness and pervasiveness of corruption in the designated country. Finally, Uhlenbruck et al. (2006) find evidence from the telecommunication industry that the combined effects of corruption pervasiveness and arbitrariness lead the MNC to choose a "non-equity" entry mode into the corrupt country.

The other area of concentration of international business scholars is on the relationship between corruption in a host country and the flow of foreign direct investment (FDI). Wei (2000) finds a significant decrease in the level of inward FDI to host countries as a result of an increase in the level of corruption. Conversely, Kwok and Tadesse (2006) suggest evidence that higher levels of FDI reduce corruption in the host country. Their argument is that the MNC, through its presence in the host country (measured by FDI/GDP), can control corruption through dispersion of ethical business practices. Finally, Cuervo-Cazurra (2006) indicates that a higher level of corruption in the host country not only reduces the level of inward FDI, but rather, this also changes the origin of FDI, as he points to evidence that corrupt host countries attract investors from similarly corrupt countries.

Thus, many researchers have resorted to the legal norm as an appropriate way to define corruption (Rose-Ackerman, 1978; Theobald, 1990). Laws and legal enforcement provide a proper benchmark against which actions of public officials can be judged. However, when coming up with a definition based on the legality norm, one must take into consideration that there is a wide spectrum of actions that fit under the corruption umbrella but are still considered legal (e.g. lobbying).

Models of Corruption:
In order to understanding the corruption phenomenon researchers have sought to develop several models to determine the main players, causes, motivations, deterrents, and outcomes of corrupt transactions. The two main models used in the literature are the 'agency' model and the 'resource allocation' model (Jain, 2001).

Agency Model:
Rose-Ackerman (1978) was among the pioneers in applying this model to the corruption literature (Shleifer et al., 1993). She identifies several agency relationships; the politicians and legislators are the agents of the public who elect them into the office, while bureaucrats are agents of the government or politicians who appoint them.

Resource Allocation Model:
This model analyzes the impact of the supply and demand of corruption and their relative costs and benefits on the pattern of resource allocation (Jain, 2001).

Corruption in the Global Context:
Attention to corruption as a global phenomenon caught interest after the Watergate scandal in 1974 (Hines, 1995). Globalization, defined as the outcome of "the interface between firm and state" (Aigmon, 2003:417) has made the threat of corruption clearer and more serious as it usually facilitates global crimes such as money laundering, drug trafficking, and terrorism (USAID website). It also necessitated the advent of global authority in the form of supranational organizations (e.g. UN, World Bank) and large industrial countries (e.g. U.S., OECD countries) to set global norms and monitor the behavior of MNCs across the globe. In their fight against global corruption, the global community mainly followed suits of local
governments with some adjustments to prevent corruption from both the MNC and the host country's government (i.e. supply and demand).

Money Laundering:
Money laundering is a process by which some people render or try to render a legal appearance to some profits obtained illegally by criminals who, without being compromised, will afterwards benefit from the respective incomes (Alina –Valentina)

Is indeed a global phenomenon which undermines the economic and political stabilities of States? However, as much as money laundering is a global phenomenon, over the last decade, it has been apparent that development countries have been more exposed and vulnerable to its exploits.

Why the MNC?
This study focuses on the MNC as a research context for the purpose of further developing our understanding of corruption in the global community. The MNC possesses unique characteristics that differentiate it from local firms and further increase our understanding of the relationship between norms and corruption.

Lucrative Opportunities:
Globalization and development of global trade has liberated the desires of individuals and made them infinite (Durkheim, 1951). Numerous opportunities are present for the MNC to exploit and maximize profitability and financial success. Unfortunately, most of these opportunities cannot be exploited without engagement in corruption; this is either because they are usually tied to corrupt host countries or because their very nature encourage corruption. Wars, whether external or civil, economic reform programs in the absence of proper regulation, natural resource abundance in underdeveloped countries, and local government intervention in the economy that restrains competition are all opportunities that would help MNCs maximize their benefits but at the same time almost definitely involve corruption (Ades et al., 1999; AlHussaini et al., 2009; Stiglitz, 2002; Stiglitz & Bilmes, 2008; Treisman, 2000; Walder, 2003).

Host Country Conditions:
Most of the host countries (especially underdeveloped ones) suffer from a severe absence of legal protection for investors resulting from outdated laws, corrupt legal systems, and/or weak legal enforcement mechanisms (see causes of corruption above). Building on Srole (1956), anomie arises when MNCs are faced by legislators' and leaders' indifference to their needs, when the laws are unpredictable, and when they perceive that the whole situation is preventing them from achieving their goals. The MNC, facing these conditions of normlessness, will have to conform with them in an anomic behavior (corruption), even if it is in conflict with its home country's norms or the hyper norms in the global community, if it is to attain its goals and exploit the opportunities. I identify two main conditions: inefficiency of the legal system and rigidity/unpredictability of laws.

**RESEARCH HYPOTHESIS**

Firms usually strive to achieve a competitive advantage, especially in their groups or industries, in order to outperform competitors, protect their profits, or guarantee sustainable growth (Hitt, Ireland, Rowe, and Sheppard, 2005; Porter, 1996). However, not all firms possess the capacity to attain and sustain competitive advantage in their home market, especially if it's non-corrupt, and instead try to look for another country where they can
achieve this advantage. MNCs fail to compete effectively in their home countries because of various reasons, including the lack of "equal access to the opportunity-structure" (Merton, 1964: 218) due to the availability of resources, strength of capital structure, and the severe competition over resources. Hence, it is argued that "the more unequal the opportunities, the higher the strain and, in consequence, the level of criminal offending" (Savolainen, 2000: 1022).

From the above it can be hypothesized that an MNC that is pressured towards achieving financial success in terms of competitive advantage will be motivated to overcome intense competition and achieve unfair competitive advantage through money laundering activities.

Hypothesis 1a: The more anti-competitive practices of MNC’s local competitors are seen as an obstacle to its operations and growth objectives, the more the MNC is willing to attract money laundering.

Hypothesis 1b: The higher the number of competitors in a host country is, the higher is the willingness of the MNC to fend off competition through attract money laundering.

In their continuous strive for economic and social development and political freedom and sovereignty most countries have to go through abnormal periods of times. These periods of time, regardless of what started them or their expected results, have a common denominator: the passing of power, ownership, and property rights, etc., from one party or state to another. Hence, I call these periods of time "transitional periods".

These transitions are usually accompanied by dramatic social changes that according to anomie theory cause fast and vast erosion of norms and morals leaving the affected society in an almost normlessness state. Durkheim (1951) suggests that crises or disturbances in the equilibrium, although they might bring prosperity with them, often open the door for norm-breaking. Even though in most countries rules and regulations are the norm governing individuals, many individuals may consider them unjust and when the transition occurs especially in the case of wars, these regulations are rendered worthless and anomie prevails (Durkheim, 1951: 252).

Thus, it can be hypothesized that MNCs seeking lucrative opportunities would be attracted to operate in host countries passing through transitions even if it involves corruption. Their main drive is to achieve abnormal profits and competitiveness by taking advantage of the absence of accountability, huge demand on certain commodities and services, poverty, and greed of old/new corrupt public officials and politicians.

Hypothesis 2: If the host country is passing through privatization the MNC is more willing to take advantage of the opportunity through attract money laundering.

DATA & METHODOLOGY

Data from more than 50 countries will be obtained from several sources including the UN Center for International Crime Prevention database, the US federal database, and other reliable datasets. A regression model will be deployed to determine the effect of country-level and characteristics on the MNCs money-laundering activity.

Dependent Variable:
MNC's Propensity to attract money laundering:
In order to operationalize the MNC’s engagement in corruption we follow the steps of Martin et al. (2007) in establishing a multiple-item measure out of the survey items that relate directly to the MNC’s act of money-laundering activity

Independent Variables:
by local competitors: this variable was taken from "Business Environment and Enterprise Performance Survey 2005" BEEPS 2005. The survey asks managers to state how problematic the Anti-competitive behavior by competitors is to their operations and business growth.

Analysis:
**Hierarchical Linear Modeling (HLM)**
The proposed model is a cross-level model (Klein & Kozlowski, 2000; Rousseau, 1985) which means that "predictors on one level of analysis have an effect on a [...] lower level of analysis" (Klein et al., 2000:218). The model has two predictors on the country-level namely, privatization and natural resources, affecting the outcome at the MNC-level which includes the rest of the variables. Thus, in order to simultaneously estimate the effects of country and MNC-levels on the MNC propensity to money-laundering, we must resort to methods other than standard linear regression procedures such as Ordinary Least Squares (OLS) (Hofmann, 1997).

**ORGANIZATION OF STUDY**
This research consists of six chapters: chapter one provide an overview of the corruption phenomenon in the literature. Chapter two takes corruption to the global context, provides insights into the role of MNCs in advancing our understanding of the topic, and discusses the history of anomie theory and its application to the corruption framework. In chapter three, hypotheses on the characteristics of countries that attract money laundering are developed. Chapter four discusses data sources, variables operationalization, and the method of analysis. Results of cross-level correlations and hierarchical linear modeling are presented in chapter five. Chapter six is dedicated to the discussion of the results, limitations, and future research, concluding with implications for both scholars and practitioners.

References are available from the authors
Augmenting Business Intelligence and Big Data Security Using Neural Networks

Abstract

Intrusion Detection Systems (IDS) implement a variety of techniques to protect data, systems, networks, and applications. In recent years, the evolution of business intelligence analytics and big data platforms, along with the introduction of in-memory analytics, and the increased attempts of corporate espionage will render traditional approaches to IDS ineffective. This paper presents various studies on Neural network-based IDS, point out current problems with these systems, and propose a new Neural network-based framework to improve intrusion detection efficiency in high threat business environments.

Keywords: Intrusion Detection Systems, Business Intelligence, Big Data, Corporate Espionage, Neural Networks.

Introduction

Information security and protection techniques have evolved over time. As information technology changes, protection needs followed. The main target of IDS remains to protect systems at different levels from attempts to inflict malfunctions or deliberately destroy data, data theft or hold data hostage for a ransom. Intrusion comes in a variety of shapes and forms. A form of intrusion is corporate espionage that could be classified as low-level legal espionage in the form of competitive intelligence, or high-level high-threat espionage in the form of hacking, mole implantation, insider collaboration, and social engineering. Espionage could be internally or externally initiated. As the purpose of espionage evolves, the purpose of attacks will change and the emerging form of intrusion will not come from the ability to harm and destroy, but to gain access to valuable business information by finding ways to penetrate the system and perform high-level high-value data fusion. In other words, novel corporate espionage will have the ability to identify high value data sources, fuse its contents, and extract even more valuable information that can be sold or used to generate income and competitive advantage. Therefore, next generation IDS are required to perform more complex functions of identifying unauthorized users, detect possible illegal data fusion threats, and prevent such attempts from performing high-level data manipulation.

Extensive research in the use of neural networks to support intrusion detection systems yielded a variety of solutions. Mukkamala, Janoski, and Sung (2002) describe approaches to intrusion detection using neural networks and support vector machines. “The key ideas are to discover useful patterns or features that describe user behaviors on a system, and use the set of relevant features to build classifiers that can recognize anomalies and known intrusions. The idea behind anomaly detection is to establish user’s normal activity profile, and to flag deviations from the established profile as possible intrusion attempts.”

Dong, Qi, Zhu, and Gao (2013) “proposed a new model of intrusion detection based on the data warehouse, the data mining and the Back Propagation Neural Network.” The proposed
model analyzed network traffic, stored user patterns, and used neural networks to determine legitimate users or otherwise based on comparing stored user pattern with actual real time pattern. The "experiment result show that accuracy of intrusion detection is 82%; False alarm rate less than 6%", indicates this model can find effectively many kinds of behavior of network intrusion and have higher intelligence and environment accommodation. Chandrasekhar (2013) points out that “network security has become the key foundation for a lot of financial and business web applications. Intrusion detection is one of the looms to resolve the problem of network security.” Chandrasekhar “proposed a new approach by utilizing data mining techniques such as neuro fuzzy and radial basis support vector machines for helping IDS to attain higher detection rates. Experimental results showed that the proposed new approach do better the BPNN, multiclass SVM and other well-known methods such as decision trees and Columbia model in terms of sensitivity, specificity and in particular detection accuracy.”

Tian (2009) presented a “network intrusion detection method based on radial basic function neural network that can detect various intrusion behaviors rapidly and effectively by learning the typical intrusion characteristic information. The experimental result shows that this intrusion detection method is feasible and effective.”

Li Min (2005) describes traditional intrusion detection types and limitations and concludes that IDS has to evolve from “simple network security technology to dynamic defense.” Li further states that future research should address the questions of “how to validate mined rules dynamically and effectively, and to improve efficiency of data mining, mining and classification algorithms in order to process magnanimous information effectively.” Lee et al (2001) focused “on issues related to deploying a data mining-based IDS in real time environment.” Their approach is based on three main issues: accuracy, efficiency and usability. In order to improve these three issues, data mining programs, detection models, and adaptive learning algorithms are used respectively to improve IDS efficiency. However, they conclude that their research and that of other authors are faced with a serious limitation because of the detection being focused on the network and system levels. They further state that there is an urgent need to do intrusion and fraud detection at the application level. This study explores the possibility to introduce Neural Network technology in order to provide a more secure operating environment for Business Intelligence & Analytics and Big Data. These platforms have emerged as basic components for strategic business decision making. The rest of this paper is organized as follows. In section two, the current issues of securing BI and Big Data are explored. Section three contains the proposed Neural network-based IDS framework. Section four concludes with recommendations and suggestions for future research to develop such system.

Securing Business Intelligence and Big Data
Business Intelligence is based on the concept of generating, storing, creating relations and managing data sets, which in return uses various data mining and manipulation techniques to extract meaningful information used for business decision making. As we build more complex Business Intelligence systems, the number of databases, data warehouses, and data marts increases. Each database has its own value within the context it is generated. Same applies to the data warehouses. The exponential value is derived by fusing various data sets stored in a variety of databases and data warehouses to evaluate current performance and generate future business opportunities. Therefore, the key to accuracy lies in the optimal combination of these data sets. Formulating the right mix of data sets opens the gate to concise business performance.
Various technologies to protect systems, databases, data warehouses and data marts from the prying eyes of corporate spies and saboteurs are varied and readily available for use. However as innovation in the field of IT progresses, protection for these innovations have to follow. It gets to a certain point where the incremental progression of available protection becomes unsupportive and thus a rethink and retooling of such techniques is needed. As the concept of knowledge changes, the approach to protect it will change. In this context, the aim of corporate espionage is to extract valuable knowledge. This knowledge is generated by the expertise and skills of the corporate managers that are able to manipulate data in order to extract business value from it. This complex skill is what corporate espionage will aim at acquiring in the future. Therefore, the most effective way to protect this knowledge is to prevent its components from being accessed by intruders.

Chen, Chiang and Storey (2012) state that “The development of the Internet in the 1970s and the subsequent large-scale adoption of the World Wide Web since the 1990s have increased business data generation and collection speeds exponentially. Recently, the Big Data era has quietly descended on many communities, from governments and e-commerce to health organizations. With an overwhelming amount of web-based, mobile, and sensor generated data arriving at a terabyte and even exabyte scale, new science, discovery, and insights can be obtained from the highly detailed, contextualized, and rich contents of relevance to any business organization.”

Traditionally firewalls, IDS, authentication, authorization and identity management were used as dependable, functional, and effective BI security techniques. Encryption became a tool to protect data at rest and in transit. The concept of tokenization was adapted from the credit card industry to further shield sensitive information.

The rapid evolution from traditional DBMS-based Business Intelligence to Big Data with its infinite sources of both semi-structured and unstructured data will further complicate security issues. In-memory analytics, predictive analytics, content and text analytics will add more complications to security measures and render the traditional data security ineffective for a variety reasons; these data sets could be in-transit, or may only be used once on ad hoc basis and then discarded; encryption and tokenization would result in substantial data set duplication and place a huge toll on memory and processing resources.

In a typical Business Intelligence and Big Data environment thousands of data bases, data warehouses and data marts are continuously being accessed and manipulated by a variety of authorized and authenticated users. These data sets need to be permanently secured irrespective of velocity, variety, volume, and complexity.

Examining the critical components that make up business intelligence and analytics security environment reveals that we have succeeded to certain extend at protecting both the application and the data levels from users outside the corporate demilitarized zone. Protection of unauthorized users from within the DMZ is more problematic.

Corporate espionage is conducted with the purpose of profiting from knowledge in different forms, whether actual or predictive. Therefore, the BI application itself and the individual data sources are no longer the targets. The target becomes the ability to access and combine various data sets in order to extract the valuable knowledge. Protection will aim at blocking the ability of combining the individual data sets. Since we are moving from internal
structured to external unstructured data sources, protection should move from the application level to the data source level.

As information technology evolves, detection techniques and methodologies are also changing. IDS has evolved from gathering user authentication data, establishing user patterns from network related activity, storing these patterns in databases, and then performing neural network-based data mining in order to detect user anomalies when an unauthorized user attempts to gain access. Then researchers moved into the dynamic detection arena, whereby the need for dynamic real-time intrusion detection became a necessity. Other researchers pointed out that with the introduction of the e-environment, application level IDS should be deployed instead of simple network IDS.

Figure 1 describes the framework of various attempts in the literature review to use neural networks to support IDS. Most attempts were directed towards protecting the system at the network level, and fall short of addressing the possibility of corporate espionage. A new framework is needed to enable IDS to classify and differentiate authorized users patterns from that of intruders.

In order to mitigate the security complications arising from the evolution in data sources and manipulation techniques, a new security methodology is formulated and presented. Previous research in the use of neural network-based technology in the security field will be modified to handle current and future analytics technology needs. The use of neural networks to generate authorized user patterns is proposed as the basis for access control to data sets. Access control will be at the data level rather than the application level. This could be achieved by creating acceptable and unacceptable configuration of data set combination.

Each BI user has a log in name and a password. Based on these user parameters a database is created that collects and stores user habits including time of access, location of access, databases accessed, kind of dashboard created, and individuals contributed to the shared dashboard presentations. These user patterns could be systematically analyzed and stored and become a basis for training the neural networks that will handle the authorization control at a later stage.
Figure 2 illustrates the proposed methodology whereby a more comprehensive threat environment is addressed. Internal data sources that have traditionally been stored within the organization have been supplemented with external data sources such as social media and search engines. Internal users are included in the proposed framework in order to mitigate the possibility of internal corporate espionage.

The problems that would hinder the effectiveness of the previous NN based IDS have been addressed and resolved in the proposed framework. The problems arising from Big Data needs will be mitigated in this framework by moving the security and protection focus from data source access to data fusion and manipulation to extract knowledge.

The neural network-based IDS will operate using this proposed framework:
1. Data sources will be classified according to risk metrics by assigning a numerical value 1 to 10.
2. The neural network will be trained in safe mode whereby only authorized internal users are allowed to access the Business Intelligence and Big Data platforms.
3. Safe mode users will logon to the system using their credentials, design their queries and submit them for analysis.
4. For each user session, a database will log all user activity parameters such as login name and password, location, time, data sets requested, type of query, dashboard generated, individuals collaborating in the session and their contributions, the overall risk metric value of the data sets, etc…
5. The user parameters along with the requested data set combinations will be logged and become the building blocks of that unique user signature.
6. As more safe mode users sign in, more patterns are generated that will further train the neural network to analyze and learn acceptable user patterns.
7. Once the neural network is fully trained, external access will then be implemented.
8. Once a user changes the recognized signature, the neural network will block access to the data sets.
Conclusion and Recommendation

This paper reviewed a variety of neural network-based intrusion detection systems and proposes a more robust framework that takes into consideration the emerging security complexities that the evolution of BI and Analytics are imposing. The surveyed techniques have a common shortcoming: the inability to protect the fusion of data sources requested by potential corporate espionage attempts. This paper addresses these weaknesses by proposing a mechanism that would have the ability to detect various corporate espionage attempts by comparing authorized and unauthorized fusion patterns. We conclude that protection should focus on preventing possible intruders from being able to combine different data resources and extract valuable knowledge. Future research should focus on evaluating various neural network types and chose the most efficient type that yields best protection results.

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Key Success Factors of Cooperation in Exploration Gas Reserve in a Disputed Area: A Case Study of Malaysia Thailand Joint Authority

ABSTRACT

Malaysia Thailand Joint Authority is a unique and successful project regarding the cooperation of two neighbor countries from ASEAN in exploitation of natural resources in a non-living area to which the outcome is sharing the profit equally. The Joint development area is located in the offshore roughly 150km from Kota Bharu and 260km from Songkhla, in the gulf of Thailand. It is known as one of the most active areas for natural gas exploration and production. The two neighbor countries cooperate in purpose of the high common economic benefits, improvement in the standard of living of the population in both countries and improving high understanding, trust and acknowledgement of both sides. MTJA is one of the most unique cooperation in the world on oil and gas explorations, which has been successful from the beginning. The study attempts to analyze the key success factors of this national project. The External factors such as political, governmental, legal variations economical, social, cultural and technological factors of MTJA project is considered. In addition, the internal factors of MTJA success are measured. And a model of most important effective variables on the success of a project is proposed in the paper. MTJA is a valuable model of bilateral cooperation and mutual enrichment. The most focus of this study is on finding the important determinants of success and, proposing a model, which it can be applied to other neighbor countries.
Cluster-Based SMEs Development Strategies for Globalization in Selected Asian Countries

Abstract

This study is based on an ongoing research and aims to investigate the significance of cluster-based approaches to prepare small and medium enterprises (SMEs) for globalization. Hopefully, this would enlighten policy makers, theorists and practitioners in developing policies, initiatives and strategies that reflect directions to support SMEs in managing global forces. Cluster-based SMEs, potentially may facilitate the effective participation of SMEs in productivity growth and global distribution networks. Many developing nations in Asia are still in eclipse when discussing this issue. The purpose of this study is to investigate the relationships of networks and clusters capability on SMEs readiness becoming global business players. The scope of this study is selected developing nations in Asia. Although studies of SMEs clusters have brought attention in well-developed nations, similar empirical work has not been widely researched in Asian territories despite the region is well-known to practice collectivism. In the final analysis, this study aims to develop a model focusing on the globalization of cluster-based industrial SMEs.

Keywords: Small and Medium Enterprises (SMEs); clusters; networks; globalization; competitiveness
Improvisational Creativity and Innovation Capabilities of SMEs’: Role of Explorative Learning Strategy

Abstract

Concept of competitiveness is tied with the concept of learning organization. Explorative learning strategy and exploitative learning strategy are two learning strategies that have to be examined in order to foster creativity and innovation. SMEs can be considered as learning enterprises due to their agility and high degree of flexibility. This research examines explorative learning strategy amongst Malaysian SMEs. Questionnaire was issued through online surveys from which 127 responses were chosen for data analysis. PLS-SEM approach was applied to develop and test the validity and reliability of the measurement model. Results of hypothesis testing indicate that explorative learning strategy has a significant role on improvisational creativity and innovative capability of Malaysian SMEs.
Self-Service Technology Adoption in Saudi Arabia: A Value Approach

Abstract

This study investigates the adoption of self-service technologies among consumers in Saudi Arabia using the value approach. Unlike previous studies, this study proposes a new construct – consumers seek values using the Technology Acceptance Model (TAM) where it comprises of time convenience, ease of use, usefulness, secure/privacy, autonomy, service ubiquity and enjoyment. The research framework consists of consumer demographic characteristics which represents the exogenous variable while consumer adoption of SST as the endogenous variable. Based from a mall-intercept technique, a final usable sample comprises of 400 respondents was collected in three major cities in Saudi Arabia. This represents an effective response rate of 44%. The hypothesis was tested using SEM and WrapPLS to illustrate the relationship. The results showed that the proposed framework was significant.

Keywords: Consumer Seek Values, Self-Service Technologies, TAM, Saudi Arabia
India’s Look East Policy: Linking Northeast India with Thailand

ABSTRACT

Government of India declared in “Look East policy” in 1991 in order to leverage stronger economic and strategic relations with the nations of Southeast Asia including Thailand. Lauded as strategic game changer in the region for India, the policy was rigorously pursued by the successive governments. In a keynote address at the Institute for Security and International Studies (ISIS), Chulalongkorn University, the then External Affairs Minister and presently India’s President Pranab Mukherjee said that the two countries shared cultural and civilizational linkages. He termed India-Thailand as ‘natural partners’ and stressed that Thailand occupies a central place in India’s "Look East" policy.

The Northeast region in India consisting of eight states (provinces) has a population of 45 million and a GDP of $59 billion shares a long land border with Myanmar that further links it to Thailand, making it contiguous with ASEAN countries. This year (2013), the Indian Finance Minister stated declared that it will see supports from multilateral development banks like World Bank and the Asian Development Bank to combine the 'Look East' policy and the interests of the North Eastern States to build roads in the North Eastern States to establish closer connections with ASEAN countries. Therefore, there emerging opportunities to build on the strengths of both the nation in various sectors, including promotion of entrepreneurship.

This paper presents a status report on increasing connectivity and trade relations between Thailand and India’s Northeast region. It analyses both the national policy and the regional Vision 2020 documents and tries to draw an action plan specifically focusing on the potential areas where both the countries can work together on development of entrepreneurship. It also, however, highlights the challenges ahead and the enabling actions needed on both the sides to promote export, creation of common facilities, benchmarks testing and standardization as well as quality improvement of export products.

Keywords: Entrepreneurship, business, export, import, India, Thailand
Customer Perceived Value and its Consequences in the Saudi Arabian Retail Industry

Abstract

Customer perceived value is argued to be an essential prerequisite for the success, long-term survival and competitive advantage of firms. However, while there have been many studies done on the subject matter in the developed economies, not much is known within the Middle East region. This paper therefore investigates the customer perceived value in the retailing industry and their effect on customer satisfaction and customer loyalty. As retailing or specifically hypermarket type of groceries retailing is relatively new in Saudi Arabia compared to the Western economies, identifying the consumer buying habits, the customer perceived values and its consequences are an important contributions to marketers in drafting their future strategies. With the following intentions, 800 questionnaires were distributed to grocery shoppers in different shopping outlets in Saudi Arabia of which 407 questionnaires were completed. The findings indicated “lavish” buying habits of the Saudi Arabian customers and the influence of customer perceived value towards customer satisfaction and finally customer loyalty.

Keywords: Customer Perceived Value, Customer Satisfaction, Customer Loyalty, Saudi Arabia
Eradication of Poverty to Improve the Indonesian Peoples' Welfare Quality Based On The Direction And Territorial Development Policy

This article discusses the eradication of the poverty to improve the Indonesian people’s welfare quality based on the competitive advantage, wealth of natural resources, the quality of human resources and cultures. The purpose of this study is to administer through the advancement of knowledge and technology and to improve the strengthening of Indonesian economic competitiveness based on the Direction and Territorial Development Policy.

Indonesian nation is a great nation. The Nation history has continued to grow and prosper. To be a great nation and more advance are the purpose of this nation. This purpose also is to make the country and the nation prosperous, independent, democratic, and fair. The Lofty and noble purpose of Indonesian people from all islands in Indonesia. They want a better future of Indonesia. The History has taught that Indonesia has successfully passed a number of trials, challenges, and obstacles. Indonesian nation has remained standing, stepping with certainty, and succeeded to pass by the long journey history process safely.

Thirteen years ago, the Indonesian economy suffered shocks. The economic growth was experienced by over 13%. Indonesian Money, Rupiah, collapsed, and the inflation reached 70%. The government debt soared above 100% of GDP. The poverty and unemployment was soaring increasingly. All economic activities declined and stalled. The Social turbulence and conflict was erupted violations. The political landscape is fundamentally changed with the implementation of democracy, decentralization, and constitutional amendments. The Social life has changed drastically. Most of public institutions became dysfunctional. Indonesian nation reformed euphoria and freedom. The transition process was sudden, so difficult to manage because of the heterogeneity and complexity of the problems we face.

The Acceleration of economic growth is expected to get unemployment rate lower around 5-6 per cent at the end of year 2014, and to create the job opportunities between 9.6 million-10, 7 million workers in period of 2010-2014. The combination of accelerating economic growth and various government interventions are expected to decrease the poverty rate to around 8-10 per cent by the end of year 2014.

One of the Indonesia National Long-Term Development Plan missions from 2005 to 2025 is to establish the equitable development and characterize equitably development levels throughout the region. This mission is to improve life quality of society and well-being of people, including the gap reduction between Indonesia regions within the framework of the Unitary State Republic of Indonesia. Indonesia National Long Term Development Plan which is called RPJPN in year 2005-2025 also states that the national development vision is
to real of Indonesia in advanced, equitable, and prosperous. One of the long-term development missions related to regional development is to realize and achieve equitable development Indonesian archipelago became independent, advanced, powerful, and based on national interests. In addition, based on RPJPN 2005-2025 to 2010-2014 RPJPN mentions that the development is directed to consolidate the restructuring of Indonesia in all fields with a greater emphasis on improving the quality of human resources, including development of science and technology as well as the strengthening of economic competitiveness.

The knowledge mastery and technology are directed to the achievement of the nation's capacity and capability in combining natural resources (resource based), knowledge resources (knowledge based) and the resources that come from the nation's cultural heritage (culture-based). This way will get a sphere of productive economic development more widely, among others, the creative economy -, which can provide a constructive role to support economic growth.

This situation requires Indonesia be able to anticipate and be reflected to the mission determination and direction of Indonesia's development policies, as well as the steps and the strategic role of Indonesia in the eye of international world. This is to ensure that Indonesia will continue to achieve the goal of independence, betterment and the prosperity of its people in all areas.

**Keywords:** RPJPN, territorial policy, economic resources, cultures, strategic role.
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The Role of the Locus of Control in the Relationship between the Behavioral Motivation and Intention to Use Marketing Technology

Abstract

The purpose of this paper is to explore and explain the role of the locus of control on the relationship between behavioral motivations and intention to use marketing technology. This relationship had been investigated theoretically in light of the theory of technology acceptance model.

Keywords: Locus of Control, Behavioral Motivation, Intention to use marketing technology, technology acceptance model.

Introduction

Because large developments and transformations have taken place in our society and the national economy, the information technology sector has witnessed a revolution and development in the field of communication, thus, individuals and business organizations have greatly enjoyed the privileges achieved via the information technology.

In general people tend to take time when they receive any type of new technology which can contribute to solving some of their problems, such as saving their time and reducing the cost of living. Admissibility of technology marketing in our present day by enterprises and consumers and the great opportunities exist as a result of information technology advancement, the importance of the Internet in business and marketing activities appear from its growing users in all age, groups in all various cultural levels, individuals personal attention for the nature of information technology and its importance in developing the national economy had been witnessed in developing countries.

The problem of the study

The world is witnessing a revolution in the field of information and communication technology, especially in the second millennium and the beginning of the third millennium. This quality revolution has brought about substantial changes and transformations which affected all countries in the world, in particular, developed world the outcome of this information and communication technology has touched all the cultural, social, and economic areas of life. Although the technology is evolving rapidly, people are taking considerable time in accepting and dealing with technology marketing. This problem strives the researcher to investigate the impact of the behavioral motives the intention of using marketing technology. Notably that studies
deal with the impact of the locus of control on the relationship on behavioral motives an intension to use marketing technology is very limited

Questions of the study
The study attempts to answer these questions:
What is the role of locus of control (internal-external) in the relationship between behavioral motivations and intention of using marketing technology? These question leads to other salient ones, such as:

- What is the level of behavioral motives among the study population? 
- What is the level of internal locus of control among the members of for the study population? 
- What is the level of intention to use marketing technology for the members of the study population? 
- Are there significant differences for behavioral motives of the respondents attributed to demographic variables? 
- Are there significant differences in the control center (internal and external) attributable to demographic factors? 
- Are there significant differences between the intentions to use marketing technology due to demographic factors?

The importance of the study
The importance of the study is stems from analyzing the relationship between the variables of the study which have attracted the attention of many researchers in. This stressed the significance of business organizations in their quest for continued survival .therefore, the study attempts to contribute to activating the impact resulting from locus of control as a moderate variable on the relationship between behavioral motivations and intention of using marketing technology .this is within an integrated theoretical framework that can contribution to scientific added to posts that determine the nature of the relationship between behavioral motivations and intention of using marketing technology

Objectives of the study
The main objective of the study is embodied in striving to determine the role of the locus of control in the relationship between behavioral motivations and the intention to use marketing technology, as well as the following objectives:

- Shedding more light on the concept of internal and external locus of control in terms of its inception, development, and cultural background.
- Showing some aspects about the relationship between the behavioral motivation concept and the intention to use marketing technology.
- Clarifying the compatibility of the results of the western studies about the relationship between the Western concept of behavioral motives and other non-western cultures.
- Determining the reasons and motives that can be attributed as one of the intention to use marketing technology.
- clarifying the role of the locus of control in modifying the relationship between behavioral motivations and intention to use marketing technology.
- Attempting to provide a clear visionary theory of the respondents about the concept of community and the dimensions of the variables of the study.
Identifying the components of behavioral motivations that contribute to the achievement of the intention to use marketing technology in light of testing the nature and strength of the correlation and their impact.

Building virtual model reflecting the hypothetical relationship between the variables of the study. In order to reach the image that reflects the role of locus of control in the relationship between behavioral motivations and intention to use marketing technology.

**Literature Review**

**Intention to use marketing technology:**
The Framework of the study consists of factors influencing intention to use marketing technology. Intention means to do special thing or action with a special attitude, or with means, purpose, or plan in the individual heart. If dissatisfaction sets in, the next phase is the thought of turnover appearing in employees’ heart, and it also is the last phase before turnover practice (Cheng-Ping Wei-Chen Chang, 2008). However, Intention to adopt an innovation depends on how individuals react to the use of that innovation, equally, how they perceive the use of that innovation (Jinzhu Song, 2010).

**marketing technology** concept marketing technology in general refer to the concept of technology, but in the quality of the techniques used and the purpose of use in the field of marketing and it was due to different marketing activities for productive activities, medical, and other development. The marketing technology is knowledge, experience and contributing to the implementation of marketing activities through the use of available techniques of machinery and equipment, tools and others that contributed to the development of marketing activities and make them more responsive to the needs and desires of consumers and contributed effectively in determining the marketing department to output.

Marketing technology is a wide concept with multiple definitions depending on the context and viewpoint. According to Electronic Commerce Association it can be defined as “covering any form of business that is executed, using any information and communication technology”. states that “e-commerce offers opportunities to dramatically improve the way that businesses interact with both their customers and suppliers, to make business negotiations faster, cheaper, more personalized, and more agile” (Roosa-Maria Santti, 2011).

**Locus of control**
Through recent years, locus of control has attracted considerable attention from researchers in the areas of psychology and education (Phares, 1976) (Dorothea H. Brown; Ann W. Engin). Locus of control is an important personal characteristic of Path goal model and many researchers have tried to find out its moderating (Riffat un Nisa Awan, Ghazala Noureen, Shamsa Aziz & Hamid Hassan: 2011).

Locus of control (LOC) describes the extent to which a person believes that his or her behavior has a direct impact on the events that follow In industry, the consequences usually take the form of reinforcement (such as rewards or gratification) or punishment (such as assignment to less attractive tasks or failure to be promoted) (Bonnie E. Garson, Douglas J. Stanwyck: 1997)
Locus of control refers to a person’s perceptions or beliefs about the location of responsibility for his or her life; circumstances, happenings, events, conditions. The perception of who is in charge of one’s life, who decides one’s fate, and who is in control (LOC). People’s perceptions of success and failure, of health and illness, ability or inability, all reflect their locus of control. In other words, the concept of LOC refers to perceived control; the perception of how much a person feels in control of life (Lefcourt, 1982) responsible for whatever the person is experiencing, is determined by the person’s locus. The earliest formal investigations of the concept were reported by Julian Rotter (1966, 1975). Rotter showed that people have different views about things that happen to them. People have their own beliefs or generalized expectations about where the control of life, or events, resides.

**Behavioral motivation:**

**Motivation** is the psychological feature that arouses an organism to action toward a desired goal and elicits, controls, and sustains certain goal directed behaviors. For instance: An individual has not eaten, he or she feels hungry, and as a response he or she eats and diminishes feelings of hunger. There are many approaches to motivation: physiological, behavioral, cognitive, and social. Motivation may be rooted in a basic need to minimize physical pain and maximize pleasure, or it may include specific needs such as eating and resting, or for a desired object. Conceptually, motivation is related to, but distinct from, emotion.
Hypotheses of the study

**Hypothesis 1:** There is a positive relationship between the behavioral motivations and intention to use marketing technology

**Hypothesis 2:** There is a positive relationship between the locus of control and the intention to use marketing technology.

**Hypothesis 3:** There is a positive relationship between the behavioral motivations and the locus of control.

**Hypothesis 4:** There is a positive relationship between the behavioral motivations and the technology acceptant model.

**Hypothesis 5:** There is a positive relationship between the technology acceptant model and the technology acceptant model.

Limitations of the study
This study is limited to mobile users in the Republic of Sudan, without covering the other developing countries. This is as a result to the limitation of resources available to the research.

7 Data collection method

**Primary sources:**
- The questionnaire
- The note

**Secondary sources:**
1. Books and References.
2. World Wide Web (Internet)
3. Previous studies and Research.
4. Notes and articles.
5. Magazines and Periodicals

Methodology of the study
The study uses the descriptive, analytical method for data collection and analysis of the study material and the basic curricula in Meta research to describe the current situation. It will also use statistical methods to achieve maximum accuracy exactly when analyzing the collected data, as well as designing questionnaires.

**Study variables:**

- **Independent variables**
  - Behavioral motivation
    - External behavioral motivation
    - Internal behavioral motivation

- **Moderate Variable**
  - Locus of control
    - Internal locus of control
    - External locus of control

- **Dependent variable:**
  - Intention to marketing technology

4- **Mediates Variable:**
   - Technology acceptance model

Conclusions
The theoretical goal of the study is an attempt to study those factors influencing intention to use marketing technology and do locus of control moderating the relationship between behavioral motivations in marketing technology.
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Jinzhu song. (2010) consumers’ international to adopt 3g in regional cities in china: a comparative study,
The Role of Corporate Governance on Sticky-Cost Among Malaysian Companies

Abstract

Exploring cost-behaviour has been critically important along with agency cost and corporate governance for successful businesses and academicians. Prior researches have examined the impact of corporate governance on the general company performance and a few studies have focused on corporate governance in association with sticky cost. In addition, most of studies have examined the role of corporate governess in developed countries and a few studies have explored into companies in developing countries such as Malaysia. Despite a rapidly growing stream of studies seeking to document cost stickiness, the evidence has generated a debate about the validity of the theoretical constructs and the generalizability of sticky cost behaviour. Thus, the focus of this study is to increase our understanding of corporate governance associated with sticky cost which would examine the cost behaviour within company cost structure.

Keywords: Corporate Governance on sticky-cost among Malaysian companies
Examining online social shopping behavioural intention among social networking users in Malaysia

Abstract

Socialization through online social media has changed the pattern in which customer behaves and marketer set their strategy to target a specific segment in online shopping area. A few study has been examined the implication of social network website in e-commerce context by extending social presence theory in understanding shopping behaviour among Malaysian social networks users. Therefore, this study attempts to examine the influence of Customer information quality (CIQ), Effectiveness of information content (EIC), Attitude (ATT) and Perceived Social Presence (PSP) on Social Shopping (SS) intention among Malaysian social network users. Quantitative techniques, non-probability sampling procedure, cross sectional data collection were use to empirically test the proposed hypothesis within multiple regression analysis (MRA). A total of 193 valid online questionnaires were collected. The findings indicate that CIQ and ATT are not significant predictor toward SS intention while EIC and PSP can be use to explain SS behavioural intention. Understanding consumer perceptions and intentions to use a social shopping website have direct management implications for pricing, promotion and distribution strategy. Marketing managers should realize the importance of targeting specific and profitable segment which are online social networks users. The study limitations, implication and social contribution are discussed.

Keywords: Customer information quality (CIQ), Effectiveness of information content (EIC), Attitude (ATT), Perceived Social Presence (PSP), Social Shopping (SS) intention and Malaysia.
Consumer Behavior Dynamics of Brand Switching in the Smartphone Industry

Smartphone industry has encountered rapid advancements in technology and innovation as depicted in introduction of new and advanced product features. Few years ago, Apple introduced the Iphone, a radical high-tech product, that gained wide acceptance among consumers across the world, and became a necessity in their everyday lives. Other global companies such as Samsung, introduced their own brands of the smartphones, which became fierce competitors to the Iphone.

Consumers are subjected to brand switching and face more complex decision making approach in choosing the right smartphone for them. The objective of this study is to formulate a model that depicts the brand switching dynamics of smartphones, spelling out how and why consumers switch between smartphone brands.

Since smartphones are high-tech products subject to continuous innovation, the focus of this research is on the role that product features and attributes play in brand switching. It will also investigate the relationship between product features and attributes and the other variables leading to brand switching.
International Organizations during Economic Recession: A Study toward International Law and Political Regulation in Iran

Abstract

The economic situation in developed and developing countries creates an issue in understanding international law, practice and regulations. The law and regulation toward international companies are subject to entrepreneur’s development, employment and most obviously national economic growth. The aim of this study is to examine the influential factors in shaping competitive advantages among Iranian companies regarding to current barriers internally and externally. The current situation in Iran brought a new defensive economic, politic and law model that has not been emerged in the past decades. The implication of how organization may respond to external factors is an interesting research agenda. This study contributes to literatures in organizational behavior and several other disciplines in examining internal and external environment which lead to a strategic competitiveness and helps top level managers to cope with company current and future crisis.

Keywords: International Organizations, Economic Recession, International Law and Iran
Conflict and Interests in International Technology Transfers: Managing Agreement and Action

ABSTRACT

Against the backdrop of huge levels of inbound foreign direct investment, individual foreign firms, large and small, make “bets” as they transfer production and commercial technologies into subsidiary firms or joint ventures in new national markets such as China or Southeast Asia. For too many these “bets” go disastrously wrong for one or more of several reasons. Technology-receiving firms, both subsidiaries of and partners in joint ventures with the technology-source companies, can be better understood as potential “points of leakage” if some basic principles are understood beforehand. Using theoretical, experiential, and research sources this discussion will address the roots of partner interests and the conflicts that often arise in technology transfers overseas.

Conflicts arise over differing interests between the multinational’s headquarters and the subsidiaries due to failed transfers or the loss of exclusive rights to the production or commercial technology to others. The MNC HQ realizes proprietary knowledge may leak out through the subsidiary to joint-venture partners, who themselves may become or be linked to competitors, suppliers, and industrial customers. Governments play a role in reinforcing the appropriability of those exclusive rights – or may fail to do so. Using counterfeit / pirated product seizures as a way of measuring the problem of technology expropriation shows that “…Asia emerges as the largest source for counterfeit and pirated products, with China as the single largest source economy.”

Methods

Semi-structured interviews were conducted with 16 US firms sending production technology abroad and with 8 Chinese joint-ventures and subsidiaries receiving production technology from overseas. In each firm at least two independent interviews with responsible managers involved in the technology transfer were conducted. Grounded theory (cross-comparative) techniques were used to identify categories (constructs) in the technology transfers and their relationships to each other.

Conclusions

The implications for MNC managers responsible for deploying production technologies are, first, that technology-sending units may indeed have interests that are in conflict with other units’ interests (including both the HQ and the technology-receiving units. Responsible managers should be alert to interests held by other actors in the system (don’t assume machine-like obedience). Managers should have active mechanisms in place for exploring and developing new subsidiary roles within the MNC. Additionally they should tie compensation in technology-sending units to success of transfer to the receiving unit. They
should task international departments at the MNC HQ with developing an independent information pool about key employee turnover at the subsidiaries (and j-v partners), they should conduct product surveillance in key emerging markets and be alert to who are the potential expropriators and their absorptive capacity.
Human Resource Factors Influencing Employee Performance In Apparel Export Industry

KEYWORDS: HR practices, Employee Performance, effectiveness, efficiency, employee turnover

BACKGROUND

Indian textile industry is one of the oldest and it is contributing 4% to the Gross Domestic Product (GDP).¹
In terms of employment, it is the second largest employer, only second to agriculture, employing more than 35 million people across the nation.¹ It has the largest pool of cheap and skilled labor.¹ Readymade Garments account for approximately 41% of the country’s total textiles exports.²

Need For the Project:
✓ absence of emphasis given on HR practices in the apparel export industry.
✓ Studies of HR practices limited to the service and retail industry
✓ Insignificant studies on middle level management.
✓ Almost all theory and evidence about the relationship between HRM and performance based on the research in the United States, Europe and other developed countries and that too in parallel manufacturing industries

OBJECTIVES:
• To find the link between specific HR practices and employee performance in apparel export industry in Delhi, NCR region.
• To find the specific HR practices leading to better employee performance.

FINDINGS AND RESULTS:

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<thead>
<tr>
<th>HR PRACTICE</th>
<th>EMPLOYEE PERFORMANCE VARIABLES</th>
<th>EFFECT</th>
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<th>TYPE OF PRACTICE</th>
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<td>T, PA, C, S, R</td>
<td>Effectiveness</td>
<td>Positive</td>
<td>Recruitment</td>
<td>Skill based recruitment</td>
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<tr>
<td>T, PA, C, S, R</td>
<td>Efficiency</td>
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<td>Turnover</td>
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