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The Impact of Seating Arrangement on Students' Learning in Secondary Schools

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ABSTRACT

This dissertation illustrates about the existing seating arrangements in the schools of Bangladesh which are believed to play a constructive role in fostering students' learning in the classrooms. By investigating from the perspectives from the teachers and the students, this research exposes the present conditions of the seating arrangements that decrease the quality of teaching and learning in most of the schools. To sum up, collaboration among the teachers, school authority, education board and the government is needed to improve the seating arrangements in schools for utilizing effective teaching and learning practices.

1.1. Introduction

Seating arrangement is an important factor in the classroom setting because it can contribute to both positive and negative impacts on classroom teaching and students' learning. From the hypothetical research, it has been found that effective communication among the teachers and students in the classroom is the key to their success in effective teaching and learning (McCorskey and Mcvetta, 1978, p. 99). Proshansky and Wolfe (1974) illustrated that, "Learning is a dynamic process and the utilization of physical space should be an echo of that process" (p.562). McAndrew (1993) believes that, through research about classroom ecology associated with seating arrangement, we can understand how the classroom environments affect the students and their interaction with the teacher and the other students.

Since, classroom interaction involves the learning and participation of the students in the lessons and activities, certain seating patterns may facilitate or restrict the interaction among the students and the teachers. For example, traditional seating arrangement in rows is a teacher – centered seating which seems to minimize distractions among students and facilitate independent work, tests and lecture notes. The semi – circular seating arrangement is both a teacher – centered and student – centered seating which facilitates whole class discussion. On the other hand, the modular seating arrangement is a student – centered seating which facilitates small group discussions and Cooperative Learning (Partin, 2009, p.04). In this way, the seating arrangement can affect the level of interaction between the teacher and the student by facilitating specific activity patterns in the classroom (Wineman, 1986, p.12). Moreover, it also has the potential to encourage desirable behavior, contribute to students' misbehavior and even assist or impede classroom teaching (Daniels, 1998, p.30).

If the seating arrangement can be organized properly then it will create a purposeful setting for learning and teaching that will affect and motivate the teacher and the students. Therefore, proper seating arrangement needs to be organized so that there is no obstacle in students' learning. This research attempts to find out the how different seating arrangement in the secondary schools, can increase student' learning, participation and interaction in the classroom and facilitate classroom management.

2.1. Seating Arrangement and Classroom Setting

McCorskey and McVetta (1978) pointed out that, effective communication in the classroom is essential to the success of both the student and the teacher. They noted that, "The kind of communication as well as the amount of communication that occurs in the classroom has long been thought to be partially a function of the seating arrangement" (p. 99). Wineman also (1986) believes that, "the physical environment provides physical facilities and spatial arrangements that aid specific activity patterns" in the classroom. He also added that within these physical environments, people may rearrange the furniture or lighting to suit their needs (p. 08). As defined by Cornell (2002), "Furniture is both tool and environment".

He explained that thinking of furniture and seating arrangement is important in creating a suitable learning environment for students (p. 33).

Therefore, it is important that thought and planning be given to the way in which the space and the furniture in it are utilized if the physical space is to play a constructive role in the learning process (Proshansky and Wolfe, 1974, p. 565). In different types of seating arrangements, it is considered that the individual desks or seats gives more flexibility than large desks or benches as it allows for easy rearrangement and groupings for different lessons (Denton, 1992, p.30). However, there cannot be one ideal arrangement even for a single classroom, since we are always dealing with changing needs and changing people (Proshansky and Wolfe, 1974, p. 565). As concluded by Jones (1987), "The best arrangements put the least distance and the fewest barriers between teacher and students. No matter what seating arrangement is used, it must be flexible" (p.58).

2.2. Types of Seating Arrangements

An ongoing challenge for teachers in the classroom is gaining and keeping students' attention, which can be only managed by the favorable seating arrangements that can help make this task easier (Denton, 1992, p.32). In *The Everything New Teacher Book*, Kelly (2004) acknowledges that, all students' performances in the classroom are affected by the placement of the desk in the classroom (p.76). For example, seating arrangement in rows can help the students not to talk to classmates and listen to the teacher which increases the teacher – student interaction. Similarly, seating arrangements in groups can help students make connections and friendships with other students in the classroom which increases the student – student interaction. According to McCorskey and McVetta (1978) there are three main types of seating arrangements:

1. The Traditional Seating Arrangement in Rows.

2. The Horseshoe or Semi – Circular Seating Arrangement.

3. The Modular Seating Arrangement. (p. 103).

2.2.1. Traditional Seating Arrangement in Rows

Typically, the traditional row arrangement for classrooms consists of about five or six perfectly straight rows, each containing five to seven chairs equidistant from each other. Historically, Sommer explains, that the straight – row arrangement evolved to make the best use of the adequate lighting (McCorskey and McVetta, 1978, p.100). Also, the teacher is the primary focus in the traditional arrangement (McCorskey and McVetta, 1978, p. 103). If the purpose of the class is primarily to spread information by the teacher among the learners, then the traditional arrangement is probably best because it minimizes student – student interaction and places the primary focus in the classroom on the teacher (McCorskey and McVetta, 1978, p. 103).

Partin (2009) has stated that, the traditional seating arrangement in rows has lasted long because it is very functional for various classroom purposes. In this arrangement, the teacher can monitor the students' behavior easily and minimize distractions as there is distance between the students.
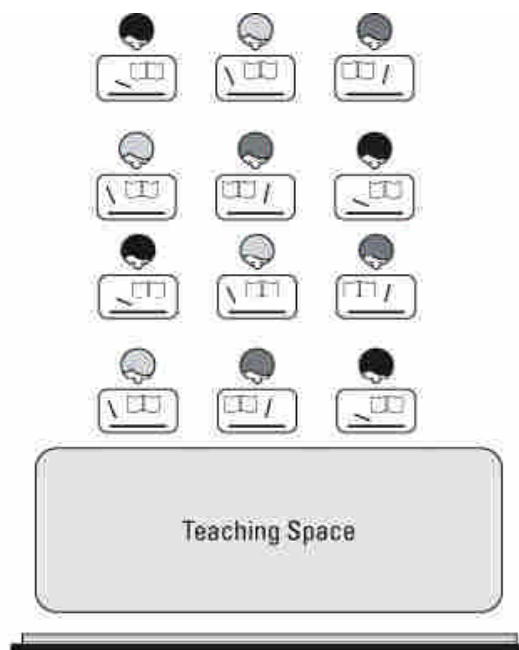
Figure 2.1: Traditional Seating Arrangement in Rows (Kelley, 2003).

Moreover, this arrangement produces higher levels of on – task behavior that facilitates independent

seatwork, lecture and tests etc. (p.03).

2.2.2. Semi – Circular or Horseshoe Seating Arrangement

The semi – circular or horseshoe arrangement another type of arrangement which is frequently employed in smaller classes, such as seminar type classrooms. Some rooms are not physically conducive to this arrangement such as the larger classes because of the "dead space" in the middle. Consequently a "double horseshoe", two semi – circular rows with one inside the other in large classes is also frequently observed (McCorskey and McVetta, 1978, p.100). Primarily, both the teachers and the students share the focus in the horseshoe arrangement (McCorskey and McVetta, 1978, p. 103).

According to Partin (2009), the semi – circular seating arrangement is suitable for facilitating student – student interaction with whole class or group discussions (p.03).

Figure 2.2: Semi – Circular Seating Arrangement (Kelley, 2003).

2.2.3. Modular Seating Arrangement

As described by McCorskey and McVetta (1978), the modular arrangement is found mostly in specialized classrooms and in classrooms at the lower elementary school levels (p.100). In this arrangement, the teacher is removed from the focal point in the modular arrangement (p.103).

According to Harmer (2007), the modular seating arrangement works best for student – student interaction and group activities (p. 22). Partin (2009) also asserts that the modular seating arrangement facilitates group interaction such as small group discussions and cooperative learning (p.03).
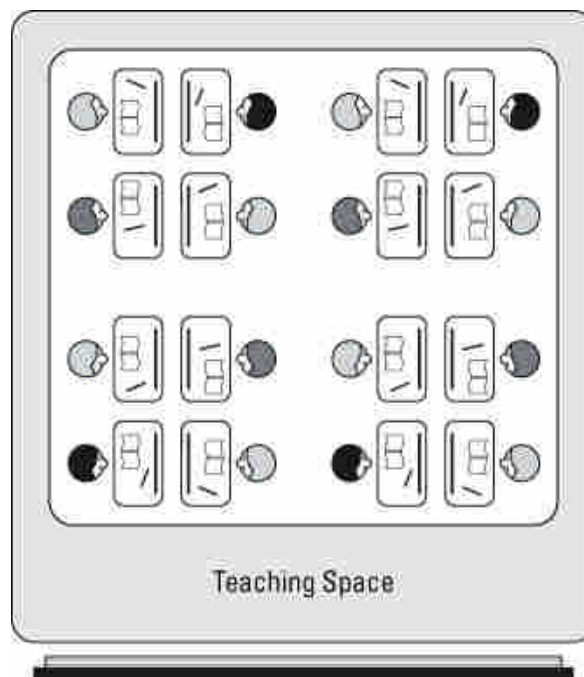
Figure 2.3: Modular Seating Arrangement (Kelley, 2003).

The modular arrangement is advocated for classes in which student – student interaction is most important. If task groups are formed in the class, this arrangement permits maximum interaction among those groups while minimizing the interference of one group with another. This arrangement is also recommended for classes which require that the teacher work closely with individuals or small groups rather than primarily with the class as a whole (McCorskey and McVetta, 1978, p. 103).

3.1. Research Design

The research design followed by the researcher was both qualitative and quantitative which provided different perspectives of the research and usually complemented each other. The qualitative research method was exploratory and provided the insights into the setting of the research and provided further suggestions. The common data collection method used for this method was interviews and discussion

with the teachers with individual interpretation on the analysis. On the other hand, the quantitative research method was used to quantify data and generalize results of the students' opinions. In this method, the data was collected through sample survey questionnaires.

3.2. Sampling and Setting

The sample used in this study consisted of randomly selected 12 teachers and 120 students from six different government and non – government secondary schools of Bangladesh. The subjects of this study were the secondary level students of class 9 from the English classes of the Bengali medium schools.

4.1. Results of Students' Surveys in Schools

Table 1: Average percentage of results on basis of students' answers for survey Question No. 1: Which do you consider as the most important for your seating arrangement in the classroom? You can choose more than one option.

Response of Students	Option a: The size of the writing surface	Option b: Space between desks	Option c: Distance from the teacher	Option d: Space for keeping books, copies etc.
School 1	60%	55%	60%	65%
School 2	60%	40%	50%	30%
School 3	40%	55%	20%	75%
School 4	30%	30%	15%	100%
School 5	30%	20%	45%	55%
School 6	65%	10%	40%	75%

In this first question, the students were allowed to choose more than one correct option, so their opinions were divided among the four options which was individually measured and averaged. From the overall students' opinions it was seen that 47.5% of the students considered the size of the writing surface an important factor, 35% of the students considered the space between desks as an important factor, 38.3%

of the students considered the distance from the teacher an important factor and 66.6% students consider

the space for keeping books, copies as an important factor.
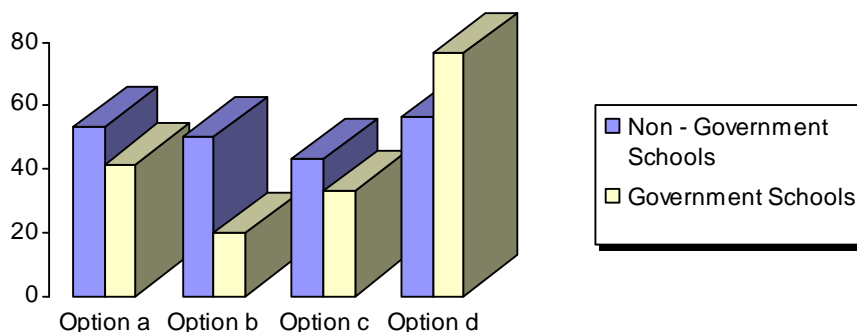
Figure 4.1: Factors considered important for the Seating Arrangement.

From the comparison between the students of non – government and government schools, it is found that

53.3% non – government and 41.6% government school students considered the size of the writing

surface, 50% non – government and 20% government school students considered the space between desks,

43.3% non – government and 33.3% government schools students considered the distance from the

teacher and 56.6% non – government and 76.6% government school students considered the space for

keeping books, copies as the important factors of the seating arrangement.

Table 2: Average percentage of results on basis of students' answers for survey

Question No. 2: Can you see your teacher and the blackboard clearly from your seat?

Response of Students	Option a: Often	Option b: Sometimes	Option c: Seldom	Option d: Never
School 1	95%	5%	0%	0%
School 2	100%	0%	0%	0%
School 3	80%	20%	0%	0%
School 4	75%	15%	10%	0%
School 5	85%	15%	0%	0%
School 6	90%	10%	0%	0%

Overall, 87.5% of the students said that they often see the teacher and the blackboard clearly from their seats, while 10.8% students said that they sometimes see the blackboard. On the other hand, 10% students said that they seldom see the blackboard and no one said that they never see the blackboard.
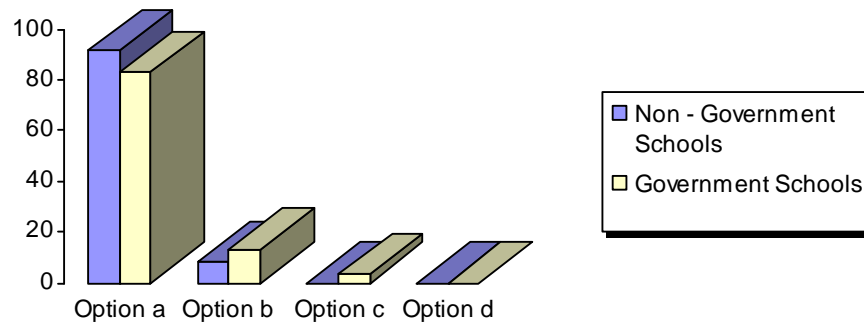
Figure 4.2: Visibility of the Blackboard in Classroom.

From the comparison between the students of non – government and government schools, it is found that 91.6% non – government and 83.3% government school students could often see the teacher and the blackboard clearly from their seats, 8.3% non – government and 13.3% government school students could sometimes see the blackboard, 0% non – government and 3.3% government schools students could seldom see the blackboard. However, 0% students from both the schools said that they never see the blackboard from their seats.

Table 3: Average percentage of results on basis of students' answers for survey

Question No. 3: Do you have enough lights, fans and ventilation in your classroom?

Response of Students	Option a: Yes	Option b: No
School 1	100%	0%
School 2	100%	0%
School 3	100%	0%
School 4	95%	5%
School 5	40%	60%
School 6	60%	40%

On the whole, 82.5% students answered that there was enough lighting and ventilation in their classroom and 17.5% students said that there was not enough ventilation in their classroom.
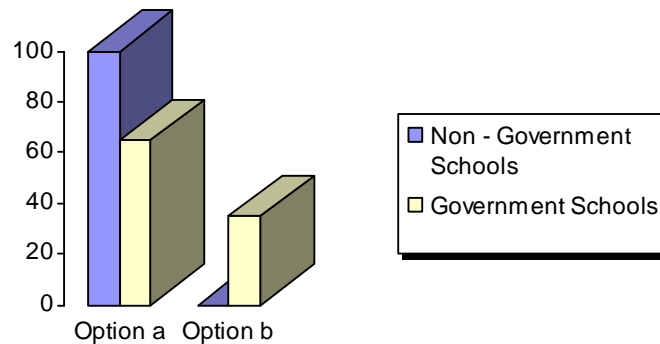
Figure 4.3: Lighting and Ventilation in Classroom.

From the comparison between the students of non – government and government schools, it is found that 100% non - government school students said that there was proper lighting and ventilation in their classrooms, compared to 65% government school students who agreed. However, 35% government school students commented negatively about the lighting and ventilation in contrast to 0% non - government school students.

Table 4: Average percentage of results on basis of students' answers for survey Question No. 4: Do you enjoy the pair work or group work seating more than individual seating in the class?

Response of Students	Option a: Yes	Option b: No
School 1	90%	10%
School 2	75%	25%
School 3	80%	20%
School 4	95%	5%
School 5	100%	0%
School 6	80%	20%

In this question, 86.6% students said that they enjoy pair or group work setting more than individual

seating, while 13.3% answered that they do not enjoy the pair or group seating more than the individual

seating.
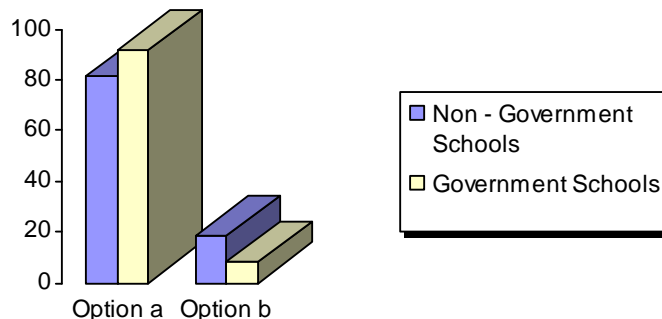
Figure 4.10: Preference for Pair – Group Work or Individual Seating.

From the comparison between the students of non – government and government schools, it is found that,

81.6% non – government and 91.6% government school students said they enjoy working in pairs and

groups. However, only 18.3% non – government and 8.3% government school students said that they

enjoy working individually more than pairs or groups with others.

Table 5: Average percentage of results on basis of students' answers for survey Question No. 5: Do

you think that you can learn and participate better in pair and group works?

Response of Students	Option a: Yes	Option b: No
School 1	95%	5%
School 2	95%	5%
School 3	85%	15%
School 4	100%	0%
School 5	100%	0%
School 6	100%	0%

In this question, 95.8% students answered that they learn and participate better in pair and group works,

while 4.1% students answered that they do not participate better in pair and group works.

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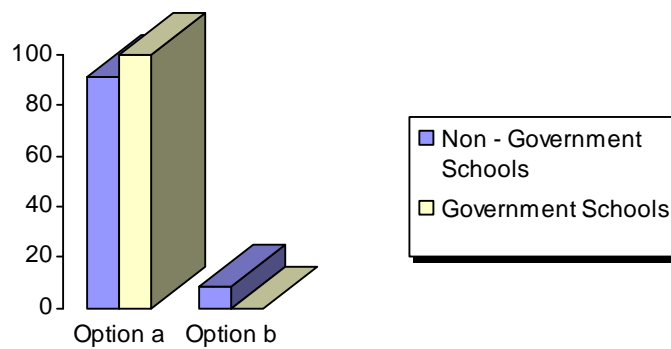
Figure 4.13: Better Learning and Participation in Pair and Group Works.

From the comparison between the students of non – government and government schools, it is found that, 91.6% non – government and 100% government school students think, they learn and participate better in pair and group works. Only 8.3% non – government school students think they do not learn better in pair and group works in class.

Table 6: Average percentage of results on basis of students' answers for survey Question No. 6: Choose the seating arrangement from the following picture you like most?

Response of Students	Option a: Row Seating Arrangement	Option b: Semi – Circular Seating Arrangement	Option c: Modular Seating Arrangement
School 1	0%	65%	40%
School 2	55%	45%	15%
School 3	35%	50%	30%
School 4	25%	30%	65%
School 5	35%	20%	45%
School 6	60%	25%	15%

In this question, the students were allowed to choose more than one correct option, so their opinions were divided among the three options which was individually measured and averaged. It was seen that 39.1%

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of the students liked the semi – circular seating arrangement and 35% students liked the modular seating

arrangement and 35% chose the option of the row seating arrangement.
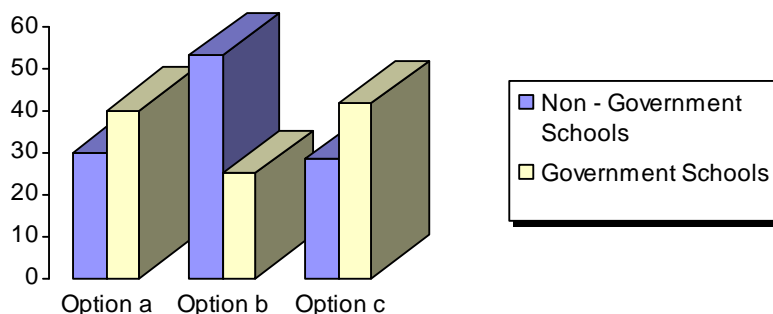
Figure 4.15: Preference of Choices among the Three Seating Arrangements.

From the comparison between the students of non – government and government schools, it is found that,

53.3% non – government and 25% government school students liked the semi – circular seating

arrangement, 30% non – government and 40% government school students liked the modular seating

arrangement and 28.3% non - government and 41.6% government school students liked the row seating

arrangement to be used in their classrooms.

4.2. Results of Teachers' Interviews in Schools

Responses of the teachers on basis of the teachers' interview questions.

Question No. 1: Is seating arrangement a factor that is usually under the teacher's control or should the

students be allowed to choose their own seats in the classroom?

The teachers from the non – government school said that, seats should be fixed according to the height,

size and interest of the students as there are both large desks and individual seats in different classes. The

seats also need to be assigned in a way so that the weaker student may come forward and the good student

may change seat for the need of the weaker student. A teacher from the non – government school said that

there is a seating chart in the classroom where seats are assigned by numbers for the students, so this

asserts the control of the teacher over the seating arrangement of the classroom. If the other teachers find that any student have changed his/her seat, then they could easily rearrange that student's seat as assigned by the seating chart.

The government school teachers also agreed and said that the seating should be solely organized by the teachers and the students should not be given any chance of changing their seats without the permission of the subject teacher or the class teacher. A teacher from the government school suggested that, if there is a mixture of different types of students in a group seating, then the good students could help others who are less intelligent and this grouping could work better and students will be benefited from that seating arrangement. She advised that, the teacher should arrange and change the seating at times according to the situation, but students' needs should also be given priority. She also pointed out that, the good students will always try to sit together and the ill-disciplined students will always try to sit together which will create chaos. Moreover, tall students might try to seat in front and short students might fall in the back which could have negative impact in their learning. So, choosing the seats are under the control of the teachers in the government and non – government schools.

Question No. 2: What type of classroom seating arrangement do you prefer for your students?

The teachers from the non – government school said that time has changed, so individual seats should be arranged in classrooms instead of large desks, because in this seating all the students are visible to the teacher. Since large desks make it difficult to rearrange the seats in the classroom, the individual seats are better because they could be rearranged easily which is necessary for group and pair works. Also, with one bench forward system, students can sit in the front, middle and back which keeps them interested.

Most of the government school teachers all agree on the use of the individual desks in classrooms instead of large desks. However, a few teachers from the government school said that since they do not have much room and the students are large in number, the school cannot provide single seats and since the

number of teachers is less compared to the number of students, so large desks are better. Maybe, the arrangement of seating can be different, but it would be better to decrease the number of students and increase the number of the teachers and sections of classes, otherwise nothing will work, because it is not possible for a teacher to single – handedly manage the large number of students in a classroom.

Question No. 3: Does the classroom seating arrangement facilitates your preferred style of teaching, instructions and meet your teaching needs?

The teachers from the non – government school said that, the lecture or presentation teaching style is effective and communicative as students feel comfortable in their work, feels free to ask questions and give opinions. In contrast, in the seminar or discussion style, sometimes students do not understand what the teacher is speaking. It is because they do not understand every word that the teacher is saying in English, but this problem could be solved if the number of the students is less around 20 – 30 in each class. They suggested that the teacher should use soft words and easy English and avoid strong words to create interest and communicate with the students. Moreover, in group works, the teacher should use the discussion style and conduct dialogue topics effectively by resizing the 45 minutes' plan as given in the book to a 35 minutes plan for managing efficient group activities. If the teacher can rearrange seats in the classroom according to the teaching style, then the teaching will be more fruitful.

In contrast, the government school teachers said that, the seating arrangement in their schools do not facilitate their style of teaching, so they see if the students understand their lectures and feel free to ask questions or give opinions in the class or not.

Question No. 4: Does the seating arrangement in your classroom facilitate group work, participation and interaction among the students?

The teachers from the non – government school said that the seating arrangement of their classes facilitate group work, participation and interaction among the students. For this reason, they make group and pair works for discussions, but not large groups since it could create chaos. One teacher said that she even carries out chain drills in her class to increase student interaction. In classes where there are large desks instead of individual seats, the teacher tell the students to make a group of 8 in two benches and then turn around their benches to sit face to face for group discussions. All of the teachers suggested that in order to conduct effective group works in the existing seating arrangement, each category of students need to be gathered in different groups.   In this way, the weak student will get the opinion of the bright students and there will be good cooperation and discussion among them. It is seen that sometimes, the bright students can explain better than the teachers to other students and it works best in individual seat grouping than large desk grouping.

In contrast, the government school teachers said that, there are large desks or benches in most of the government secondary schools and this system is not good and flexible for doing group or pair works. However, they still try to do some group works by turning around the large desks and make students sit face to face, so that they can participate and discuss in group activities led by the teacher. The teachers pointed out that in the English language classes, the teacher need to work with the four skills, so group work is much needed.

Question No. 5: Does your students feel comfortable in moving around the classroom or do they feel that the environment of the classroom is overcrowded and congested?

The non – government school teachers said that, their classrooms are large and spacious enough for the students to move around the classroom. However, it sometimes becomes congested when the teachers ask the students to form groups and there is chaos, however, it is temporary, but that is also important because they get to discuss.

Most of the government school teachers said that their classrooms are large enough to accommodate the limited number of students, so they can move comfortable around the classroom even though they are overcrowded. It is usually because of the large desks that the students sometimes have problems moving around the classroom comfortably. Moreover, if the classrooms are clean, then the teacher and the students will get a good learning environment.

Question No. 6: What are the effects of the traditional seating arrangement on the learning output (language comprehension, ability to generalize, language production etc.) of your students?

The non – government school teachers said that, in the traditional seating arrangement, the teachers use the Communicative Language Teaching method along with the Grammar Translation Method to create a balanced teaching – learning environment for the students so that they are interested to learn and use English in classes. Moreover, they use group and pair works to facilitate and encourage the students to try use English during the class. They pointed out that there is lacking in the learning output of the students who usually sits at the back. So, in order to improve the language production of the students, they suggested that the teachers should use the Communicative Language Teaching method and try to speak in English to encourage the students to speak. However, the teacher also needs to use the Grammar Translation Method sometimes by translating to mother tongue from English for the advantage of the weak students so that they can receive the information that the teacher is trying to provide them.

Similarly, the government school teachers said that, students try to speak in English when they give them group or pair works, otherwise, they are not that much vocal in English. However, the traditional seating arrangement always does not inspire the students to get proper language production. They suggested using easy English for the students in English classes instead of trying to use Bengali when the students find any lesson or instruction difficult to understand.

Question No. 7: Do you think that the semi – circular and modular seating arrangements are suitable for the improvement of students' learning?

Both the teachers from the non – government and the government schools agreed that, the semi – circular and modular seating arrangements can be suitable for the improvement of students' learning because in these arrangements students will be interested and get chance to participate with each other and the teacher. This will also help the teachers to implement the Participatory Method more effectively that will encourage active participation from the students. Besides, all the students will get equal attention from the teacher, take part in discussion and be active in class through these arrangements. They said that they can try the modular seating since the student number is large and the semi – circular seating if there is less student percentage in the classes. However they emphasize that, the present lacking of classroom space and the increasing numbers of students are not suitable for implementing those seating arrangements in the classrooms of Bangladesh. However, if there is enough space and classrooms in future, then these arrangements can be put into practice in the schools.

Question No. 8: What steps do you think that the government secondary schools should take to overcome the problems of the increasing number of students in the overcrowded classrooms?

To overcome the problem of the increasing number of students in the government secondary schools, the non – government school teachers suggested several ideas. They suggested that the government secondary schools should try to accommodate their students even though more space cannot be managed to make the classroom bigger. Otherwise, the school authority could limit the number of students to 50/60 in each class and not increase the number of students. Besides, the government can finance these schools to create more classrooms and increase the number of sections so that the number of the students can be kept to a minimum number.

Agreeing with them, the government school teachers also said that, the number of classes for the teachers is more compared to the number of students which is very large and the number of classrooms is small which creates problem for the seating. They suggested that the government schools should increase the size or the number of the classrooms, maintain a limited number of students and employ teachers who could control and monitor the classes successfully. Moreover, they can also maintain a limited number of students by increasing the number of schools and the posts of the teachers, then the teachers will be able to give attention to students, implement their teaching methods and make them fruitful. If there are more teachers, then the classrooms can also be divided into sections which will help to decrease the number of students in every classroom.

However, they suggested that, it would be more effective if the idea of team teaching is implemented in classrooms, this can be easily done if the government increases the posts of the teachers which can improve the teaching – learning situation in schools. They emphasized that, if the plans of classroom management can be designed with the coordinated efforts of the curriculum, syllabus committee and the school authority and teachers are encouraged to use creative and structural teaching style then they will contribute to enhancing students' learning.

5.1. Summary of the Findings

The data obtained from this research highlights a number of points concerning the viewpoints of both the teachers and students of the government and non – government secondary schools regarding different aspect of seating arrangements. Although, the existing row arrangement does not fully encourage the Communicative Language Teaching, Participatory Teaching method, cooperative learning activities, group and pair works, the teachers are still trying to use this arrangement for meeting the demand of their teaching methods and also enhancing students' learning and participation in class. Alternatively, they are trying to conduct group and pair works in the form of the semi – circular and modular seating arrangements in the existing traditional seating arrangement in the classrooms.

5.2. Recommendations

The teachers recommended that in order to support successful teaching and learning in the classroom seating arrangements of the schools, ongoing collaboration is needed among the government, education board, school authority, teachers, education planners and education researchers of the country. In fact, as emphasized by the teachers from both government and non – government schools, different seating arrangements should be available for them so that they can contribute entirely to students' learning. Also, good administrators need to be employed for improving the existing condition of the government schools. Besides, the traditional classroom environment needs to be changed by providing modern facilities in the classrooms.

The teachers also recommended that the students should not be given any chance of changing their seats without the permission of the subject teacher or the class teacher. Some teachers also advised that in order to overcome these challenges, the teachers need to attend the Teachers' Quality Improvement Training which will teach them to monitor and manage overcrowded classrooms. They illustrated that, in this training, the teachers are given criteria on CLT which emphasizes that the teacher will never say the answer, but encourage and monitor to elicit answer from the students.

6.1. Conclusion

In conclusion, it could be illustrated that, the teachers and students do have much to do in the present situation apart from accepting the row seating arrangements in the schools, but thinking about improving them can bring about a change in the teaching and learning situation in the schools of Bangladesh. At present, the function of seating arrangement is underestimated by the school authorities as they are more interested to have maximum number of seats in order to have maximum number of students so progression is much needed.

Therefore, shortages of classrooms and teachers and other necessities in the secondary schools of our country need to be addressed by the school authority, education board and the government. As suggested by most of the teachers, a lasting solution can be building additional classrooms and employing more teachers so that this crisis can be overcome. It has to be remembered that whatever prevailing seating arrangement is in the schools or in

the majority of the classrooms in a country, it has far reaching implications for teaching and learning environment in schools. Therefore, seating arrangement should be taken into consideration for utilizing effective teaching and learning practices for both the teachers and the students.

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Appendix A

Classroom Interview Questionnaire (Teacher)

This assessment contains statements and questions about the seating arrangement of the class and the activities that take place in the class.

1. Is seating arrangement a factor that is usually under the teacher's control or is the students allowed to choose their own seats in the classroom?

2. What type of classroom seating arrangement do you prefer for your students?
   a. Individual seats with attached writing surface (wooden palettes).
   b. Large desks for 5 – 7 students in a row seating pattern.

3. Does the classroom seating arrangement facilitates your preferred style of teaching, instructions and meet your teaching needs?

4. Does the seating arrangement in your classroom facilitate group work, participation and interaction among the students?

5. Does your students feel comfortable in moving around the classroom or do they feel that the environment of the classroom is overcrowded and congested?

6. What are the effects of the traditional seating arrangement on the learning output (language comprehension, ability to generalize, language production etc.) of your students?

7. Do you think that the semi – circular and modular seating arrangements are suitable for the improvement of students' learning?

8. What steps do you think that the government secondary schools should take to overcome the problems of the increasing number of students in the overcrowded classrooms?

Appendix B

Classroom Assessment Survey (Student)

This survey contains statements and questions about the seating arrangement of your class and the activities that take place in your class. There are no right or wrong answers. Some of the statements and questions may be similar. Please answer all of the following questions in this survey. Thanks!

1. Which do you consider as the most important for your seating arrangement in the classroom? You can choose more than one option. (শ্রেণীকক্ষের আসন-বিন্যাসের ক্ষেত্রে কোন বিষয় তোমার কাছে সবচেয়ে গুরুত্বপূর্ণ? তুমি একের বেশি উত্তর বেছে নিতে পারো।)

    a. The size of the writing surface. (আসনের উপরে লেখার জায়গার মাপ)

    b. Space between desks. (দুই আসনের মধ্যকার জায়গা)

    c. Distance from the teacher. (শিক্ষক থেকে দূরত্ব)

    d. Space for keeping books, copies etc.(বই-পুস্তক রাখার যথেষ্ট জায়গা)

2. Can you see your teacher and the blackboard clearly from your seat? (তুমি কি তোমার আসন থেকে তোমার শিক্ষককে এবং ব্ল্যাকবোর্ড পরিষ্কারভাবে দেখতে পারো ?)

    a. Often.(প্রায়ই)

    b. Sometimes. (মাঝে মাঝে)

    c. Seldom (কদাচিৎ)

    d. Never.(কখনই না)

3. Do you have enough lights, fans and ventilation in your classroom? (তোমার শ্রেণীকক্ষে যথেষ্ট পরিমান লাইট, ফ্যান এবং বায়ু চলাচলের ব্যবস্থা আছে ?)

    a. Yes. (হ্যাঁ)

    b. No. (না)

4. Do you enjoy the pair work or group work seating more than individual seating in the class? (তুমি কি এককভাবে বসে কাজ করার চেয়ে পেয়ার অথবা গ্রুপে কাজ করতে বেশি পছন্দ করো ?)

    a. Yes. (হ্যাঁ)

    b. No. (না)

5. Do you think that you can learn and participate better in pair and group works? (তুমি কি মনে করো পেয়ার বা গ্রুপ কাজে তুমি বেশি জ্ঞান অর্জন এবং আলোচনায় অংশ গ্রহণ করতে পারো ?)

    a. Yes. (হ্যাঁ)

    b. No. (না)

6. Choose the seating arrangement from the following picture you like most? (নিচের   কোন   আসন

ব্ব ।   তোমার   সবচেয়ে   বেশি   পছ   ?)
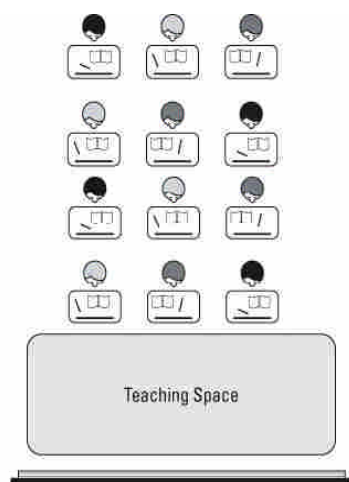
a) Row Seating Arrangement. (সারিব   আসনবিন স   ব ব ।   )

b) Semi – Circular Seating Arrangement. (অধ   -বৃ াকার   আসনবিন স   ব ব ।   )
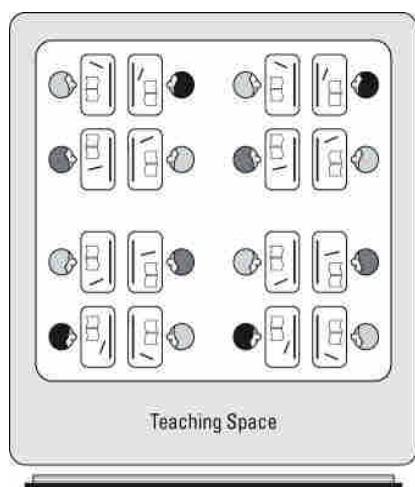
c) Modular Seating Arrangement. (দলব   আসনবিন স   ব ব ।   )

28

Personal Branding Phenomenon

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Abstract

Personal branding is a planned process in which people make efforts to market themselves. This process involves three phases. The first phase is to establish a brand identity, people have to differentiate themselves and stand out from a crowd while fitting expectations of a specific target market. The second phase is to develop the brand's positioning by developing an active communication of one's brand identity through managing behavior, communication and symbolism. The third phase is to evaluate a brand's image and that to fulfill personal and professional objectives, and thus, the practices of personal branding can help to compete in the crowded job market. Individuals involved in personal branding develop their human capital by investing in continuous learning; enhance their social capital through visibility and notoriety and access to financial success and economic profitability.

Keywords: Personal branding, human capital, marketing communication, personal and professional success.

1. Introduction

Personal branding is a new marketing concept related to the marketing strategies that a person adopts in order to promote his self in the market. The popularization of personal branding is generally attributed to the rising number of books on the subject, magazines, web sites, training programs, personal coaches, and specialized literature about how exactly to brand oneself for success in the business world (Montoya, 2002, McNally and Speak 2002, Arruda and Dixson, 2007).

Personal branding is an individualistic approach. The key premise is that people can be considered as brands, everyone has a personal brand and that regardless of age, regardless of position, regardless of the business (Peters, 1997). Everyone has a chance to be a brand worthy of remark, that, personal branding if applied correctly can transform any person into a brand in any field (Rein and al, 2006).

Lair, Sullivan and Cheney (2005) defined personal branding by describing it as involving "...concepts of product development and promotion"…"used to market persons for entry into or transition within the labor market". Shepherd (2005) defined personal branding as a varied activities undertaken by individuals to make themselves known in the marketplace. Hughes (2007) simply equates people to goods or services and proposes that the current American Marketing Association definition of a brand is simply be extended to include people.

Since the late 1990s, personal branding has become increasingly popular as subjects of self-improvement books, web sites and consultancy services. These discourses of personal branding become popular because they do something useful. Writings on person branding have largely been dominated by advice from practitioners who advocate that anyone can develop a successful brand that will enable them to

compete in the crowded market. The present paper aims precisely to explain what a personal branding is, how one can build a personal brand and why one have to develop his personal brand.

2. Personal branding: the evolution of a concept

The business self-help genre of management communication traces its roots at least back to Dale Carnegie's (1982) How to Win Friends and Influence People. Key to these self-help management moments is the idea that individuals in the corporate world can achieve success by engaging in a process of self-management. Some authors argued that personal branding was indirectly introduced by Erving Goffman (1959) in his book "The presentation of self in everyday life". Goffman views people as actors engaging in performances, in various settings which are seen by audiences the actor is on stage and acting in ways that will produce the most favorable impression and other's reactions are influenced by this impression.

Individual branding, was first introduced in 1980 in a book titled "Positioning: The Battle for your Mind", by Al Ries and Jack Trout. More specifically in chapter 23, Positioning Yourself and Your Career - You can benefit by using positioning strategy to advance your own career. Key principle: Don't try to do everything yourself. Find a horse to ride". The term of personal branding is popularized by Tom Peters (1997) in his article "The Brand Called You," who wrote: "We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be head marketer for the brand called You" (Peters 1997). The original idea of personal branding coined by Peters did not focus specifically on the presentation of an online identity, but was more generally applied to individuals and their conduct in business.

Kotler and Levy (1969) argued that persons could be marketed much like products, stating: "Personal marketing is an endemic human activity, from the employee trying to impress his boss to the statesman trying to win the support of the public" (p. 12). Kotler and Levy also noted that "no attempt is made to examine whether the principles of 'good' marketing in traditional product areas are transferable to the marketing of services, persons, and ideas" (p. 10). Today researchers recognize that brands can also be human, and has been studied in many area, celebrity brand (Thomson, 2006), athlete brand (Arai and al, 2013), CEO brands (Bendisch and al, 2013), leaders in politics (Hughes, 2007; Omojola, 2008), scholars are also thought as human brands competing for entry in job market (Close and al, 2010) or for occupations and professions (Parmentier and al 2012).

The key premise for personal branding is that everyone has a personal brand (Peters, 1997), but most people are not aware of this and do not manage it strategically, consistently, and effectively (Ramparsad, 2009). A major selling proposition is the fear that if individuals don't manage their own brand, then someone else will manage it for them: "If you don't brand yourself, someone else will", writes Kaputa (2003), who continues: "you're giving the power to other people to brand you if you don't do it yourself".

Personal branding becomes an important marketing task for everyday people and has accelerated in the social networking sites of Web 2.0 (Shepherd, 2005). The rise of social media has formed the need for a deeper analysis of building personal brands not just for professional consumption but rather for social. Personal branding has become increasingly important in the digital age web 2.0, social media such as Facebook, YouTube, Google, Twitter, Blogs, Myspace and many other applications entered the scene and made it virtually impossible for anyone to keep from creating a personal brand, whether they wanted to or not (Vasalou and Joinson, 2009, Marwick and Boyd, 2010, Way, 2011, Labrecque and al, 2011). Individuals not formally trained in the discipline of marketing may often participate in the act of marketing without being aware that they are doing so. Personal style and social interaction inherently lend

themselves to the unconscious marketing of individuals and create platforms for communication and creativity (Way, 2011).

3. How to develop a Personal Brand

In this paper, we define personal branding as the process of establishing a unique personal identity, developing an active communication of one's brand identity to a specific target market and evaluating its impact on ones image and reputation, and that to fulfill personal and professional objectives. This process involves three phases just like other brands. The first phase is to establish a brand identity, the second phase is to develop the brand's positioning, and the third phase is to evaluate a brand's image.

a. Personal brand identity

Personal branding typically begins with establishing an inventory of attributes, beliefs, values, motives, and experiences in terms of which people define themselves in a role (McNally and Speak, 2002). Parmentier and al (2012) suggest that people building person brands should differentiate themselves to stand out from a crowd while fitting expectations and needs of their target market. These personal characteristics are then compared and matched up with the target's needs and expectation. The self audit based on a full understanding of one's target market and one's competitors. Personal brand identity is based on inherent internal characteristics in a person to be branded and external elements encompass the person's relationship with other people. Researchers argue that personal branding is essentially an inside-out process that is based on the strengths and uniqueness of the individual in relation to a target market (Motion 1999, Shepherd, 2005, Rein and al, 2006).

b. Personal brand positioning

A people brand needs to be positioned in the consumers' minds. Brand positioning refers to the active

marketing communications efforts of one's brand identity to a specific target market. Personal branding is centered on the promotion of the self. Individuals use brand positioning to highlight their positive attributes that are of value to their target audience while at the same time differentiating themselves from other individuals in the marketplace.

'Everything communicates' is a known fact within the area of marketing and this can be applied to people as well as to products. For personal branding, brand positioning occurs through self presentation (Labresque and al, 2011), nonverbal cues (appearance, manner), verbal disclosures (information about the self), and actions (performance, citizenship) shape others' perceptions of one's competence, character, and ability to meet the cultural standards (Roberts, 2005). Peters (2007) has referred to the importance of social networking for individuals to improve the personal scope of the personal branding campaign and to increase the value of the personal brand for the individual.

c. Personal brand assessment

Personal Branding is about taking control of one's own image, and just like a product or company, a personal brand is established to achieve results. People who construct viable professional images are perceived as being capable of meeting their aims. The mismatches between their self-stated goals and judgments by others represent branding failures (Labresque and al, 2011). As brand is built for the satisfaction of the market, the basic objective of this step is to determine whether the branding efforts had achieved the branding goals and met personal goals. In this way, the incorporation of market feedback is essential. To become a brand requires recognition by the marketplace of such a status.

Personal Brand Identity Unique characteristics that distinguish one from competition	→	Personal Brand Positionning Marketing efforts online and offline communications	→	Personal Brand image assessment Achieving personal and professional

Figure 0. Personal Branding Process

4. Goals of personal branding

Personal branding is popular because it supplies an individualized approach to dealing with précarité, contingency, and uncertainty economics of the day (Gehl, 2011). According to Lair and al (2005), the emergence of personal branding in the late 1990s was a result of the same economic forces that influenced product branding as a communication method that job seekers began using branding as a method to position themselves in the competitive employment environment the same as marketers presented their products. The individual sees himself as his own manager or entrepreneur, responsible of work-based identities believing that if he invests in establishing a personal brand, he will have a return in human capital, social capital and economic capital, just like any other investor (Du Gay, 1996, Rose, 1998).

- **Human capital:**

Individuals involved in personal branding develop their human capital by investing in continuous learning. Human capital refers to the fact that human beings invest in themselves, by means of education, training, or other activities maximize their competitive potential.

By positioning themselves as having unique characteristics that distinguish them from the competition, individuals can enhance their recognition as experts in their field, establishing reputation and credibility, advance their careers, and build self-confidence (Montoya**,** 2002, McNally and Speak 2002, Rein and al, 2006, Arruda and Dixson, 2007).

- **Social capital:**

The personal branding literature essentially offers a technique for individuals to increase their social capital. Social capital reflects the extent to which one develops a wide network of relationships which incorporates broader contacts with family, friends, work, and community that can provide information, influence, guidance, and support to the individual.

Personal branding represents investments made by individuals to enhance their public image. Notoriety and identification can be a measure of success, in the form of credentials, personal brand provides instant creditability and status for the holders, leading to a successful exchange, maximize visibility and a growing popularity (Gehl, 2011, McNally and Speak 2002, Rein and al, 2006).

- **Economic capital:**

Personal brands, if cultivated, lead to financial success and economic profitability. Personal branding offers people a way to theorize and negotiate the changing employment landscape of globalized capitalism (Lair, and al., 2005). People position themselves as person brands when entering or career management in specific occupations or professions to compete against others for similar employment opportunities. Branded individuals generate increased worth or value for themselves, maximize their own employability and increase their lifetime earnings (Peters, 1997, Montoya, 2002, McNally and Speak 2002, Arruda and Dixson, 2007).

Conclusion

Personal branding is a new marketing concept related to the marketing strategies that a person adopts in order to promote his self in the market. This process involves three phases. The first phase is to establish a brand identity, people building person brands should differentiate themselves to stand out from a crowd while fitting expectations and needs of their target market.   The second phase is to develop the brand's positioning, which occurs through self presentation via nonverbal cues, verbal disclosures, and social networking. The third phase is to evaluate a brand's image; in fact, to become a brand requires recognition by the marketplace of such a status.

The practices of personal branding can help in every area of human relationships: romantic, family, friend, and business. For different person, personal branding has different impacts and different rewards. Advocates of personal branding argue that personal branding leads to financial gain, professional acclaim, and to enhanced personal relationships.

The contemporary personal and professional success requirement for an individual to maximize visibility has been growing in popularity, personal branding phenomenon appears to be here to stay.

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EFFECT OF RELATIONSHIP QUALITY ON CUSTOMER LOYALTY

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A b s t r a c t

Attracting new customers incur much higher cost than the cost of retaining existing customers, a crucial issue for service firms is keeping customers loyal. This research explores how relationship quality influences customer loyalty. To test the proposed research model, a survey research methodology is used. Questionnaires were distributed to mobile phone users in Islamabad, Pakistan. A total of 300 valid questionnaires was returned. Our research has proven that companies should not only focus on improving service quality but service providers should also build relationship quality to enhance customer loyalty.

Keywords: Relationship Quality, Customer Loyalty, Satisfaction, Intimacy, Service Quality, Trust, Playfulness, Pakistan

1.0. Introduction

Serious challenges are being faced by different departments of an organization due to the effect of competitive pressures from an external environment. It is important to retain the current customers in the business environment. Firms should cultivate the new customers rather than acquiring the new ones as acquiring the new customers would cost them more. In other words, companies pay little or no attention to the retention of the customers. Customer satisfaction depends upon the two factor theory. It dictates that those requirements which are to be minimally achieved by the customers are termed as the hygiene factors. Dissatisfaction would be the outcome if the hygiene factors are not being achieved by the firms. Those factors which play an additional role apart from the providence of the basic requirements are termed as the satisfiers. Among all of the variables discussed in research, satisfiers include the intimacy with the service provider and playfulness as both of these features enhances the level of the satisfaction at its optimum. These two variables not only meets the expectations of the customer with the performance of

the product but also enhances the customers' expectations above the normal and a desired level which is helpful to customers and of great value to customers when they want to take decision about choosing the mobile service provider. Relationship quality including satisfaction, trust has a significant effect on customer loyalty.

2.0. Literature review

2.0.1. Playfulness

As compared to the constructs related to utilitarian such as technology acceptance and adoption's ease of use, playfulness was explored less (Varnali, 2009). Intense engagement is being experienced by the people when information technology is being interacted (Chinn, 2004). Situational factors such as design complexity also affect the playfulness (Gronroos, 2004). In terms of the electronic commerce the variable of the playfulness leads to outcomes which are being desired by an individual such as positive behaviors,perception and attitudes towards virtual stores and websites (Agarwal, 2000), repurchase behaviors, loyalty, trust (Koufaris, 2002) and satisfaction (Liu, 2011).

H1: Playfulness has a positive effect on loyalty

H2: Playfulness has a positive effect on relationship quality

2.0.2. Intimacy

With respect to continuous intention, intimacy is even stronger than trust although the element of the trust is positively related to the emotion (Dunn, 2005). A specific type of feeling is described through the intimacy (Cordova, 2001). For adaptation and interaction, it has been regarded as the critical variable in an advertising agency it has been shown that in the long term the interaction of the quality or intimacy affects the use of the clients in services context. In marketing channels, positive relationship prevails between intimacy and relationship continuance (Verhoef et al., 2002). One of the salient features of customer satisfaction towards service provider is the intimacy (Yim, 2008).

H3: Intimacy has a positive effect on loyalty

H4: Intimacy has a positive effect on relationship quality

2.0.3. Service quality

Adopting the measures of the service quality enhances the security level as freedom from the risks and danger gets accomplished. Companies have shifted themselves to achieve the best and sustainable delivery models. Therefore service quality is an accurate tool to achieve higher reliability, consistency and responsiveness. (Morgan, 1994). The basic aim of the communication in the relationship quality is mutual understanding, initiating and maintaining customer loyalty and encouraging the customers for their desired decisions (Ndubisi, 2004).

H5: Service quality has a positive effect on loyalty

H6: Service quality has a positive effect on relationship quality

2.0.4. Relationship Quality

2.0.4.1. Satisfaction

Basic and the minimum requirements are being met by the determinant of the satisfaction. Customer loyalty and satisfaction has a positive relationship with the market share and market profitability (Anderson et al., 1994). As has been demonstrated in common rule of thumb, costs of acquiring new customers are between five to ten times more than to retain the existing customers who are satisfied (Slater et al., 2000). Relationships between customer value perceptions, satisfaction and loyalty have been explored in the recent research (Lam et al., 2004).

2.0.4.2. Trust

Commitment and trust are critical as pointed out by the relationship quality literature in establishing and maintaining the relationship between company and customers (Morgan, 1994). Attitudinal loyalty and behavioral loyalty are being related to both the satisfaction and trust (Chiou, 2006). As a form of social norm, the trust, enhances the perceived value and reduces the monitoring costs of relationship (Alejandro, 2011). Customer loyalty and repurchase intention are positively related to satisfaction (Burton, 2003). Trust has two levels, at the first level, the customer trusts one particular sales representative while at the second level the customer trusts the company.

H7: Relationship quality has a positive effect on loyalty

H8: Relationship quality mediates the relationship between playfulness and loyalty

H9: Relationship quality mediates the relationship between service quality and loyalty

H10: Relationship quality mediates the relationship between intimacy and loyalty

2.0.5. Loyalty

Loyalty has been defined as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future" (Oliver, 1999). It has been classified as long term loyalty and short term loyalty. It is unlikely that customers with the long term loyalty would switch to the products of the competitors however when an alternative product with additional benefits are provided, it is likely to happen that a customer would switch to the products of the competitors. Maximum efforts should be put forth to achieve the emotional loyalty (Morgan, 1994). Customers who are strongly bonded with their customers make repeat purchases, communicate through the positive word of mouth (Bagarozzi, 1997).

3.0. Conceptual Model
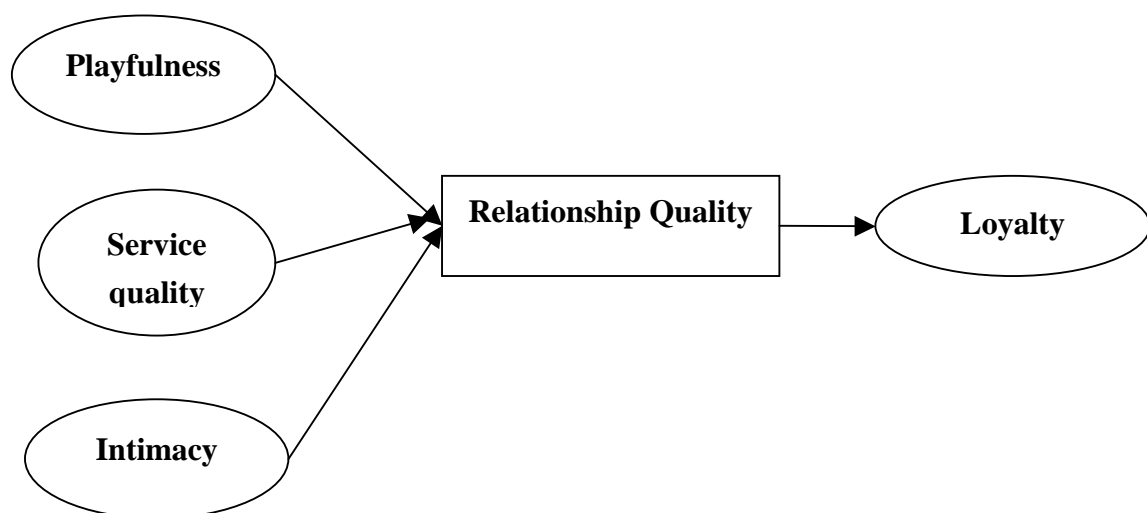
Figure 3.0.: Showing the relationship between independent, mediating and dependent variables

4.0. Methodology

The study used the convenient sampling. For pilot study 40 respondents were taken in order to check the reliability of the instrument. For complete study 300 responses were taken. Individuals of Rawalpindi and Islamabad were the unit of analysis of the study. Respondents were supposed to fill questionnaires in natural work flow and not formerly informed. There is minimal researcher interference with a normal flow of work where they don't interfere with normal work activities. The study used 18 items questionnaire (structured) as a research instrument. Among these 18 items, 2 were related to loyalty, 6 items were related to relationship quality (3 items related to satisfaction and 3 items related to trust), 4 related to service quality, 3 about playfulness and 3 items related to intimacy. The study used a 5 point Likert scale. 1 For strongly disagree, 2 For Disagree, 3 For Neither neither agree nor disagree, 4 For Agree and 5 For Strongly agree. (Liu, 2011) used the same scale in their study. The study was in the context of telecommunications so there was no need to change or manipulate the wording of the instrument.

5.0. Data Analysis

Table 5.0.1: Representing Reliability Statistics.

S No	Variable/construct	Cronbach's alpha	No of items
1	Loyalty	.839	2
2	Relationship Quality	.817	6
3	Service quality	.821	3
4	Playfulness	.856	3
5	Intimacy	.758	3

Data is internally consistent adequately for each of the scales used in the study. The service quality scale 1 was showing internal reliability less than .5 which was not acceptable in the social sciences so it was removed from our instrument.

Table 5.0.2: Showing Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Loyalty	300	1.00	5.00	3.5500	.96999
Relationship Quality	300	1.00	5.00	3.6063	.93826
Service quality	300	1.00	5.00	3.4391	.90019
Playfulness	300	1.00	5.00	3.4250	1.04941
Intimacy	300	1.00	5.00	3.4250	.89875

The data suggest that variables are tapped on 5 point Likert scale. 1 for strongly disagree, 2 For Disagree, 3 for neither agree nor disagree, 4 For Agree and 5 For Strongly agree.

5.0.3. Regression analysis

Table 5.0.3 (a): Regression Analysis

		Model	
β	**Sig**		
Model 1	(Constant)*		0.456
	Playfulness	.244	0.004
	Service quality	.664	0.018
	Intimacy	.336	0.032
Model 2	(Constant)**		0.634

Playfulness	.087	0.004
Service quality	.104	0.036
Intimacy	.513	0.011

1) R^2 = .233; F = 23.900, 2) R^2 = .375, F = 31.156, *p≤.05

Constant*: Loyalty; Constant: Relationship Quality**

Table 5.0.3 (b): Regression Analysis

Model

β	Sig

		β	Sig
Model 3*	(Constant)		.675
	Relationship Quality	.223	.007
Model 4*	(Constant)		
	Playfulness	.232	.062
	Service quality	.453	.114
	Intimacy	.126	.745
	Relationship Quality	.344	.555

1) R^2 = .246; F = 25.569, 2) R^2 = .403, F = 35.074, *p≤.05

Constant*: Loyalty

Four step mediation was carried out following the study of Baron and Kenny (1986)

Model 1: Three independent variables that are entered into the regression model and R is (.483) the correlation of three independent variables (playfulness, intimacy and service quality)) with the dependent variable (loyalty). This value shows the strength of the relationship between the three independent variables. In the model summary R square is (.233) which is the explained variance of R square (.483).

The value of R square indicates that 23 percent of the variability of dependent variable (loyalty) is demonstrated by the relationship with the independent variables (playfulness, intimacy and service quality). The ANOVA table during analysis showed the F value of (23.900) which was significant at the .0001 levels. The coefficient value helps to see which among the three independent variables influences most the variance in loyalty. The beta value under standardized coefficients shows that the highest number in the beta is (.664) for service quality which is significant at the .001 levels. The positive beta service quality indicates that if it is to be increased by 1 unit the loyalty will be increased by .664 times. The beta value of playfulness (.244) and of intimacy (.336) is low which shows that the playfulness and intimacy affecting the loyalty is lower than service quality. The positive beta value of playfulness and intimacy indicates that if it is to be increased by 1 unit the loyalty will be increased by .244 and .336 times respectively.

Model 2: Three independent variables that are entered into the regression model and R is (.612) the correlation of three independent variables (service quality, playfulness and intimacy) with the dependent variable (relationship quality). In the model 2 summary, R square is (.375) which is the explained variance of R square (.612). The value of R square indicates that 37.5 percent of the variability of the dependent variable (relationship quality) is demonstrated by the relationship with the independent variables (service quality, intimacy and playfulness). The ANOVA table shows that the F value of (31.156) is significant at the .0001 levels. The beta value under standardized coefficients shows that the highest number in the beta is (.513) for intimacy which is significant at the .0001 levels. The positive beta of intimacy indicates that if it is to be increased by 1 unit the loyalty will be increased by .513 times. In this the beta value of playfulness and service quality are reduced at (.087) and (. 104). The results of playfulness and service quality are significant at (.004) and (.036) level respectively.

Model 3: One independent variable that is entered into the regression model and R is (.496) the correlation of independent variable (relationship quality) with the dependent variable (loyalty). This value shows the strength of the relationship between the two variables. In the model summary R square is (.246) which is the explained variance of R square (.496). The value of R square indicates that 24 percent of the

variability of dependent variable (loyalty) is demonstrated by the relationship with the independent variables (relationship quality). The ANOVA table shows that the F value of (25.569) is significant at the .0001 levels. The F statistic produced is (25.569) which is significant at the .0001 levels. The beta value is (.223) for relationship quality which is significant at the .007 levels. The positive beta for relationship quality indicates that if it is to be increased by 1 unit the loyalty will be increased by (.223) times.

Model 4: Four independent variables that are entered into the regression model and R is (.635) the correlation of four independent variables (service quality, intimacy, playfulness and relationship quality) with the dependant variables (loyalty). In the model summary R square is (.403) which is the explained variance of R square value (.635). The value of R square indicates that 40 percent of the variability of dependent variable (loyalty) is demonstrated by the relationship with the independent variables (service quality, intimacy, playfulness and relationship quality). The ANOVA value shows that the F value of (35.074) is significant at the .0001 levels. The results of service quality, playfulness and intimacy are insignificant at (.114), (.062) and (.745) level respectively. This also indicates that the service quality, intimacy and playfulness as independent variables are mediated by the factor of relationship quality. The model is showing full mediation.

6.0. Future research / implication and limitations of the study

The moderating effect of different variables could also be imparted in the future researches like interaction between internal and external customers, interpersonal communication, relational contact; client behavior could be done to study the customer loyalty. Future researches may take a large sample size in order to get more accurate results with less estimated standard error. This study is conducted in the Pakistani market context further more this study was conducted in the telecommunication sector which was the main focus of this study however further research may be conducted in the other sector like hotels and other services sectors for example banking sector consultancy services and ad agencies etc. Scope of this study is limited because the result may differ in other cultures because of this the study could not be implemented in other areas.

7.0. Conclusion

Findings suggest both pull-in and push-back forces are useful techniques that companies can implement to retain customers. Pull-in forces, such as relationship quality (customer satisfaction and trust), focus on long-term customer relationships, while push-back forces are akin to short-term tactics. If Companies cultivate intimacy with customers then it will increase customers' trust and loyalty. It is interesting to see that satisfier (playfulness) is also an important like hygiene factors (service quality) in mobile communication services. Hygiene factors are very important for companies to remain and compete in the competitive market; whereas playfulness and intimacy act as enhancers to pull the customers toward the company. If company employees have a friendly attitude toward customers and have a proper understanding about customers needs then it strongly influences relationship quality; whereas expertise, similarity and disclosure of employees influence trust and have no effect on satisfaction.

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MACROECONOMIC AND BANK-SPECIFIC DETERMINANTS OF NON-PERFORMING LOANS IN THE BANKING SECTOR IN PAKISTAN

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Abstract

This research study is an attempt to explore the external and internal factors of Non-Performing Loans in the banking sector in Pakistan through LSDV/Fixed Effect Model (FEM) using panel data of eight banks operating in Pakistan for the period 2003-2011.The external factors include various macroeconomic indicators such as GDP growth rate, exchange rate, lending interest rate, inflation rate and unemployment rate, while bank-specific factors include bank size, risk profile/risk appetite and management of banks. The results suggest that GDP growth rate, risk appetite of the banks affect NPLs inversely. Management of the foreign banks operating in Pakistan seems to be more effective than the local ones in dealing with NPLs. Also some of the time dummies capturing the time specific factors affecting the NPLs have come out statistically significant.

The findings of the study are important from the aspects of strategy and policy making on the part of

management of the banks. As GDP growth rate shows a declining trend, management has to be selective in extending loans as loans extended in the period of economic depression are more likely to be lost.

Banks need to be careful in lending, although the findings of this study suggest that NPLs have inverse relationship with the risk appetite of the banks for lending, because the inverse relationship of the NPLs with the risk appetite may be due to the practices of the credit managers of re-financing their doubted loans.

The findings also recommend that local banks need to improve on the management practices, style and working environment and should compete in this regard with the foreign banks operating in Pakistan. The management should also foresee period-specific factors affecting NPLs such as law and order situations and natural disasters etc. while extending loans. The findings of this research can be useful tools in framing policy guidelines to deal with NPLs in the banking sector in Pakistan. It may help the banking sector in Pakistan better deal with the issue of NPLs. An effective strategy against NPLs would help stabilize our banking sector that would be handy in the growth and development of the national economy.

1. Introduction

A stable and vibrant economy requires an efficient and sound financial system that enables mobilization of savings for the purpose of investment. Financial intermediation is important from the viewpoint of bridging the gap between surplus and deficit economic units. This bridging of the surplus and deficit economic units improves economic efficiency of resource utilization in an economy. So the existence of a sound and stable financial system is important for economic growth and efficiency. Research findings suggest that the low economic growth of developing countries is associated with their underdeveloped financial systems[1]. The low economic growth of the developing countries may partly be due to inadequate mobilization of savings towards productive opportunities. Developed economies such as Japan, Germany, the US, and the UK have sound and well regulated financial systems.

Financial markets are complex in their structure and functioning. Different types of financial institutions such as banks, security market, insurance companies, mutual funds, all of which are regulated by the

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[1] World Bank, Finance for Growth: Policy Choices in a volatile World (Oxford: World Bank and Oxford University Press, 2001) for a survey of this literature and a list of further references.

governments, constitute financial system. Banks are an important part of a financial system and have several advantages over security market from the perspectives of both depositors and borrowers. Banks are more important in the sense that while established corporations have access to institutions like bond and stock markets for raising funds to finance their investment operations needs and new projects, banks provide a source of funds for existing small and medium-sized businesses. Banks are also important from the viewpoint of savers as banks overcome the issues of adverse selection and moral hazards. Investors in countries with under-developed financial markets find it difficult to gather informations about the companies they consider for investment. Banks in such countries are safe haven for savers to invest their funds.

NPLs pose serious problems for the banking sectors itself and for economy as well. They adversely affect the performance and financial standing of the banks. It is why management always focuses on planning for NPLs. NPLs reduce the profit margin of the banks and can even run banks in to losses that can reduce the assets size of banks and their lending capacity can be restricted. In worst cases a bank may face problems due to default. The default of a large number of banks leads to banking or financial crisis. A high number of NPLs may change the lending behavior of the banking sector. Bank credit may be channeled to public sector projects and large reputed corporations if uncertainty exists on the repayment of loans. Subsequently, smaller businesses in the private sector may find it difficult to borrow from the banks that may adversely affect their performance. Their contribution in the national economy may diminish as a result of which the overall economy may perform poorly. As recently evident from the Global Financial Crisis (GFC)[2] it brings about inefficiency in financial market and sharp contraction in the economic activity. Therefore governments pay special attention to safeguard their financial market against such shocks[3]. NPLs have huge implications for financial intermediation as they can affect lending

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[2] GFC: In 2004-2007 the US banking sector forwarded loans to consumers especially for housing purposes excessively following low credit standards that froze the credit market. It led to the banking crisis that resulted in almost 150 banks to default. The banking crisis led to financial crisis that affected badly the US economy. The stock market saw its ever lowest figures. The situation badly affected the global economy.

[3] During the Global Financial Crisis (GFC), 2007-2010, a bill that allowed the US treasury to clean up the bank's balance sheet by purchasing distressed mortgage was signed by President Bush within hours of congressional approval. It included the measures to limit the pay for the senior banking executives and to increase the insured limit of the US banks balances from $100000 to $250000. The treasury bought the bank's assets that eased out the frozen credit market and restored the confidence in struggling banking system.

capacity and lending pattern of the banking sector. If banks suffer from NPLs, financial intermediation gets affected adversely which may lead to poor performance of the economy. Hence, the issue of NPLs has been of special interest for economic policies of the countries.

2. Literature Review

A number of research studies have been conducted on the subject of the determinants of NPLs. A brief overview of the relevant literature would give us an idea of various factors affecting NPLs and would help us design the pattern of the study on the subject under research for the banking sector in Pakistan.

Keeton and Morris (1987) examined NPLs in the United States. Their research findings suggested that NPLs were affected by the prevailing indigenous economic scenario.

Similarly, Altman, et al (2002) explored that recovery rates were low and default rate were high in the US in the periods of economic downturn. Contrary to that, default rates were low and recovery rates were high in the years of expansion. The study further reported that managers do not take unnecessary risk if the bank performance is linked to their income. Their findings further say that management keeps a low risk credit portfolio as a high risk portfolio incurrs high cost for monitoring that affects the performance of the bank. Thus banks with inefficient management may be comfortable with the combination of least risky borrowers.

Dimirguc-Kunt and Detragiache (1998) explored that bank industry becomes insolvent (a kind banking crisis) due to fall in assets value as a result of bank's borrowers inability to repay their debts due to adverse shocks in the economy. Further findings of the study suggested that price index and interest rates have positive association with bank industry crisis where as GDP has inverse relation with it.

Hardy and Pazarbasiogolo (1998) suggested that in times of economic downturn banking sector is more likely to be affected adversely. They further pointed out that inflow of capital from abroad, growth in lending to the private sector associated with increased consumptions and lending rate are the precedents of the financial crisis.

Jimenez and Saurina (2005) reported that growth in GDP, high real interest rate and loose credit terms determine NPLs.

Mwanza Nkusu (2011) explored that key macroeconomic indicators, GDP growth and unemployment, in an economy affect NPLs that lead to financial crisis.

The study of Khemraj and Pasha reported that real effective exchange rate affects NPLs positively, GDP affects NPLs inversely and lending interest rate affects NPLs positively. Also excessive lending leads to higher frequencies of NPLs. Further, large banks are not efficient in dealing with NPLs in comparison to smaller ones.

Louzis et al (2010) suggested that macroeconomic factors such as GDP growth rate and unemployment had an association with the NPLs. Bank specific factors such as management, quality in terms of efficiency and performance also affect NPLs.

Omar Masood et al (2010) reported that variables measuring external government interactions, loans to insiders and poor credit assessment were the major causes of NPLs in Turkey. In Pakistan, communication facilities provided to managers, credit manager's years of services experience were the major factors for banking crisis.

Masood et al (2007) suggested that lending decisions by the managers were influenced by external factors such as personal and political influence.

Studies of Masood et al (2007) and Masood et al (2010) included the Pakistani banking sector in their analysis on the subject of NPLs with Turkey. Their study was based on a questionnaire to be answered by the credit managers.   In light of the literature on the subject of the determinants of NPLs some relevant macroeconomic and bank-specific variables need to be included to research the subject of NPLs in the banking sector in Pakistan comprehensively. It may give us a broader view of the issue and might be used as guideline for strategy formulation to handle the issue of NPLs in the banking sector in Pakistan.

3. Research Methodology

Research methodology consists of theoretical framework, data issues and statistical tools used in the empirical analysis.

3.1 Theoretical Framework

The subject of determinants of NPLs has been explored in a number of studies. Relevant literature

indicates that macroeconomic indicators of the country and various bank-specific factors affect NPLs. Previous studies found that macroeconomic indicators such as GDP, exchange rate, inflation and unemployment rate affect the NPLs. NPLs are also affected by the bank-specific variables such as risk profile of a bank, lending interest rate and size of bank. In light of the above discussion, NPLs is considered the dependent variable while macroeconomic indicators (GDP growth rate, exchange rate, inflation rate and unemployment rate) and bank-specific variables (bank size, risk appetite and lending interest rate) are specified as independent variables. A brief overview of all the variables used in the analysis is presented below.

3.1.1 Dependent Variable

NPL, which is lost loans to total advances by a bank, is the dependent variable. It is represented as percentage of lost loans to total loans (T.Adv) of a particular bank "i" at time "t". Mathematically it is explained as below

$$\text{NPL}_{i,t} = (\text{NPLs}/\text{T.Adv})_{i,t} \times 100$$

3.1.2 Independent Variables

The study includes both macroeconomic as well as bank-specific variables that affect NPLs as indicated in the relevant literature. The studies of Jimenez and Saurina (2005), and Tarron Khemraj and Sukrishnalall Pasha (2011) and others include both macroeconomic and bank-specific variables as the determinants of NPLs.

3.1.2.1 Macroeconomic Variables

The macroeconomic variables affecting NPLs include growth rate of national income (GDP), Nominal Effective Exchange Rate (NEER), annual Inflation Rate (INF) and Unemployment Rate (UER).

3.1.2.1.1 Growth Rate of National Income

Growth rate of national income is represented by the Gross Domestic Product (GDP) that proxies for the overall productive activities in an economy. It captures the overall picture of economic activities in a country. GDP is expected to affect NPLs inversely. As national income increases, so do productive activities in an economy. Subsequently businesses experience high sales and profit figures resulting in their strong financial position. Companies in strong financial positions are expected to repay their loans with interest within due time. On contrary when national income (GDP) declines, productive activities in the country are sluggish. As a result businesses tend to experience low sales and profit figures resulting in their weak financial position. Financially weak businesses may trouble to repay their loans. So GDP is expected to affect NPLs inversely. The growth of real Gross domestic product (RGDP) is used in the analysis and is calculated as

$$\%\Delta RGDP_t = (RGDP_t - RGDP_{t-1}) / (RGDP_{t-1}) \times 100$$

Where $RGDP_t$ is real GDP in the year "t" while $RGDP_{t-1}$ is real GDP in the year "t-1".

3.1.2.1.2 Inflation Rate

The impact of price changes on NPLs is proxied by the annual inflation rate. INF_t represents percentage increase in the general price level in a particular year t, which is calculated from the Consumer Price Index (CPI) as under

$$INFt = (CPI_t - CPI_{t-1}) / (CPI_{t-1}) \times 100$$

Inflation is expected to have direct effects on NPLs. It is because as inflation rate increases, cost of production for companies increases. Consequently profit margins and production capacity may decline as a result of increased cost of production resulting in a weak financial position of businesses. Businesses with weaker financial position are more likely to default on their loans. Also an increase in inflation rate

affects consumer demand adversely by lowering their real income level and purchasing power. Consequently, the general level of demand for different products gets affected adversely resulting in low sales and profit figures for businesses. Thus financial position of businesses becomes weaker that may affect NPLs adversely. Hence yearly inflation is expected to affect NPLs inversely.

3.1.2.1.3 Exchange Rate

Appreciation of local currency increases cost of production for the local firms as compared to their foreign counterparts. It decreases the profits and sales of the borrowing companies which results in a weaker financial position of the local companies and thus local companies are more likely to default on their loans. Similarly cost of production for the local firms may decline due to depreciation of the local currency which may result in to higher sales and profit figures for the local firms. Local firms may then be in a better financial position to repay their loans.

Nominal Effective Exchange rate (NEER) of the PKR/ US $ is taken to proxy for the variable under consideration.

3.1.2.1.4 Unemployment Rate

Unemployment is expected to affect NPLs positively. With increased unemployment rate people do not find working opportunities that affects their income level adversely. Consequently they are more likely to default on their loans. In economic depression, businesses follow the strategies of downsizing and rightsizing adding to the number of jobless people. The sales and profits figures of business in such a situation may not be good indicating their weak financial position. So businesses are not expected to repay their loans and hence the frequency of NPLs is expected to be higher. The NPLs are expected to be lower when the unemployment is low.

Unemployment (UERt) is measured as the percentage of unemployed people to total population in a particular year "t".

3.1.2.2 Bank-Specific Factors

Apart from macroeconomic variables some specific parameters of the banking sector also have implications for NPLs. These parameters include size of bank, profitability, credit terms (size, interest rate and maturity period), efficiency and approach towards risk (measured by total advances to total assets). This study includes only three bank-specific variables in to consideration. These variables include lending interest rate, bank size and risk appetite/risk profile of the concerned banks.

3.1.2.2.1 Lending Interest Rate

The impact of interest rate on NPLs is evident from the relevant literature. Studies of Jimenez and Saurina (2005) and Fofak (2005) showed a positive association of NPLs and lending interest rate.

This study also expects a positive relationship of the NPLs and lending interest rate. With increased interest rate loans become expensive for businesses. Interest payments go up and profit margins are squeezed for businesses. Businesses may be financially weak in such a situation and may default on their loans. Decrease in interest rate may decrease the burden of interest payment for businesses resulting in their profit margins to widen up. Thus the businesses become financially strong and are then more likely to repay their loans in times properly.

In this study, Nominal Lending Interest Rate in a particular year "t" (NLIRt) proxies for lending interest rate. Weighted average lending rate (WALR) of all the banks in Pakistan has been taken to proxy for the Nominal Lending Interest Rate (NLIR).

3.1.2.2.2 Bank Size

Previous studies on the relationship of bank size and the NPLs show mixed results. Salas and Saurina, 2002; Hu et al, (2006) explored an inverse association of institution size and NPLs. The findings of these studies suggest that larger banks seem to do well while managing the credit risk as compared to their smaller counterparts. Rajan and Dhal (2003) explored a positive relationship of the bank size and NPLs. Their study findings suggest that larger banks have more NPLs than their smaller counterparts. In large organizations control issues create problems. Similarly in large banks credit managers may lend improperly either intentionally or unintentionally that may lead to NPLs. This study expects either of the two relationships. In this study "bank size" is represented by "$Bank.Size_{i,\ t}$" which is the percentage amount of assets of a particular bank "i" at time "t". Mathematically it can be put as under

$$Bank.Size_{i,\ t} = (T.Assets_{i,\ t}) / (\textstyle\sum T.Assetsi)_{i,\ t} \times 100$$

$T.Assets_{i,\ t}$ represents total size of assets of a particular bank" i" at time "t"   while $(\sum_{i=1}^{n} T.Assets)_{i,\ t}$ is sum of the total assets of all "i" banks at time "t".

3.1.2.2.3 Risk Appetite (Total Advances to Total Assets Ratio)

Banks having higher level of appetite for profit, value the profit more than the costs of taking higher risk. Such banks are more likely to suffer from NPLs as compared to those which are more risk aversive in lending. This is because institutions which are willing to take higher risk for profit motivations do not properly scrutinize their customers and the prevailing economic conditions. Often the funds lent by the bank are used in risky projects that often lead to NPLs.

Lending during the economic downturn is more likely to lead to NPLs. Banks having higher appetite for risk do not hesitate to lend even in economic distress, grabbing the opportunity as risk aversive institutions are cautious to extend loans in economic downturn. Such loans often lead to NPLs as businesses find it difficult to make profit during economic distress and may lead to default. The study of

Sinkey and Greenwalt (1991) suggested that banks involved in riskier lending are more likely to experience NPLs. This study, like the study of Sinkey and Greenwalt (1991), expects positive association between banks risk appetite (Risk. Appetite) and NPLs. Total advances to total assets ratio of the bank shows the risk profile of an institution.

The percentage of the total advances to total assets (Risk.Prf) proxying for risk appetite is used to capture the effects of risk appetite of the institutions on the NPLs.

The variable risk appetite (Risk.Prf) is calculated by finding the percentage of total advances to total assets size of a particular bank "i" in a particular year "t". Mathematically it is as under

$$(\text{Risk.Prf})_{i,t} = ((\text{T.Adv} / \text{T.Assets})_{i,t} \times 100))$$

3.1.2.2.4 Management

Management of a bank may have impacts on NPLs. Management includes a set of human resource and their working environment. Policies and strategies are the outcomes of management. In Pakistan we have two types of banks, local and foreign ones. The two types of banks have different types of management in terms of working environment and strategies. Often local banks are open to the influence of bureaucracy and politicians in credit and recruitment matters. Credit standards are not followed properly in local banks that may leads to NPLs. Foreign banks operating in Pakistan do not suffer from these problems. These foreign banks are free to follow the credit standards properly as they cannot be influenced by the politicians and bureaucracy and consequently may have lower NPLs than the local banks. Therefore management of the banks affects NPLs. The dummy variable "D_f" has been used to proxy for the management. If a bank is foreign one, D_f is assigned 1 value, otherwise it is assigned 0 value.

3.2 Sample and Data Collection

The study uses secondary data for analysis. Data on bank-specific variables was taken from financial statements of banks available on their websites. While data related to macroeconomic indicators was taken from the websites of Federal Bureau of Statistics, State Bank of Pakistan (SBP), Government of Pakistan Statistics Division (GPSD), and International Financial Statistics (IFS) various issues, International Monetary Fund (IMF) and World Bank (WB).

National Bank of Pakistan (NBP), United Bank Ltd: (UBL), Muslim Commercial Bank (MCB) Ltd: Askari Bank Ltd: (ABL), Habib Bank Ltd: (HBL), Bank Al Habib Ltd: (BAHL), Habib Metropolitan Bank Ltd: (HMBL) and Bank Alfalah Ltd: (BAL) are included in the sample. These banks are selected under the convenient sampling approach. All banks included in the sample are scheduled banks[4]. The data sample has a wide flavor. National Bank of Pakistan represents the public sector local banks. United Bank Limited, Askari Bank Limited, Habib Bank Limited and Muslim Commercial Bank Limited all represent local private banks. Bank Alfalah Limited, Habib Metropolitan Bank Limited and Bank Al Habib Limited belong to foreign banks category operating in Pakistan. Bank Alfalah Limited deals both in conventional as well islamic banking system. The sample also represents various banks sizes like small, medium and large keeping in view their assets size.

The time period of the data was intended to be as lengthy as possible but banks websites do not have financial statements for a lengthy time period. The time period of the data is 2003-2011 keeping in view the availability of data. Data on these variables is annual. It is panel in nature. Total number of observations is 72 on each variable (8 banks and 9 years data).

3.3 Model Specification

Having a thorough study of the relevant literature especially the studies of Jimenez and Saurina (2005),

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[4] Scheduled Banks are all commercial and Specialist Banks (Like IDBP, SME, PPCB and ZTBL) which are included in the list of Scheduled Banks maintained under the sub-section (1) of Section 37 of the SBP Act, 1956 Scheduled Banks operating in Pakistan with paid –up capital and reserves of an aggregate value of not less than Rs. 2.0 billion from December 31st 2005.

and Khemraj and Pasha (2011) the following model is specified for estimation

$$(NPLs)_{i,t} = \beta_1(RGDP)_t + \beta_2(INF)_t + \beta_3(UER)_t + \beta_4(NEER)_t + \beta_5(Bank.\ Size)_{i,t} + \beta_6(NLIR)_{i,t}$$

$$+\beta_7\ (Risk.Prf)_{i,t} + D_{f+}\quad D_{t,i}\quad + \varepsilon_{i,t.}$$

Where

$(NPLs)_{i,t}$ = Percentage of NPLs to total advances ratio of a particular bank"i" at time "t"

$(RGDP)_t$ = Annual real GDP growth rate of a particular period "t".

$(INF)_t$ = Annual inflation rate of particular period" t".

$(UER)_t$ = Annual unemployment rate of a particular period "t".

$(NEER)_t$ = Annual nominal effective exchange rate of a particular period "t".

$(Bank.\ Size)_{i,t}$ = Bank size of a particular bank "i "in a particular year "t".

$(NLIR)_{i,t}$ = Annual nominal lending interest rate of a particular bank "i" at time "t".

$(Risk.Prf)_{i,t}$ = Risk. Appetite /Risk profile of a particular bank "i" at time "t".

D_f = Dummy variable proxying for management of a bank. Where D_f=1 if it is a foreign bank and D_f=0 if it is a local bank.

d_{ti} = Time dummy for a particular year "i".

$\varepsilon_{i,\,t.}$ = Composite error term.

β_1 = Coefficient of RGDP annual growth rate.

β_2 = Coefficient of annual inflation rate.

β_3 = Coefficient of annual unemployment rate.

β_4 = Coefficient of annual nominal effective exchange rate.

β_5 = Coefficient of bank size.

β_6 = Coefficient of annual nominal lending interest rate.

β_7 = Coefficient of Risk.Appetite/Risk profile.

3.4 Econometric Models

Various econometrics techniques and tests are used for estimation and data analysis. A brief introduction of the statistical tools used in the analysis is given below.

3.4.1 Multicolinearity Test

In order to check whether explanatory variables are linearly correlated to each others or not, correlation matrix is constructed. In presence of high degree of multicolinearity explanatory variables are correlated to a high degree which shows that explanatory variables affect one another and it is not possible to exactly estimate the individual affects each explanatory variable has on dependent variable. In presence of high degree of multicolinearity t-ratio of one or more coefficients tend to be statistically insignificant

although they have theoretical association. Simply speaking in the presence of high degree of multicolinearity problem estimations are misleading.

3.4.2 Panel Data Estimation

The study uses panel data comprising both cross sectional and the time series data. It provides a wider range of observations with better estimates of the parameters. By combining time series and cross sectional observations, panel data contains more information, variation, degree of freedom, efficiency and less multicolinearity problem on the variables. Thus panel data provides more information to analysts and captures a more dynamic behaviour of the data. In this study a fixed effect model is used for estimation.

3.4.2.1 Fixed Effect Model

Fixed Effect Model (FEM) is used in order to take in to account the" individuality" of each bank. FEM lets the intercept term vary for each bank/cross sectional unit assuming that the slope coefficients are constant across all the banks/cross sectional units. The term "fixed effects" is used because, though the intercept terms may differ across individuals, each individual's intercept does not vary over time. We allow for intercepts to vary amongst institutions by introducing dummy variables to take in to account the "individuality" of each institution.

One dummy variable has been introduced in the model in order to capture the "individuality" of each bank in terms of management. For this purpose the banking sector has been divided in to two categories, foreign banks and local ones. Introducing too many dummy variables will lead to degree of freedom issue as time dummies also have been introduced in the model in order to capture period-related specific affects on NPLs.

The model after introducing the dummies, for management and time, is

$$(NPLs)_{i,t} = \alpha_1 + \beta_1(RGDP)_t + \beta_2(INF)_t + \beta_3(UER)_t + \beta_4(NEER)_t + \beta_5(Bank.Size)_{i,t}$$

$$+\beta_6(NLIR)_{i,t} + \beta_7(Risk.Prf)_{i,t} + D_f + \alpha_4 d_4 + \alpha_5 d_5 + \alpha_6 d_6 + \alpha_7 d_7 + \alpha_8 d_8 + \alpha_9 d_9 + \alpha_{10} d_{10}$$

$$+\alpha_{11} d_{11} + \varepsilon_{i,t.}$$

Where

$(NPLs)_{i,t}$ = Percentage of NPLs to total advances ratio of a particular bank"i" at time "t"

$(RGDP)_t$ = Annual real GDP growth rate of a particular period "t",

$(INF)_t$ = Annual inflation rate of particular period" t",

$(UER)_t$ = Annual unemployment rate of a particular period "t",

$(NEER)_t$ = Annual nominal effective exchange rate of a particular period "t",

$(Bank.Size)_{i,t}$ = Bank size of a particular bank "i "in a particular year "t",

$(NLIR)_{i,t}$ = Annual nominal lending interest rate of a particular bank "i" at time "t",

$(Risk.Prf)_{i,t}$ = Risk. Appetite /Risk profile of a particular bank "i" at time "t",

D_f = Dummy for management of foreign banks,

d_4 to d_{11} = Time dummies for the years 2004 to 2011,

α_4 to α_{11} = coefficients of the time dummies for the year 2004 to 2011,

β_1 = Coefficient of RGDP annual growth rate, β_2= Coefficient of annual inflation rate,

β_3 = Coefficient of annual unemployment rate, β_4= Coefficient of annual nominal effective exchange rate, β_5 = Coefficient of bank size, β_6 = Coefficient of annual nominal lending interest rate, β_7 = Coefficient of Risk. Appetite/Risk profile, $\varepsilon_{i,\,t.}$ = Composite error term.

3.4.3 Hausmann's Specification Test

The Haussmann's test is executed in order to check which model; either fixed effect model or random effect model is an appropriate one. The Haussmann's test tests the following hypothesises

H_0: Random effect model's and fixed effect model's estimators are the same.

H_1: Random effect model's and fixed effect model's estimators are different.

P-value is used to decide which model is an appropriate estimator, fixed effect model or random effect model. If null hypothesis is rejected, the conclusion is that fixed effect model is the appropriate estimation tool.

4. Empirical Analysis and Findings

Various tests are conducted for estimation and diagnosis. Correlation matrix is constructed to have an estimate of the multicolinearity. FEM is incorporated to estimate the model. Haussmann's specification test is used to decide which test will provide better estimates, FEM or REM. Wald test is conducted to get to know about the joint significance of time dummies incorporated in the model.

4.1 Correlation Test and its Analysis

Table 4.1

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	Bank.Size	Risk.Prf	NLIR	RGDP	NEER	INF	UER
NPLs	0.39	-0.3	0.18	-0.289	-0.2861	0.16	0.11
Bank.Size	1	-0.44	0.00	- 0.00	-0.00	0.00	0.00
Risk.Prf		1	-0.18	0.29	0.32	0.79	0.12
NLIR			1	-0.71	-0.93	0.79	0.96
RGDP				1	0.77	-0.59	0.60
NEER					1	-0.83	-0.84
INF						1	-0.75
UER							1

Correlation matrix of variables of interest is constructed in order to check multicolinearity in the model. Multicolinearity is checked by examining correlation among the variables, real GDP growth rate (RGDP), Bank Size (Bank. Size), Risk Appetite/Risk Profile proxied by total advances to Total Assets (Risk.Prf), Nominal Lending Interest Rate (NLIR), Nominal Effective Exchange Rate (NEER), Annual Inflation Rate (INF) and Annual Unemployment rate (UER).

As shown in table 4.1 Unemployment rate (UER), Annual Inflation Rate (INF), Nominal Effective Exchange Rate (NEER) and Nominal Lending Interest Rate (NLIR) show serious multicolinearity as correlation coefficient figures are quite high. The coefficients of correlation for Unemployment Rate (UER) are -0.75, -0.84 and 0.96 with the Inflation Rate (INF), Nominal Effective Exchange Rate (NEER)

and Nominal Lending Interest Rate (NLIR) respectively. Similarly coefficients of correlation for Inflation Rate (INF) are -0.75, -0.83 and 0.79 with Unemployment Rate (UER), Nominal Effective Exchange Rate (NEER) and Nominal Lending Interest Rate (NLIR) respectively. The coefficients of correlation for Nominal Lending Interest Rate (NLIR) are 0.79, -0.93 and 0.96 with Inflation Rate (INF), Nominal Effective Exchange Rate (NEER) and Unemployment Rate (UER). The coefficients of correlation for Nominal Effective Exchange Rate (NEER) are -0.84, -0.83 and -0.93 with the Unemployment Rate (UER), Inflation Rate (INF) and Nominal Lending Interest Rate (NLIR) respectively. These correlation coefficient figures are quite higher and as a rule of thumb any value close to 0.5 and above is considered to distort the regression results. On this basis Unemployment Rate (UER), Annual Inflation Rate (INF), Nominal Effective Exchange Rate (NEER) and Nominal Lending Interest Rate (NLIR) are left out of the regression analysis in order to get meaningful results.

The correlation matrix also gives us an idea of the linear association between NPLs and its macroeconomic and bank-specific determinants. The correlation test shows a negative linear association between the growth rate of Real Gross Domestic Product (RGDP) and NPLs. This inverse relationship between the two variables is quite meaningful and makes economic sense.

Bank Size (Bank. Size) affects NPLs positively. This relationship suggests that larger banks have higher NPLs comparatively.

The Risk Appetite/Risk Profile (Risk.Prf) has inverse relationship with NPLs. The relationship makes economic sense as banks adventuring in riskier lending are more likely to experience NPLs.

The Nominal Lending Interest Rate (NLIR) has positive relationship with NPLs. An increase in the lending interest rate leads to higher cost of borrowing. It cuts up the profit margin of businesses as a result of that NPLs are more likely to occur.

Nominal Effective Exchange Rate (NEER) inversely affects NPLs. This relationship suggests that an appreciation in the local currency inversely affects loan losses/NPLs. As local currency appreciates, NPLs decrease in number. On the other hand depreciation of the local currency leads to an increase in NPLs. It may be due to the fact that the economy of Pakistan is import oriented. With depreciation of the local currency, importers have to pay more as the exporters want to be paid in their currencies or any other stable currency.

Unemployment Rate (UER) has inverse linear association with NPLs. The relationship is quite peculiar as one expects an increase in NPLs with increased unemployment rate.

Annual Inflation Rate (INF) has positive association with NPLs. It is quite expected as with increased inflation rate cost of production has to increase. It leads to narrowing the profit margins of the businesses and NPLs are more likely to occur.

4.2 Panel data estimation

Specified model is estimated through LSDV/FEM. Estimation results are presented in table 4.2.

4.2.1 Estimation and Interpretation

Table 4.2   Estimation and Interpretation

Model: Fixed-effects, using 72 observations, Included 8 cross-sectional units,

Time-series length = 9, Dependent variable: NPLs, Robust (HAC) standard errors

	coefficient	Standard Error	t-ratio	P-value	Significance status
Constant	19.1862	2.81565	6.8154	<0.00001	Significant
Bank. Size	-0.0849	0.0681	-1.2378	0.22135	Insignificant
Risk.Prf	-0.1406	0.04825	-2.914	0.00525	Significant
RGDP	-0.6677	0.20849	-3.2025	0.00233	Significant
D_f	-2.586	0.69596	-3.7157	0.0005	Significant
d_{t02}	7.37426	2.06787	3.5661	0.00079	Significant
d_{t03}	8.13444	2.87037	2.8339	0.00653	Significant
d_{t04}	0.3141	1.66616	0.1885	0.8512	Insignificant.
d_{t05}	-1.3666	1.92466	-0.7101	0.48084	Insignificant.
d_{t06}	-3.1526	1.60956	-1.9586	0.05553	Significant
d_{t07}	-0.9327	2.53813	-0.3675	0.71477	Insignificant.
d_{t08}	-2.064	1.87176	-1.1027	0.27523	Insignificant.
d_{t09}	-4.1919	1.78836	-2.344	0.02294	Significant

The estimation model shows that the coefficient of RGDP which equals -0.667689 with standard error (S.E.) of 0.208488, t-ratio of -3.205 and P-value of 0.00233 is significant. RGDP affects NPLs inversely. One percent increase in RGDP would decrease NPLs by an average of 0.667689 percent and vice versa. This is consistent with all of the previous research findings.

The estimated coefficient of Risk Appetite /Risk Profile (Risk.Prf) -0.140611 with S.E. of 0.048254, t-ratio of -2.9140 and P-value of 0.00525 is significant. Risk Appetite/Risk Profile (Risk.Prf) affects

NPLs inversely. The findings of the study suggest that one percent increase in the Risk Appetite (percentage of advances to total assets size) by average is associated with a decrease of 0.140611 percent of NPLs and vice versa. The study findings are inconsistent with the study findings of Khemraj and Pasha (2011) and Sinkey and Green Walt (1991). This negative association may be due to back to back lending practice in the banking sector in Pakistan. In such cases banks advance loans to its customers who have problems to pay their previous debts. The current loans are utilized in repayment of the past loans. This way credit managers hope to improve their recovery statistics.

The coefficient (-0.0849285) of Bank Size (Bank.Size) with the S.E. of 0.0686102, t-ratio of -1.2378 and P-Value of 0.22134 indicates that it is statistically insignificant. The insignificance of the bank size (Bank.Size) coefficient suggests that size of the bank has no effects on the NPLs. It shows that large and small banks seem to show the same level of efficiency in dealing with NPLs. The finding is inconsistent with the study findings of Khemraj and Pasha (2011) and consistent with those of Rajan and Dhal (2003), Salas and Saurina (2002) and Hu et al (2006).

The coefficient -2.58597 with the S.E.0.695962, t-ratio -3.7157 and P-value of 0.0005 of D_f proxying for the management of banks is significant. The findings of the study suggest that foreign banks seem to perform better than the local ones in dealing with NPLs. Foreign banks by average have 2.58597 percent lesser NPLs than the local banks.

Some of the time dummies incorporated in order to capture the specific period-related affects of NPLs are significant. The coefficients 7.37426 and 8.13444 of time dummies $d_{t\,02}$ and $d_{t\,03}$ for the period 2004 and 2005 with S.E. 2.067876 and 2.87037, t-ratios 3.5661 and 2.8339 and P-values of 0.0008 and 0.00653 respectively are significant. The findings suggest that NPLs are higher by 7.37426 percent if it is year 2004 and 8.13444 percent higher if it is year 2005.

The coefficient -3.15255 of $d_{t\,06}$ for the year 2008 with S.E. 1.60956, t-ratio -1.9586 and P-value of

0.05553 is also statistically significant. The findings suggest that the NPLs are lower by 3.15255 percent specifically if it is year 2008.

The coefficient -4.19189 of the time dummy $d_{t\,09}$ for the year 2011 with the S.E. of 1.78836, t-ratio of -2.3440 and P-value of 0.02294 is statistically significant. The findings suggest that NPLs are lower by 4.19189 percent specifically in the year 2011.

The coefficients of the time dummies $d_{t\,04}$, $d_{t\,05}$, $d_{t\,07}$ and $d_{t\,08}$ for the years 2006, 2007, 2009 and 2010 respectively all are insignificant suggesting that during the years 2006, 2007, 2009 and 2010 there were no special period-related circumstances that might have either positively or negatively affected the NPLs.

4.3 Diagnosis Tests

4.3.1 Test Statistics

Table 4.3

Test Statistics	Value	Test Statistics	Value
Mean dependent variable	7.07284	**S.D. of dependent variable**	5.9366
R-Square	0.71306	**Standard error of regression**	3.71585
Adjusted R-Square	0.60822	**F (19,52)**	6.8013
P-value (F)	1.86E-08	**Rho**	-0.0444
Durbin Watson	1.83672		

Both R-square, 0.713063 and adjusted R-square, 0.608221 are quite high. The adjusted R-square value suggests that 60.82% variation in NPLs is due to the explanatory variables included in the model. The

F-value (19, 52) of 6.801302 with P-value (F) 0.000000005833 (1.8e-08) is highly significant suggesting that the model is a fit one. Durbin Watson's d-value of 1.84 is close to 2.0 suggesting that there is no strong first order autocorrelation problem in the model.

4.3.2 Haussmann's Specification Test

Test for differing group intercepts

Null hypothesis: The groups have a common intercept

Test statistic: $F (7, 52) = 0.356784$

With p-value = $P (F (7, 52) > 0.356784) = 0.922932$

The test statistic 0.356784 for the regression is less than the critical value of 2.52 at 10% significance level which suggests that fixed effect model (FEM) and random effect model (REM) are substantially not different. So either of the two, FEM or REM, can be used for estimation.

4.3.3 Wald Test

Wald test for joint significance of time dummies

Asymptotic test statistic: Chi-square $(8) = 1.86209e+015$ with p-value = 0

The test statistic, asymptotic chi-square (8), 1862010000000000 (1.86201e +015), is far greater than the critical value 20.0902 at 10% significance level. It suggests that all the time dummies are statistically different from zero. The P-value of zero which is greater than 0.10 also confirms that probability of rejecting the true null hypothesis (H_0) is zero percent.

5 Conclusions and Recommendations

5.1 Conclusions

The study covers a time period of nine years, 2003-2011, to explore the macroeconomic and bank-specific determinants of NPLs in the banking sector in Pakistan. The findings of the research may be helpful in dealing with the menace of NPLs in the banking sector in Pakistan. In this study an empirical framework was proposed to investigate the macroeconomic and bank-specific determinants of NPLs in the banking sector in Pakistan. A baseline model was proposed to express NPLs in terms of macroeconomic and bank-specific variables. The management of the banks was also included in the model as explanatory variables for NPLs by incorporating a dummy variable. The period-specific factors affecting NPLs were captured through the introduction of time dummies. A sample of eight banks, of which three banks are foreign, one is public and four are local private, is used for the study. Fixed effect model (FEM) was used as panel data estimation technique.

Findings of the study suggest that NPLs are inversely affected by Real GDP Growth Rate (RGDP) and Risk Appetite/Risk Rofile (Risk.Prf). The management of the foreign banks also seems to be more efficient than the local banks in dealing with NPLs. The time dummies capturing the specific period-related circumstances also explain variations of NPLs in various years.

The findings of the study provide policy guidelines for the management of the banking sector. The study findings recommends that when GDP is declining, banks management has to be selective in extending loans   because in depressed economic situation high NPLs are more likely to occur.

The study also reports that riskier lending results in deceased NPLs. Management of banks are advised to avoid riskier lending although the study findings suggest that riskier lending leads to decrease in NPLs. It may be due to the practices of back to back lending of the credit managers in the banking sector in

Pakistan that is used to improve on recovering the doubted loans. Riskier lending by banks is never recommended especially in an economy like Pakistan with high inflationary trend, budget deficit and high government borrowings.

Management of foreign banks operating in Pakistan seems to be more efficient in dealing with the NPLs than the local ones. The local banks should therefore re-design and restructure their management style and environment in order to be efficient in dealing with the NPLs.

5.2 Contribution of the study

This study according to the limited survey of the subject of NPLs is one of the first attempts to study the subject of NPLs in the banking sector in Pakistan in such a comprehensive way. Previous studies conducted across the globe were about the developed, underdeveloped and developing economies. The current study explores the determinants of NPLs in a different economic and technological set up like Pakistan.

5.3 Recommendations for Future Research

The model based on empirical findings for this study can be extended by increasing the sample size and putting some more relevant explanatory variables. The sample size can be increased by increasing the number of banks as well as extending the time dimensions of the study. Increasing the size of the sample will add to the applicability of the research findings. Some supervisory regulatory variables such as capital adequacy ratio, minimum capital requirement and loan loss provisions can also be employed in the model in order to find out how central bank supervisory regulations affect NPLs. The profitability of the banks can also be used as proxy for risk taking behavior of the managers. A comparison of credit to various sectors of the economy can be made in terms of NPLs and its determinants.

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Financial Risk Management for Small and Medium Sized Enterprises (SMES)

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1. ABSTRACT

Similar to large companies, Small and Medium sized Enterprises (SME) do also face business risks, which in worst case can cause financial distress and lead to bankruptcy. However, although SME are a major part of the India - and also international - economy, research mainly focused on risk management in large corporations. Therefore the aim of this paper is to suggest a possible mean for the risk identification, analysis and monitoring, which can be applied by SME to manage their internal financial risks. For this purpose the financial analysis, which has been used in research to identify indicators for firm bankruptcy, was chosen. The data required for the study was collected from Annual report of the Intec Capital Limited. For the period of five years, from 2008 to 2012.the findings showed the data and the overview can be used in SME risk management.

Keywords: *Annual report, Small and Medium sized Enterprises, Financial Risks, Risk Management.*

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2. INTRUDUCTION

Small and medium sized enterprises (SME) differ from large corporations among other aspects first of all in their size. Their importance in the economy however is large **[7].** SME sector of India is considered as the backbone of economy contributing to 45% of the industrial output, 40% of India's exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. With approximately 30 million SMEs in India, 12 million people expected to join the workforce in next 3 years and the sector growing at a rate of 8% per year, Government of India is taking different measures so as to increase their competitiveness in the international market. There are several factors that have contributed towards the growth of Indian SMEs. Few of these include; funding of SMEs by local and foreign investors, the new technology that is used in the market is assisting SMEs add considerable value to their business, various trade directories and trade portals help facilitate trade between buyer and supplier and thus reducing the barrier to trade With this huge potential, backed up by strong government support; Indian SMEs continue to post their growth stories. Despite of this strong growth, there is huge potential amongst Indian SMEs that still remains untapped. Once this untapped potential becomes the source for growth of these units, there would be no stopping to India posting a GDP higher than that of US and China and becoming the world's economic powerhouse.

Manufacturing Enterprises – Investment in Plant & Machinery		
Description	INR	USD($)
Micro Enterprises	upto Rs. 25Lakhs	upto $ 62,500
Small Enterprises	above Rs. 25 Lakhs & upto Rs. 5 Crores	above $ 62,500 & upto $ 1.25 million
Medium Enterprises	above Rs. 5 Crores & upto Rs. 10 Crores	above $ 1.25 million & upto $ 2.5 million

Service Enterprises – Investment in Equipments		
Description	INR	USD($)
Micro Enterprises	upto Rs. 10Lakhs	upto $ 25,000
Small Enterprises	above Rs. 10 Lakhs & upto Rs. 2 Crores	above $ 25,000 & upto $ 0.5 million
Medium Enterprises	above Rs. 2 Crores & upto Rs. 5 Crores	above $ 0.5 million & upto $ 1.5 million

Table 1: Ceilings for small and medium sized enterprises

Source of data: Ministry of Micro, India (2006)

3. RESEARCH QUESTION

Risk and economic activity are inseparable. Every business decision and entrepreneurial act is connected with risk [16]. This applies also to business of small and medium sized enterprises as they are also facing several and often the same risks as bigger companies. In a real business environment with market imperfections they need to manage those risks in order to secure their business continuity and add additional value by avoiding or reducing transaction costs and cost of financial distress or bankruptcy ([7] [11]). However, risk management is a challenge for most SME. In contrast to larger companies they often lack the necessary resources, with regard to manpower, databases and specialty of knowledge to perform a standardized and structured risk management. The result is that many smaller companies do not perform sufficient analysis to identify their risk. This aspect is exacerbated due to a lack in literature about methods for risk management in SME, as stated by Henschel :

The two challenging aspects with regard to risk management in SME are therefore:

1. SME differ from large corporations in many characteristics
2. The existing research lacks a focus on risk management in SME

The following research question will be central to this work:
- How can SME manage their internal financial risk?
- Which aspects, based on their characteristics, have to be taken into account for this?
- Which mean fulfils the requirements and can be applied to SME?[6].

4. LITERATURE REVIEW

In contrast to larger corporations, in SME one of the owners is often part of the management team. His intuition and experience are important for managing the company ([7] [12]). Therefore, in small companies, the (owner-) manager is often responsible for many different tasks and important decisions [7]. Most SME do not have the necessary resources to employ specialists on every position in the company. They focus on their core business and have generalists for the administrative functions [14][12]. Behr and Güttler find that SME on average have equity ratios lower than 20% [2]. The different characteristics of management, position on procurement and capital markets and the legal framework need to be taken into account when applying management instruments like risk management. Therefore the risk management techniques of larger corporations cannot easily be applied to SME [6]. In practice it can therefore be observed that although SME are not facing less risks and uncertainties than large companies, their risk management differs from the practices in larger companies. The latter have the resources to employ a risk manager and a professional, structured and standardized risk management system. In contrast to that, risk management in SME differs in the degree of implementation and the

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techniques applied. Jonen & Simgen-Weber With regard to firm size and the use of risk management. Beyer, Hachmeister & Lampenius observe in a study from 2010 that increasing firm size among SME enhances the use of risk management **[3][8]** .This observation matches with the opinion of nearly 10% of SME, which are of the opinion, that risk management is only reasonable in larger corporations **[13].** Beyer, Hachmeister & Lampenius find that most of the surveyed SME identify risks with help of statistics, checklists, creativity and scenario analyses **([3][6]).** reveals similar findings and state that most companies rely on key figure systems for identifying and evaluating the urgency of business risks. that small firms face higher costs of hedging than larger corporations. This fact is reducing the benefits from hedging and therefore he advises to evaluate the usage of hedging for each firm individually **[11].** The lacking expertise to decide about hedges in SME is also identified by Eckbo, According to his findings, smaller companies often lack the understanding and management capacities needed to use those instruments **[5].**

5. METHODOLOGY
5.1. USE OF FINANCIAL ANALYSIS IN SME RISK MANAGEMENT
How financial analysis can be used in SME risk management?

5.1.1 Development of financial risk overview for SME
The following sections show the development of the financial risk overview. After presenting the framework, the different ratios will be discussed to finally present a selection of suitable ratios and choose appropriate comparison data.

5.1.2. Framework for financial risk overview
The idea is to use a set of ratios in an overview as the basis for the financial risk management. This provides even more information than the analysis of historical data and allows reacting fast on critical developments and managing the identified risks. However not only the internal data can be used for the risk management. In addition to that also the information available in the papers can be used. Some of them state average values for the defaulted or bankrupt companies one year prior bankruptcy - and few papers also for a longer time horizon. Those values can be used as a comparison value to evaluate the risk situation of the company. For this an appropriate set of ratios has to be chosen.

The ratios, which will be included in the overview and analysis sheet, should fulfill two main requirements. First of all they should match the main financial risks of the company in order to deliver significant information and not miss an important risk factor. Secondly the ratios need to be relevant in two different ways. On the one hand they should be applicable independently of other ratios. This means that they also deliver useful information when not used in a regression, as it is applied in many of the papers. On the other hand to be appropriate to use them, the ratios need to show a different development for healthy companies than for those under financial distress. The difference between the values of the two groups should be large enough to see into which the observed company belongs.

5.1.3. Evaluation of ratios for financial risk overview

When choosing ratios from the different categories, it needs to be evaluated which ones are the most appropriate ones. For this some comparison values are needed in order to see whether the ratios show different values and developments for the two groups of companies. The most convenient source for the comparison values are the research papers as their values are based on large samples of annual reports and by providing average values outweigh outliers in the data. Altman shows a table with the values for 8 different ratios for the five years prior bankruptcy of which he uses 5, while Porporato & Sandin use 13 ratios in their model and Ohlson bases his evaluation on 9 figures and ratios [10]. Khong, Ong & Yap and Cerovac & Ivicic also show the difference in ratios between the two groups, however only directly before bankruptcy and not as a development over time [9]. Therefore this information is not as valuable as the others ([4][15]).

In summary, the main internal financial risks in a SME should be covered by financial structure, liquidity and profitability ratios, which are the main categories of ratios applied in the research papers.

- **Financial structure**

A ratio used in many of the papers is the total debt to total assets ratio, analyzing the financial structure of the company. Next to the papers of Altman, Ohlson and Porporato & Sandin also Khong, Ong & Yap and Cerovac & Ivicic show comparison values for this ratio. Those demonstrate a huge difference in size between the bankrupt and non-bankrupt groups **([1][4][9][10][15]) .**
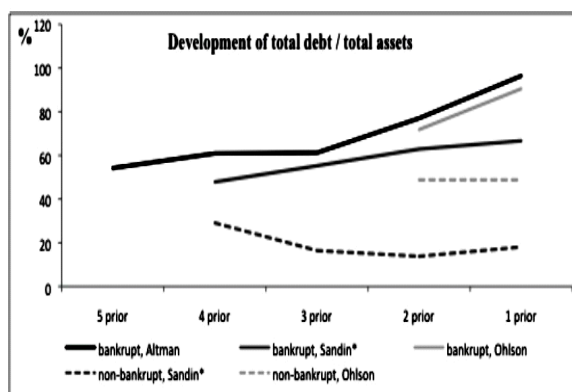
Figure 1: Development of total debt/ total assets ratio

Data source: Altman (1968), Porporato & Sandin (2007) and Ohlson (1980), author's illustration

Therefore the information of total debt/total assets is more reliable and should rather be used for the overview. The other ratios analyzing the financial structure are only used in one of the papers and except for one the reference data only covers the last year before bankruptcy. Therefore a time trend cannot be detected and their relevance cannot be approved.

- **Cost of debt**

The costs of debt are another aspect of the financing risk. Porporato & Sandin use the variable interest payments/EBIT for measuring the debt costs. The variable shows how much of the income

before tax and interest is spend to finance the debt. This variable also shows a clear trend when firms approach bankruptcy [15].

- **Liquidity**

The ratio used in all five papers to measure liquidity is the current ratio, showing the relation between current liabilities and current assets (with slight differences in the definition). Instead of the current ratio, a liquidity ratio setting the difference between current assets and current liabilities, also defined as working capital, into relation with total assets could be used.
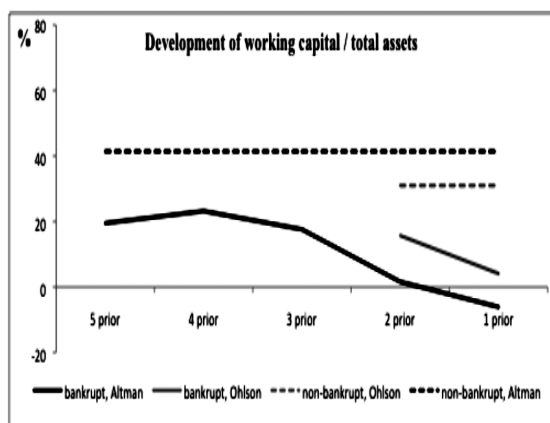
Figure 2: Development of working capital / total assets ratio

Data source: Altman (1968) and Ohlson (1980); author's illustration

Basically the ratio says whether the firm would be able to pay back all its' current liabilities by using its' current assets. In case it is not able to, which is when the liabilities exceed the assets, there is an insolvency risk.

- **Profitability**

For measuring the firms' profitability or productivity a wide range of ratios is used in the different papers. The ratio sales /total assets is used as well by [1] as also Porporato & Sandin (they use total assets / sales, which can easily be transformed to be comparable) and therefore available as a time series [15].
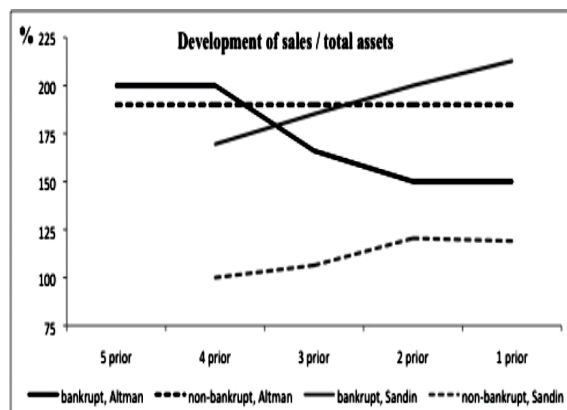
Figure 3: Development of sales / total assets ratio

Data source: Altman (1968) and Porporato & Sandin (2007), author's illustration

The remaining ratios measuring the last period's profitability are net income / equity, EBIT / debt and net income or EBIT / total assets.
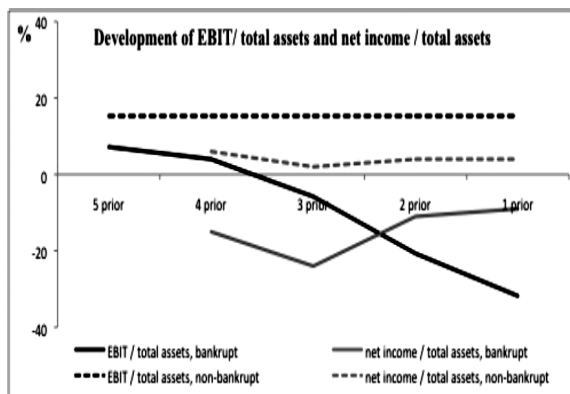
Figure 4: Development of EBIT / total assets and net income / total assets

Data source: Porporato & Sandin (2007) and Altman (1968), author's illustration

The last groups of profitability ratios, which can be found in the literature, are those focusing on retained earnings of the firms. These measures show the cumulated profitability of the firm over time. Retained earnings ratios measure the buffer of funds the company was able to earn over time and which can be used in times of crisis to balance losses.
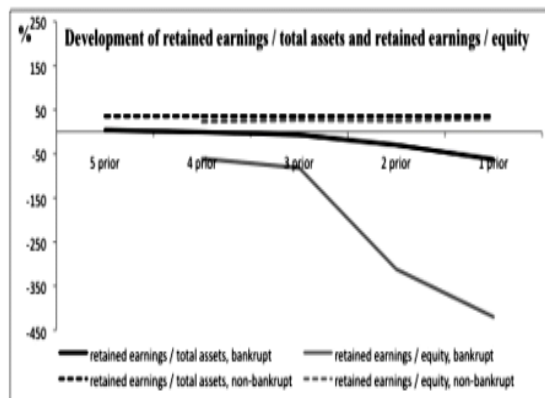
Figure 5: Development of net income / sales and operative income / sales

Data source: Porporato & Sandin (2007) and Altman (1968), author's illustration

5.2. CHOICE OF RATIOS FOR IDENTIFYING AND MONITORING FINANCIAL RISKS

In each of the categories one or two ratios are most suitable for the purpose of SME financial risk management. Figure 6, are a good basis for an overview for SME financial risk management:

Figure 6: Ratios for financial risk management overview

Source: author's illustration

5.3. OVERALL FINANCIAL RISK SITUATION OF THE CASE COMPANY

The first information is the debt / total assets ratio, which is presented in figure 7 and provides information about the financing structure of the firm.
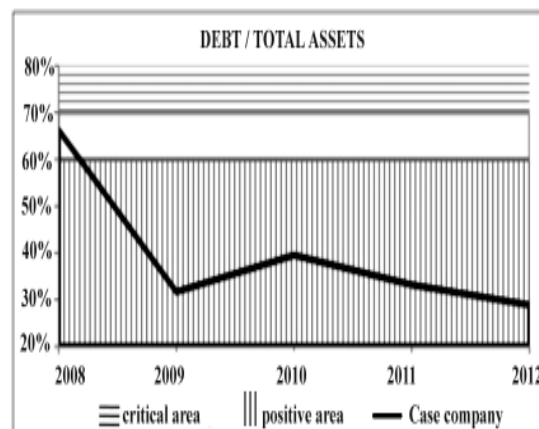
Figure 7: Case company analysis of debt / total assets

Source: data from INTEC CAPITAL LIMITED annual reports 2008-2012

Already in 2008, the ratio of case company is with 66% better than the average German SME ratio. The ratio will even improve from 2009 it is planned to be in the positive area, this development shows a positive and from 2009 a very positive and stable situation, which decreases the overall bankruptcy risk.

Further analysis of the financing structure with the long-term assets / (long-term debt + equity) ratio, presented in Figure 8, confirms the stable situation of the case company.
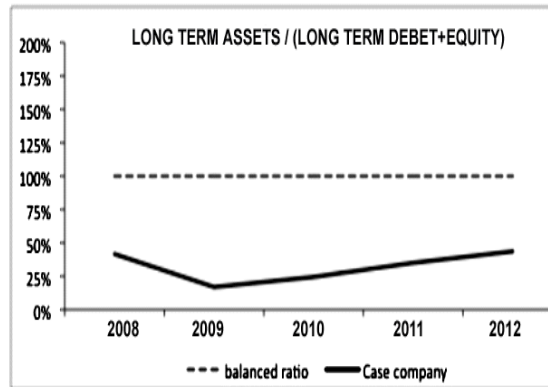
Figure 8: Case company analysis of long-term assets / (long-term debt + equity)
Source: data from INTEC CAPITAL LIMITED annual reports 2008-2012

The ratio is below 50% from 2008 on over the whole plan horizon. This means that all long-term assets are also long-term financed and there is no risk of problems with follow-up financing. However, this also implies that around half of the long-term financing is used for short-term assets. So the case company might pay relatively too high interest rates as it cannot adjust the funds according to its' needs and is stuck in long-term contracts.

The liquidity of case company is monitored by the working capital / total assets ratio. As shown in figure 9, in the beginning this ratio shows a strong situation of the company with regard to liquidity.
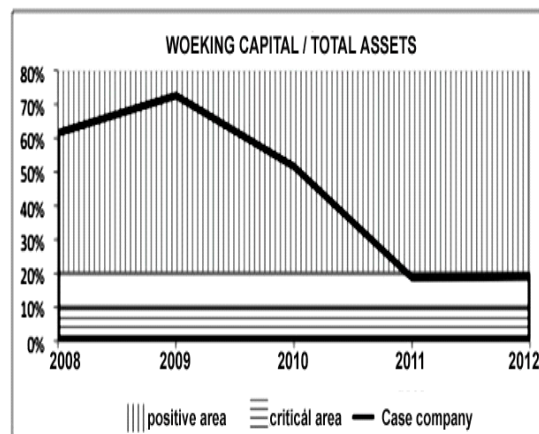
Figure 9: Case company analysis of working capital / total assets
Source: data from INTEC CAPITAL LIMITED annual reports 2008-2012

With values between 52% and 73% the case company has much more liquidity than the bankrupt group. From 2010 the liquidity starts to decrease and in 2011 and 2012 it is around 1/3 of the 2008 value.

The next focus lies on profitability and also cost of debt. Next to the EBIT also the interest payments of the company are important information in a risk management context. The interest payments are subtracted from the EBIT and only if they are smaller, the company does not face a loss for that year.
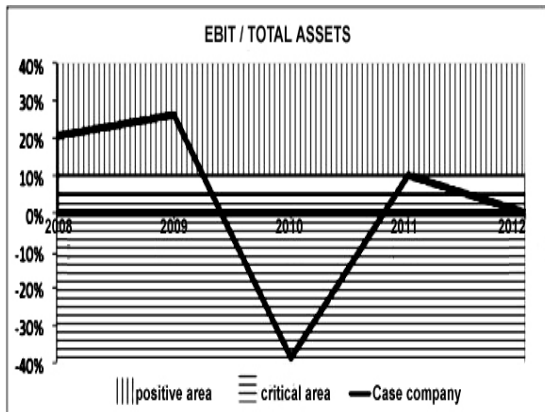
Figure 10: Case company analysis of EBIT / total assets
Source: data from INTEC CAPITAL LIMITED   annual reports 2008-2012

As visible in figure 10, in the first two years the earnings situation is deep in the positive area and with more than 20% return on total assets. Here the EBIT exceeds by far the required minimum and the interest payments. The situation, however, changes significantly in 2010. In this year already the EBIT is negative, meaning that after interest expenses the case company faces a loss. This loss is around 40% of the value of all assets and therefore dramatic for the company. Although the situation betters in the preceding years, the former levels are not reached by far and the case company is outside of the positive area. So, the EBIT / total assets ratio shows a dramatic worsening of the business and risk situation of the company. The situation, visible in the development of the EBIT / total assets ratio, is also present in the retained earnings / total assets ratio, which is presented in figure 11.
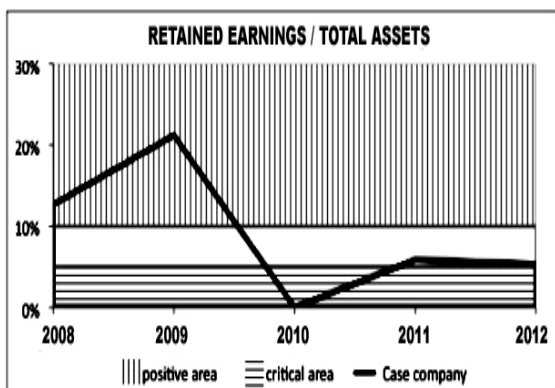
Figure 11: Case company analysis of retained earnings / total assets
Source: data from INTEC CAPITAL LIMITED annual reports 2008-2012

The profits 56 of 2008 and 2009 lead to an increase in retained earnings. In those two years the ratio does not point to a high bankruptcy risk. The change is in 2008, where the negative EBIT and high loss lead to a consumption of all retained earnings of the company. Although the next year is more successful, the profit in 2009 only leads to an increase of retained earnings up to the edge of the critical area. Furthermore, the slightly negative income in 2012 already leads to the next decrease. In total, this ratio, although also starting on very positive levels, points from 2010 on to a largely increased solvency

and bankruptcy risk.

6. CRITICAL REVIEW AND CONCLUSION

When doing business, constantly decisions have to be made, whose outcome is not certain and thus connected with risk. In order to successfully cope with this uncertainty, corporate risk management is necessary in a business environment, which is influenced by market frictions. Different approaches and methods can be found for applying such a risk management. However, those mainly focus on large corporations, though they are the minority of all companies[13].Furthermore the approaches often require the use of statistical software and expert knowledge, which is most often not available in SME. They and their requirements for risk management have mainly been neglected [17][13].This also includes the internal financial risk management, which was in the focus of this paper. Due to the existing risks in SME and their differences to larger corporations as well as the lack of suitable risk management suggestions in theory, there is a need for a suggestion for a financial risk management in SME. The aim was to find a possible mean for the risk identification, analysis and monitoring, which can be applied by SME to manage their internal financial risks. For this purpose the financial analysis, which has been used in research to identify indicators for firm bankruptcy, was chosen. Based on an examination and analysis of different papers, despite of their different models, many similarities in the applied ratios could be identified. In general the papers focus on three categories of risk, namely liquidity, profitability and solvency, which are in accordance to the main internal financial risks of SME. From the ratios the most appropriate ones with regard to their effectiveness in identifying risks.

Nevertheless the data and the overview can be used in SME risk management. The overview is a risk identification tool, a mean for risk analysis on high level and graphical monitoring at the same time. With the help of the overview a company can easily check whether one of the main risk categories is urgent and needs to be managed. Once a risk is identified on a high level, further internal data can be analyzed to figure out where the source of the risk is. Finally appropriate measures can be chosen in accordance with the specific needs of the company. Those last steps are not specified in this paper and could be subject to further research. The proposed overview is a first step to get an overview of the risk situation. For a detailed assessment of the risk and direct steps to manage it, the available data needs to be analysed in detail. Depending on the company, which uses the overview, next to the chosen ratios additional information about the sector or critical aspects to the company could be included.

As a general and comprehensive mean, the overview is suitable for an internal financial risk management in SME. The requirements based on the characteristics of SME are that neither special software nor expert knowledge or large resources are necessary for its application. This is the case here. The overview is based on available company data and the ratios have a direct meaning, which is understandable and connected to the risk categories. Therefore it can easily be applied within a SME.

However it must not be ignored that the use of the financial risk overview does not mean that the risks are managed or the risk is decreased. This needs to be done in separate steps. Nevertheless the overview is comprehensible and easy to apply. Due to that it is a first mean, which SME can use to identify, analyse and monitor their risk, which was not available for them in literature before.

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The Concept of 'Marketing Mix' and its Elements

(A Conceptual Review Paper)

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Abstract

Marketing mix is the most fundamental concept of marketing which is a set of controllable marketing tools that a company uses to create a desired response in the targeted market. American Marketing Association presidential address coined the term, "marketing mix", in 1953. Marketing Mix' is also referred and known as the Four P's i.e. product, price, place of distribution, and promotion. These are the primary ingredients of a marketing strategy, and as a means of translating marketing planning into practice. McCarthy (1960) was first to suggest the four P's. Muala & Qurneh (2012) revealed that later on researchers by adding three more elements have explained seven elements which are their **7Ps** i.e. product, price, place, promotion, Personnel, Process and. Physical Evidence. This study explains these **7Ps**, which are the elements of Marketing Mix.

Introduction

Marketing mix is the most fundamental concept of marketing. Riaz & Tanveer (n.d) referring Kotler, Armstrong, Wong, & Saunders (2008) defined the marketing mix as: a set of controllable marketing tools used by a company for creating a desired response in the targeted market. These elements or tools of marketing mix are the basic, tactical components of a marketing plan. So 'Marketing Mix' is also referred and known as the Four P's, which are marketing mix elements i.e., product (P-1), price (P-2), place of distribution (P-3), and promotion (P-4). These are the primary ingredients of a marketing strategy, and as a means of translating marketing planning into practice. McCarthy (1960) was first to suggest the four P's. This study is to explain the elements of marketing mix in the light of literature.

Emergence of Marketing Mix

According to Rafiq & Ahmed (1995) Borden in 1965 claimed to be the first to have used the term "*Marketing Mix*" but to him it simply consisted of important ingredients or elements making up a marketing program.

Wolfe & Crotts (2011), Riaz & Tanveer (n.d) and DURMAZ (2011) revealed that Neil Borden in his address coined the term, "marketing mix", in 1953. Marketing mix is the set of controllable variables and their levels that the firm uses to influence the target market. The elements of marketing mix are the basic, tactical components of a marketing plan. Also known as the Four P's, the marketing mix elements are price, place, product, and promotion. Cengiz & Yayla (2007) and Wolfe & Crotts (2011) citing some studies asserted that McCarthy (1960) was first to suggest the four P's representing price, promotion, product and place of distribution as the primary ingredients of a marketing strategy, and as a means of translating marketing planning into practice

Cengiz & Yayla (2007) also asserted that the Marketing Mix is a term used to describe the combination of tactics used by a business to achieve its objectives by marketing its products or services effectively to a particular target customer group.

Grönroos (1994) quoted that the marketer plans various means of competition and blends them into a "marketing mix" so that a profit function is optimized.

Cengiz & Yayla (2007); Shahhosseini & Ardahaey (2011) and Suprihanti (2011) asserted that marketing mix helps to define the marketing elements for successfully positioning market offer. They also stated that marketing mix develops the satisfaction, and one of the best-known models, in marketing mix is the *Four Ps*, containing: product, place, promotion and price. The four Ps of the marketing are briefly described as follows: *Product,* the item or service being marketed, through its features, quality, benefits and quantities, company can make high quality products; *Price,* includes the price of the item and product assortments and lines, price changes and payment methods, company can make competitive price; *Place*, refers the location where the product or service is available to the customer, including distribution channels, Place also means that the for consumer it is easy to get the product; and *Promotion*, refers the market communication which is achieved by personal selling, advertising, direct marketing, public relations, sales promotion and sponsorship. Promotion also means that company can communicate to the consumer about their products.

Definition of Marketing Mix

Rafiq & Ahmed (1995) quoted the following definitions of marketing mix.

"Marketing mix is a combination of all of the factors at the command of a marketing manger to satisfy the target market." *McCarthy (1964)*

"Marketing mix are the controllable variables that an organization can co-ordinate to satisfy its target market*." McCarthy and Perreault (1987)*

Marketing mix is the set of controllable marketing variables that the firm blends to produce the response

it wants in the target market. ***Kotler and Armstrong   (1989)***

Growth of Ps (4Ps, 5Ps, 7Ps, and 8Ps)

Goi (2009) expressed McCarthy 1964 refined Borden's idea of marketing mix and Rafiq & Ahmed (1995) argued referring some studies that while McCarthy's 4Ps framework is popular, there is by no means a consensus of opinion as to what elements constitute the marketing mix. In fact the 4Ps framework has been subjected to much criticism because the 4Ps framework is too simplistic and misleading so the 4Ps framework is found wanting for instance, the addition of packaging as the fifth P in the marketing mix, the inclusion of public relations as the fifth P, the addition of Power as well as public relations in the context of "mega-marketing", the addition of people as a method of differentiation in industrial marketing and the addition of people, processes, and customer service for relationship marketing.

Cengiz & Yayla (2007) extracting from some researches expressed that the 4Ps framework is widely used by marketers as the underpinning of their marketing planning.   The 4Ps framework has won an overwhelming acceptance among marketing practitioners. In a competitive situation, a firm has to prioritize marketing mix elements. Prioritizing emphasizes the need to recognize the fact that some elements may be important than others at a given point in time. On the other hand, in recent years some scholars in marketing literature increased the marketing mix to the "5 Ps", to include people. Besides, some discusses "7 Ps", to include physical evidence and process.

Goi (2009) expressed in detail citing extensive literature that McCarthy 1964 refined Borden's idea of marketing mix defined and regrouped Borden's 12 elements (namely product planning; pricing; branding; channels of distribution; personal selling; advertising; promotions; packaging; display; servicing; physical handling; and fact finding and analysis) to four elements or 4Ps, namely product, price, promotion and place at a marketing manger's command to satisfy the target market. Goi (2009) mentioned the story of Ps with citations of studies that marketing mix has originated from the single P (price) of microeconomic theory. New Ps, were introduced into the marketing scene in order to face up into a highly competitively charged environment. Especially in 1980s onward, number of researchers proposed new 'P' into the marketing mix. Judd (1987) proposed a fifth P (people). Booms and Bitner (1980) added 3 Ps (participants, physical evidence and process) to the original 4 Ps to apply the marketing mix concept to service. Kotler (1986) added political power and public opinion formation to the Ps concept. Baumgartner (1991) suggests the concept of 15 Ps. MaGrath (1986) suggested the addition of 3 Ps i.e. personnel, physical facilities and process management. Vignalis and Davis (1994) suggested the addition of S (service) to the marketing mix. Goldsmith (1999) suggested that there should be 8 Ps i.e. product, price, place, promotion, participants, physical evidence, process and personalization.

Rafiq & Ahmed (1995) stated that, Booms and Bitner's 7Ps model is the most influential mix

where they suggest that the traditional 4Ps need to be modified for services but also need to be extended to include participants, physical evidence and process. Later on researcher also included the concept of <u>participants</u>' or customer who buys the service and other customers in the service environment. Marketing managers therefore need to manage not only the service provider-customer interface but also the actions of other customers.

Riaz & Tanveer (n.d) and Goi (2011) have explained four elements which are actually 4Ps i.e. product, price, place, and promotion. Muala & Qurneh (2012) by adding three more elements have explained seven elements which are their 7Ps i.e. product, price, place, promotion, Personnel, Process and. Physical Evidence.

These researchers' framework of Elements i.e. Product, Price, Place, Promotion, Participants, Physical evidence and Process is discussed below.

Elements of Marketing Mix

Grönroos (1994) citing literature expressed that in fact, the Four Ps represent a significant over simplification of original concept, which was a list of 12 elements not intended to be a definition at all. Moreover, the elements of this list would probably have to be reconsidered in any given situation.

Rafiq & Ahmed (1995) quoted that Borden, in his original marketing mix, had a set of 12 elements namely:

(1) Product planning   (2) Pricing   (3) Branding (4) Personal selling

(5) Advertising   (7) Promotions (8) Packaging (9) Display

(10) Servicing   (11) Physical handling;

(4) Channels of distribution and   (12) Fact finding and analysis

Goi (2009) referred Frey in1961, an expansionist of marketing mix who classified marketing variables into two categories: 1- the offering which consists of the product, service, packaging, brand, and price; and 2- the process or method which includes such variables as advertising, promotion, sales, publicity, distribution channels, and new product development. All of these ingredients are specifically designed to generate demand for the product or service in question, later added people (employees) and the service-escape to the model recognizing the importance of relationship development skills and the shopping environment in marketing.

Product

Riaz & Tanveer (n.d); Goi (2011) and Muala & Qurneh (2012) expressed (referring many studies) that 'Product' is some good or service that a company offers in the market. Product is defined as: "something or anything that can be offered to the customers for attention, acquisition, or consumption and satisfies some want or need". It includes physical objects, services, persons, places, organizations or ideas". A marketer should build an actual product around the core product and then build augmented product around core and actual product. Core Product refers to the problem-solving services or core

benefits that customers are getting when they buy some product. On the other hand, actual product refers to a product's parts, level of quality, design, features, brand name, packaging and other features that are combined in order to deliver the core benefits. Augmented product means associating additional benefits and services around the core and actual product. These additional factors could be guarantees, after sale services, installation, etc. As for services, the product offer in respect of services can be explained based in two components: (1) The core service which represents the core benefit; (2) The secondary services which represent both the tangible and augmented product levels. The latter can be best understood in terms of the manner of delivery of the particular service. The product is the core of the marketing mix strategy where retailers could offer unique attributes that, differentiates their product from their competitors. Quality, design, features, brand name and sizes characterize the product.   Well acceptances of product by customer are based on product quality and design. Pre- and post-sale services are an important part of the product package and can contribute to enhance performance. Wide product lines also provide an opportunity for increased export sales. Broad product lines enhance profitability and market share positions in domestic and export markets.

Price

Virvilaite et al. (2009) expressed that a price is the most important factor, determining customers' satisfaction. Customers estimating the value of obtained service most often think about the price.

According to Nakhleh (2012) price is what been given up to get a product/service. How much consumers are willing to pay fluctuate due to their different needs. Thus, the price perceptions to the same service or products may differ among individuals.

Riaz & Tanveer (n.d); Goi (2011) and Muala & Qurneh (2012) extracting from many studies quoted that price is the amount of money charged for a product or service, or the total values that consumers exchange for the benefits of having or using the product or service. It is what a customer have to pay to acquire a product, or cost of a product to a customer. Price is considered to be the most significant factor that affects consumer's choice. Price is the only variable in the marketing mix that must be set in relation to the other three Ps. Pricing is one of the most important elements of the marketing mix, as it is the only mix, which generates a turnover for the organization. The remaining 3P's (product, place, and promotion) are the variable cost for the organization. It costs to produce and design a product; it costs to distribute a product and costs to promote it. Price must support these elements of the mix. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean a loss of sales for the organization. Pricing should take into account on fixed and variable costs, competition, company objectives, proposed positioning strategies, and target group and willingness to pay. Higher prices lead to higher profitability. However higher prices may increase short-term profitability, but, in the long term, it may lead to lower sales and profits thus explaining the conflicting findings. Price may serve as a substitute for selling effort, advertising, and product quality. Alternatively, price may be used to reinforce other activities in the marketing mix program. In many cases price can

provide an incentive to intermediaries and company salespeople, the focus of promotional strategy, and a sign of value. According to Chung & Shin (2008); Nakhleh (2012) and Muala & Qurneh (2012) the central role of price as a purchasing determinant as well as in post-purchasing processes is well recognized. They are of the opinion that consumer perception of price is considered vital of buying behavior and product or service choice and due to the intangible nature of services price becomes a crucial quality indicator. Where other information is lacking or absent customers usually select their service providers strongly depending on perceived price. In deciding to return to the service provider, the customers normally think whether or not they received their value for money. It has been proven therefore, that customers usually buy products on the basis of price rather than other attributes. Higher pricing perceived by consumers might affect purchase probabilities of customers negatively. Price perception directly influences customer satisfaction, the likelihood of switching, and the likelihood of recommendation to others, hence customer often switches mainly due to high price perceived, unfair or deceptive pricing practices. Chung & Shin revealed that more than half of customers switched because of poor price perception. Therefore, in order to increase customer satisfaction, it is important for service firms to actively manage their customers' price perceptions, e.g. carrying out attractive pricing, offering reasonable prices mix, lower prices without decreasing quality, etc.

Pricing Strategies

Riaz & Tanveer (n.d) squeezing from literature have expressed many pricing strategies as discussed below.

Cost-based pricing

Cost-based pricing is the simplest pricing strategy. Using this strategy price is set, by adding some mark-up to the cost of the product. This strategy works if firm's prices are not too high as compared to the competition.

Break-even Pricing

Break-even Pricing is cost-oriented pricing strategy. Firms determine the price at which they can recover manufacturing and marketing cost, or make targeted profit.

Competition-based Pricing

Competition-based Pricing is when a company sets prices in accordance with the competition. Prices are largely based on the prices of the competitors.

Customer-value based Pricing

In customer-value based pricing, products are priced on the basis of perceived value of the product. Company shall find out what value customers assign to competitors' product and what value they perceive of company's product. Measuring perceived value is difficult and if the more prices are charged than the perceived value, sales will suffer.

Promotion

Goi (2011) and Muala & Qurneh (2012) extracting from studies mentioned that promotion is a vital part of business and is an integral ingredient of the total marketing process. Promotion is a selling technique; to succeed in any marketing program, it should be involved with communication (promotion). Promotion is defined as sales promotion, advertising, personal selling, public relations and direct marketing It helps to make potential customers aware of the many choices available regarding products and services. A successful product or service means nothing unless the benefit of such a service can be communicated clearly to the target market. A communication program is important in marketing strategies because it plays three vital roles: providing needed information and advice, persuading target customers of the merits of a specific product, and encouraging them to take action at specific times. Activities that cater to promotion are advertising, sales promotions, personal selling and publicity; they can all influence consumer's way of thinking, their emotions, their experience as well as their purchasing. Communications should be devised by marketers in such a way that it (1) offers consistent messages about their products and (2) are placed in media that consumers in the target market are likely to use. Promotion is very important as it provides information, advice, and it persuades the target market. It guides and teaches the customer to take action at a specific time and how they can use the product and get beneficial result from it. The product advertisement can be delivered by individual sales people, T.V, radio, internet, magazine, press, and all types of media. An organization's promotional strategy can consist of sales promotion, advertising, sales force, public relations and direct marketing.

Riaz & Tanveer (n.d) have cited according to promotional activities following strategies for promotion.

Strategies for Promotion

Advertising

Advertising is a non-personal presentation of goods or services, such as T.V ads. Advertisement is a powerful tool to create strong associations with brands.

Personal Selling

Personal Selling is the type of promotion in which a company representative meets customers personally to sell a product. It is useful to understand customer needs deeply and is more customized and detailed.

Sales promotions / Trade promotions

Sales promotions or Trade promotions are about giving incentives to enhance sales, such as discounts or samples. There are various reasons for sales promotions. Sales promotions is to end-customers increase short term sales and help building long term relationships, while trade promotions aimed on distributors and retailers so they buy large volumes and advertise the product more.

Riaz & Tanveer (n.d) revealed that if a company or a product gets positively promoted without the company paying for it, such as in documentaries, it is called communication through *Public Relations.* This type of promotion has high credibility because it is viewed as news instead of an advertisement. Standardizing advertisement brings a consistency in the way a brand is portrayed.

Place

Riaz & Tanveer (n.d) wrote that Place refers to the availability of the product to the targeted customers. While Goi (2011) stated that place strategy refers to how an organization will distribute the product or service they are offering to the end user.
Muala & Qurneh (2012) quoted a definition of Armstrong and Kotler (2006) who defined it as: a set of interdependent organizations that caters to the process of making a product available to the consumers. Muala & Qurneh (2012) cited that Hirankitti et al., (2009) considers place as the ease of access which potential customer associates to a service such as location and distribution.

Riaz & Tanveer (n.d) quoted that a company can adopt multiple channels to get its product to the customers. These channels can be direct and indirect. Choice of channel has strong affect on sales. Riaz & Tanveer (n.d)

According to Goi (2011) and Muala & Qurneh (2012) the strategy of place needs effective distribution of the firm's products among the channels of marketing like wholesalers or retailers. "A distribution system is a key external resource. An organization should pay attention to place decisions, because of the importance of the product and consumption occurring at the same time and at the same place; a place that provides all information of customer, competition, promotion action, and marketing task. Normally it takes years to build, and it is not easily changed. It ranks it importance with key internal resources such as manufacturing, research, engineering, and field sales personnel and facilities. It represents, as well, a commitment to a set of policies and practices that constitute the basic fabric on which is woven an extensive set of long-term relationships". Placing products with end users involves marketing channels comprised of intermediaries such as retailer. At the outset it is clear that the distribution channel is of fundamental importance to a treatment of physical distribution, because the channel is the arena within which marketing and logistics culminate into consumer transactions.

Riaz & Tanveer (n.d) expressing branding strategies for place quoted that direct channels to reach customers could be company owned stores, phone and internet selling while indirect selling could be through intermediaries such as distributors or agents.. Using indirect channel, company has to give up control over distribution and selling. Company loses control over prices charged to end users, and how the product is being displayed.

4-Cs Concepts (Concept mix, Costs mix, Channels mix and Communications mix)

Rafiq & Ahmed (1995) referred a recent attempt at reformulating the marketing mix. It was Brunner's 4C's concept postulated in 1989, which comprises the concept mix, costs mix, channels mix and communications mix. The concept mix is broadly equivalent to the idea of the product mix idea, although Brunner claims that it is better at describing variety of offerings by various types of organizations. The cost concept includes not just monetary costs (i.e., the traditional price element) but also costs incurred by the customer e.g. transportation, parking, information gathering, etc. The channels concept is essentially the same as the traditional place element. The elements of communication not only include the traditional promotional element but also information gathering, i.e., marketing research. In essence Brunner's attempt amounts to a change in nomenclature, the 4Ps being replaced by 4Cs. Furthermore, his cost and communications concepts do not strictly adhere to the concept of the marketing mix as a set of controllable variables used to influence the customer: cost incurred by customers in obtaining products such as transport, information gathering and so forth are not under the control of the marketers and, in any case, will vary from customer to customer.

McCarthy 4-Ps	Brunner's 4-Cs	Lauterborn's 4-Cs
Product	Concept mix,	Customer needs and wants
Price	Costs mix,	Cost
Place	Channels mix	Convenience
Promotion	Communications mix	Communication

Diagram-1 **Comparing equivalents elements of three models**

Source- Self constructed

Shahhosseini & Ardahaey (2011) has also referred Lauterborn's 4Cs marketing mix approach. Lauterborn's 4Cs, which presents the elements of the marketing mix from the buyer's, rather than the seller's, perspective. It is made up of Customer needs and wants (the equivalent of product), Cost (price), Convenience (place) and Communication (promotion).

Other Elements of the Marketing Mix

Rafiq & Ahmed (1995) stated that the most influential of the alternative frameworks is, however,

Booms and Bitner's 7Ps mix where they suggest that not only do the traditional 4Ps need to be modified for services (see Table I) but they also need to be extended to include participants, physical evidence and process. Their framework is discussed below. So 7Ps model conists of Product, Price, Place, Promotion, Participants, Physical evidence and Process. Rafiq & Ahmed (1995) also cited that various modifications have been suggested to incorporate the unique aspects of services, for example Renaghan (1981) proposes a three-element marketing mix for the hospitality industry: the product service mix, the presentation mix and the communications mix.

Afridi (n.d) revealed that the major difference in the education of services marketing versus regular marketing is that apart from the traditional "4 P's," *Product*, *Price*, *Place*, *Promotion*, there are three additional "P's" consisting of *People*, *Physical* evidence, and *Process*.

Muala & Qurneh (2012) besides usual 4Ps (product, price, place, and promotion,) extracting from several studies (Rathmell, 1974; Shostack, 1977; Hartline & Ferrell, 1996; Rust, Zahorik & Keiningham, 1996; Magrath 1986; Kotler, 2000; Judd, 2001; Rafiq & Ahmed, 1995; Mittal and Baker, 1998; Bitner, 1990, and Hirankitti et al., 2009) also added three more elements (i.e. Personnel, Process and Physical Evidence) in this list and explained as:

People or Personnel

According to Muala & Qurneh (2012) this factor refers to the service employees who produce and deliver the service. It has long been a fact that many services involve personal interactions between customers and the site's employees, and they strongly influence the customer's perception of service quality. Personnel are keys to the delivery of service to customers. In addition, customers normally link, the traits of service to the firm they work for. Personnel are also considered as the key element in a customer centered organization as well as a way to differentiate variables with product, services, channel, and image. Achievement of a customer-orientation is not possible if there is no cooperation coming from the personnel. The interaction is important because it influences customer perception. In other words, the actions of all the personnel normally influence success of action and function of an organization and with more communication, training, skills, learning, and advice they will achieve to display the optimum value of the product and the company.

Process

Muala & Qurneh (2012) asserted that process is generally defined as the implementation of action and function that increases value for products with low cost and high advantage to customer and is more important for service than for goods. The pace of the process as well as the skill of the service providers are clearly revealed to the customer and it forms the basis of his or her satisfaction with the purchase. Therefore, process management ensures the availability and consistence of quality. In the face of simultaneous consumption and production of the process management, balancing services demand with

service supply is extremely difficult. The design and the implementation of product elements are crucial to the creation and delivering of product.

Physical Evidence

Muala & Qurneh (2012) revealed that this factor refers to the environment in which the service and any tangible goods that facilitate the performance and communication of the service are delivered. This holds great importance because the customer normally judges the quality of the service provided through Physical Evidence. In addition, this factor also refers to the environment in which the services production is, in. Similarly, other visible surroundings can affect the impressions perceived by the customers about service quality. The components of the service experience are called the "services-cape"-that is, the ambience, the background music, the comfort of the seating, and the physical layout of the service facility, the appearance of the staff can greatly affect a customer's satisfaction with a service experience. The environmental décor and design also significantly influence the customer's expectations of the service. Services normally cannot be displayed therefore firms should create a suitable environment to highlight the fact to the customers.

Diagram -2   Showing 4-Basic and 3-Additional Elements of Marketing Mix (7Ps)
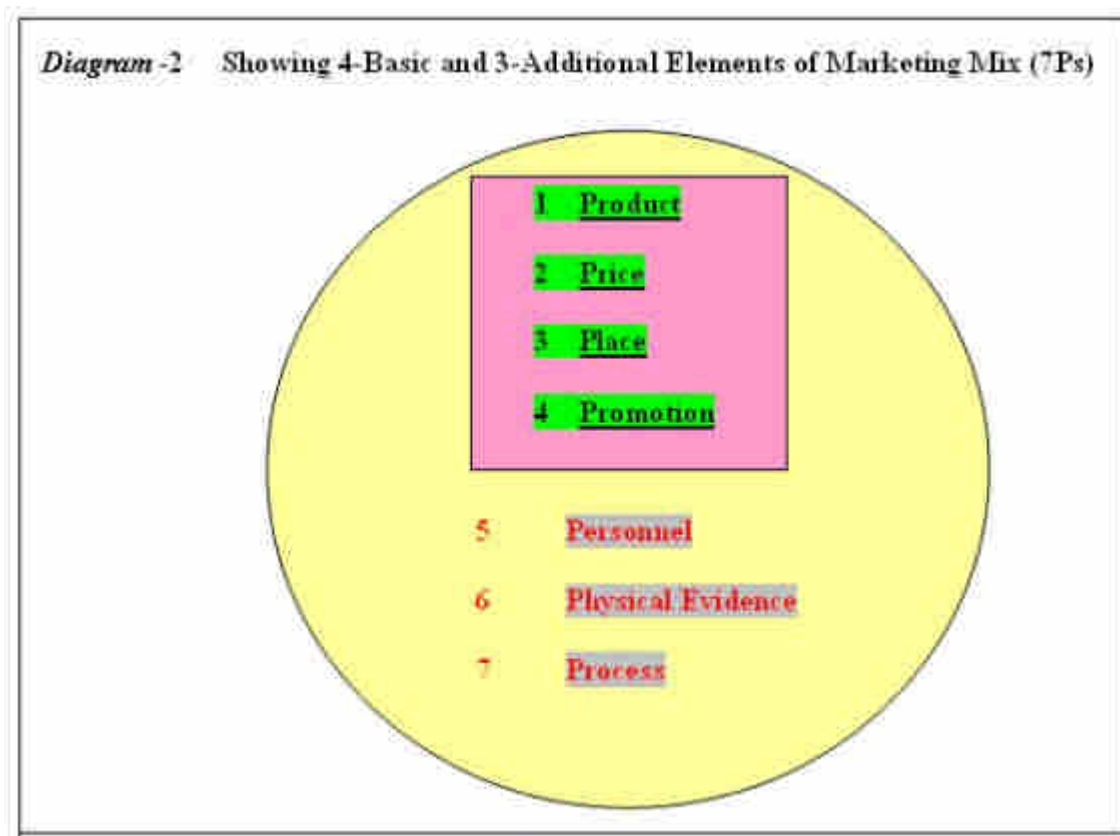
Rafiq & Ahmed (1995) cited that physical evidence refers to the environment in which the service is delivered and any tangible goods that facilitate the performance and communication of the service. Physical evidence is important because customers use tangible clues to assess the quality of service provided. The physical environment itself   (i.e. the buildings, decor, furnishings, layout, etc.) is

instrumental in customers' assessment of the quality and level of service they can expect, for example in restaurants, hotels, retailing and many other services. In fact, the physical environment is part of the product itself.

The Importance of '7-Ps' versus '4-Ps' in Marketing Service

According to Rafiq & Ahmed (1995) the most influential of the alternative frameworks is, however, Booms and Bitner's 7Ps mix where they suggest that not only do the traditional 4Ps need to be modified for services but they also need to be extended to include participants, physical evidence and process. Their framework is: Product, Price, Place, Promotion, Participants, Physical evidence and Process

Constantinides (2002) expressing about online marketing argued that applying the traditional approach, based on the 4Ps paradigm, is also a poor choice in the case of virtual marketing and identifies two main limitations of the framework in online environments: the drastically diminished role of the Ps and the lack of any strategic elements in the model.

Muala & Qurneh (2012) expressed that Rafiq and Ahmad (1995) claim to be advocates of the 7Ps framework owing to the dissatisfaction with the 4Ps framework. The findings reveal more emphasis on the traditional 4Ps in consumer marketing and less on other mix variables. Moreover, there is a similar opinion in services marketing but there have also been strong claims that 7Ps should be used as a general framework due to the simple nature of 4Ps mix. On the other hand, there is consensus on the complexity of the 7ps mix.

Benefits of Concept of Marketing Mix

Goi (2009) pointed out that the main reasons that the marketing mix is a powerful concept are: It makes marketing seem easy to handle, allows the separation of marketing from other activities of the firm and the delegation of marketing tasks to specialists; and – The components of the marketing mix can change a firm's competitive position. The marketing mix concept also has two important benefits. First, it is an important tool used to enable one to see that the marketing manager's job is, in a large part, a matter of trading off the benefits of one's competitive strengths in the marketing mix against the benefits of others. The second benefit of the marketing mix is that it helps to reveal another dimension of the marketing manager's job.

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Relationship Marketing – Some Aspects (Review)

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Abstract

Relationship marketing emerged as a contestant to traditional marketing theories since the early 1990s, is the new paradigm in marketing literature that challenges the existing and entrenched philosophies in marketing literature. This research paper is focused on explaining its the concept, emergence, factors influencing it (such as trust, commitment and communication, social and financial bond, satisfaction conflict handling) and its benefits.

Introduction

'Relationship marketing' (RM) is the newest school of marketing thought. The ongoing interest in Relationship marketing is evident from the number of conferences organized on the topic, number of business schools offering course, on relationship marketing and number of articles published in journals (Ramkumar & Saravanan, 2007). RM is a popular concept and has the potential to increase customer retention by building long-term customer relationships through highly effective marketing techniques (Wang & Head, 2005). It refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges (Marshall 2010). According to Kuusik (2007) the globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness where long-term success achieved through building their success on a long-term customer relationship.

Hui, K. C. (2006) expressed that RM emerged as a contestant to traditional marketing theories since the early 1990s. Proponents of relationship marketing argued that the positivist nature of theorizing marketing based on microeconomic models ignored the factor of relationship in a marketing process and its strategic implications in human interactions in an exchange process.

Cosic & Djuric (2010) opined that RM represent paradigm of changes, taking place in marketing practice related to shift from the focus at transactions to the focus at relationship. Relationship approach points out relationship continuity, to be developed between organization and its consumers, with main

focus at consumer services and standards of quality. Relationship marketing, assumes market as abstract category in the surrounding where consumers are just numbers which need to be processed one by one. Relationship marketing is also developing relationships with distributors, suppliers, public institutions, individuals etc.

What is Relationship Marketing? (Concept of RM)

With many citations Li & Green (n.d) revealed that, the objective of marketing strategy is to deliver value to customers as well as build a long-term and mutually profitability relationship with customers. Marketing strategies that are successful require market analysis, e.g., competitors, consumers, and internal analysis, e.g., marketing mix, which leads to a competitive advantage, e.g., relationship building, loyalty programs.

MAXIM (2009) mentioning many studies revealed that in the '70s and '80s several authors begun to considered that the socio-economic changes imposed a shift of the marketing efforts from the area of transactions to that of relationships. The term 'Relationship Marketing' (RM) was initially proposed by Berry in 1983: "*attracting, maintaining and - in multi-service organizations - enhancing customer relationships*".

Kanagal (n.d.) expressed (referring many researchers) that Relationship marketing refers to a wide range of 'relationship type strategies' having developed over the past few decades in product as well as service markets and in consumer as well as business-to- business sectors. RM accepted in a marketing world where it had become obvious that strategic competitive advantage could no longer be delivered on the basis of product characteristics alone and where corporate profitability was beginning to become associated with satisfying existing customers. There are four types of buyer-seller relationships – bilateral relationships, seller-maintained relationships, buyer-maintained relationships, discrete exchanges. For a firm, relational exchanges could occur with goods suppliers, services suppliers, business units, employees, functional departments, intermediate customers, ultimate customers, competitors, nonprofit organizations and government. 'Relationship marketing is attracting, maintaining and – in multi service organizations – enhancing customer relationships'. In industrial marketing, relationship marketing is referred to as marketing oriented towards strong, lasting relationships with individual accounts. From a sales management perspective, the term relationship marketing is applied to a number of different marketing activities ranging from consumer frequency marketing programs to selling activities directed towards building partnerships with key business – to – business customers. In developing long-term relationships with channel members, it is stated that such relationships combine the advantages of vertically integrated distributed systems (control and coordination), with the advantages of systems utilizing independent channel members (flexibility, scale economies, efficiency and low overhead). They also state that channel relationships are dependent on (1) continuity of relationship (2) trust and (3) communications.

Singgih & Purnasakti (2010) extracting from many studies opined that building long-term relationships with customers can be done with the application of relationship marketing concepts, this concept emphasizes that firms need to establish rapport and maintain satisfactory service to its customers. Relationship-marketing is a process of several steps consisting of finding, identification, acquisition, retention, customer development, and seeking information about and trying to stay in touch with, its consumers, contributing significantly to the company by focusing its strategy that is by maintaining relationships with customers effectively and efficient so that these relationships become a lifelong. Relationship marketing is also a strategy to create customer loyalty.

Wang & Head (2005) asserted that the adoption of the RM concept to consumer research is relatively new and has gone through stages from obscurity, discovery and acceptance to popularity. There are three different views on RM feasibility in the consumer market. One view does not limit the application of RM, where some have tended to apply this concept blindly. On the contrary, others have questioned the practicability of RM in the consumer market from both academia and industry. RM in the consumer market is merely a scholarly concept with little limited real-life applicability.

Sohail (2012) revealed that relationship marketing is about retaining customers by establishing, maintaining and enhancing relationships with customers and other parties. A firm's level of relationship marketing activities is positively correlated to its performance, and the level of strategic competitive advantage that is achieved in the market place.

Nakhleh (2012) expressed that relationship marketing is a strategy designed to foster customer loyalty, interaction and long-term engagement. This customer relationship marketing approach focuses more on customer retention than customer acquisition. Relationship marketing is designed to develop strong connections with customers by providing them with information directly suited to their needs and interests and by promoting open communication. This approach often results in increased word-of-mouth activity, repeat business and a willingness on the customer's part to provide information to the organization.

Silva & Yapa (2009) stated that in competitive business environment organizations focus their strategies on acquiring customers, and also keeping them as long as possible and encouraging them to increase purchase frequency by developing lasting relationships. Attraction of new customers is an intermediate step in marketing process. Solidifying relationship and transforming them as loyal customers, serving customers as clients too should be a part of marketing. Subsequent thinking on relationship marketing further expanded and stressed on profitability of relationship management. Furthermore effectiveness is greater when relationships are built with an individual than a firm or institution.

Marshall (2010) quoted citing Berry (1983); Hunt (2002) and some others that relationship marketing is "attracting, maintaining and, in multi-service organizations, enhancing customer relationships". Relationship marketing is viewed as implying that, increasingly, firms are competing through developing relatively long-term relationships with stakeholders, such as customers, suppliers, employees and competitors. The fundamental tenet of relationship marketing is that consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers.

Cosic & Djuric (2010) summarized the main RM characteristics as:

- Focus at keeping consumers
- Product benefits orientation
- Long terms
- Focus at consumers' services
- High level of consumers involvement
- High level of contacts with consumers
- Total quality management.

Cosic & Djuric (2010) reported that relationship marketing approach is getting higher importance in the view of evaluating consumers' loyalty more than market share and is focused at establishing, keeping and improving relations with consumers and other target groups for gaining profit and reach goals of all involved parties. Goal of relationship marketing is to deliver long-term value to consumers, and level of success is long-term satisfaction of consumers. Relationship marketing is with focus mainly at keeping and improving relations with actual consumers more than attracting new consumers. Both individual consumers and companies prefer to keep long-term relations, instead of searching continually for new offers. With the fact that usually it is more cost effective to keep actual consumers than to attract new consumers, successful marketers join their efforts on developing effective strategies to keep loyal consumers. Often companies have been focused at attracting consumers (the first act), but they show low attention to what should be done in order to keep them (second act).

Cosic & Djuric (2010) argued that *loyal consumers* could be provided through delivering the level of services that *satisfy their needs*, and also the level that *impress consumers*. Loyalty also could be provided with creation of close relations with consumers. It is important to point out, that there is a difference between *loyalty* and *building relations with consumers*, so these two terms should be treated separately.

Cosic & Djuric (2010) are of the view that there are different approaches in theory and practice in attempt to improve relationship with consumers and provide higher level of satisfaction. In this context, any of these three approaches might be implemented:

- *The first approach* is directed to adding, before all, **financial benefits** in relations with consumers. For

example, air companies offer bonuses within frequent flyer programs, Rent-A-Car companies offer bonuses for frequent renters, hotels offer higher category room or gratis period of room use for frequent stayers, while trading companies give awards to frequent buyers with bonuses, refunds and coupons etc. In this way service providers "buying" loyalty more than they building relationships.

- *The second approach* is pointing out **additional social benefits.** In this way focus is at building strong social connections with consumers on the basis of consumers' individual needs and wishes. On the basis of research results actions are performed to build individualization and personalization of products and services. Companies using this approach are transforming their customers to clients. In this way while customers are not known and personalized within company, clients are identified with details in their personal file. Customers are served as "a whole segment" at the market, while clients are served on the individual base. Customers are served by service personal, while identified sellers serve the clients with special care.

- *The third approach* is focused at building strong relations with consumers with additional **both financial and social benefits**. For example, airlines develop booking systems for tourist agencies. Special direct telephone line is available to frequent users. Airlines devoted to building relations with consumers offer special waiting rooms for the first class passengers and even might provide transfers to airport in luxury limos.

MAXIM (2009) concluded that by analyzing the practices in the business environment no relationships were identified in the following categories:

- *Classic market relationships*: aspects such as the supplier-customer dyad and the supplier-customer-competitor triad or the physical distribution network are included here;
- *Special market relationships*: the relationships via full-time marketers and part-time marketers, the relationship to the dissatisfied customer, the e-relationship, the para-social relationships and many more are discussed here;
- *Mega relationships*: these exist above the market level and provide a platform for market relationships (those from the previous two categories). They concern the mega marketing (lobbying, public opinion and political power), the mega alliances (e.g. NAFTA) and the social relationships (such as friendship and ethnic bonds);
- *Nano relationships*: these exist below the market level, inside the organizations, and have an impact on external relationships.

All these elements add up and contribute to definition:

> "*Relationship marketing is interaction in networks of relationships*".

MAXIM (2009) further asserted that there are several other broad approaches. One of them is the "**six**

markets" model developed by Christopher, Payne and Ballantyne as an instrument for helping managers to identify strategically important stakeholders. The Customer Markets are placed in the center of this model and the other five markets, described below, have a supporting role:

- *Referral markets* (satisfied customers that become advocates of the company and recommend it to other potential customers);
- *Influence markets* (unions, business press, regulatory bodies, financial analysts, competitors, the government, consumer groups etc.);
- **R**ecruitment markets (potential employees and the channels used to access them;
- *Supplier and alliance markets* (suppliers that the company has partnership relationships with, and other organizations with which the company shares capabilities and knowledge);
- *Internal markets* (the organization and its employees).

Sweidan et al (2012) concluded that relationship marketing concentrates attention on the whole of the customer's interaction with the firm rather than the single isolated transaction, Sweidan et al quoted Berry whose work outlines five strategy elements for relationship marketing;

1- Developing a core service around which the customer relationship can be built
2- Customizing the relationship to the individual customer,
3- Augmenting the core service with extra benefits,
4- Pricing to encourage customer loyalty, and
5- Utilizing internal marketing with firm employees.

Ramkumar & Saravanan (2007) stated that relationship Marketing is a strategy for learning about customer's mood and behaviors to develop stronger relationship with them.

Definition of Relationship Marketing

Wang & Head (2005); MAXIM (2009) and Ogechukwu (2012) expressed citing vast literature that Relationship marketing (RM) has the potential to be a highly effective marketing technique. Though there are 26 distinct definitions of the RM concept the most frequently cited and the "best" is from Gronroos (1994):

"RM is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholder, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfillment of promise." (Gronroos 1994)

This definition covers the seven elements of RM, including *birth*, *develop*, *maintain*, *temporal*, *interaction*, *output* and *emotional content*, identifies as commonly agreed upon by researchers through their repeated mentioning. Researchers agree that RM is a form of Customer-centric marketing, which

emphasizes understanding and satisfying the needs, wants, and resources of individual consumers rather than those of mass markets or market segments. The customer is the starting point of the planning process in customer-centric marketing. In contrast, the product and market are the starting points in product-centric and market-centric approaches, such as transactional marketing. In practice, many concepts relating to consumer relationships and loyalty, such as micro-marketing, database marketing, one-to-one marketing, loyalty marketing, wrap-around marketing, customer partnering, and interactive marketing, are discussed under the umbrella of RM. RM focuses on long-term interaction leading to emotional or social bonds.

Ogechukwu (2012) revealed that there may be seen to include six dimensions that differ significantly from the historical definition of marketing. These are:

1-RM seeks to create new value for customers and then share it with these customers.

2- RM recognizes the key role that customers have both as purchasers and in defining the value they wish

to achieve.

3 - RM businesses are seen to design and align processes, communication, technology and people in

support of customer value.

4 - RM represents continuous cooperative effort between buyers and sellers.

5 - RM recognizes the value of customers' purchasing lifetimes (i.e. lifetime value).

6 - That RM seeks to build a chain of relationships within the organization, to create the value customers wants, and between the organization and its main stakeholders, including

suppliers, distribution channels, intermediaries and shareholders.

Silva & Yapa (2009) and Sweidan et al (2012) quoted a definition from Leonard Berry (1983) a

pioneer of the relationship marketing concept in services, who defined relationship marketing as:

"Relationship Marketing is attracting, maintaining, and enhancing customer relationships". (Berry 1983)

MAXIM (2009) quoted a definition by Sheth and Parvatiyar (2000) for RM as:

"The ongoing process of engaging in cooperative and collaborative activities and programs, with immediate and end-user customers, to create or enhance mutual economic value at reduced cost." (Sheth and Parvatiyar, 2000)

Hui, K. C. (2006) referred Gummesson (1994) who defined relationship marketing as "*relationships, networks and interaction*".

Emergence of Concept of Relationship Marketing

Sweidan et al (2012) is of the opinion that the study of marketing and its practice has shifted from transactional to relationship in recent years. Traditional studies in marketing focused on the single, isolated exchange between buyer and seller. Since the 1960s the marketing mix management approach, with its 4P model, has dominated the marketing literature and marketing research and practice. Sweidan et al (2012) further expressed quoting several researchers that the relationship marketing concept, emerged within the fields of service marketing and industrial marketing. Various factors that contributed to the development and growth in importance of relationship marketing; include: the increasingly global and intense nature of competition, more demanding and sophisticated customers, increased fragmentation of consumer markets, rapidly changing customer buying patterns, continuously increasing standards in quality, the inadequacy of quality in itself to create sustainable competitive advantages, the influence of technology in almost all products and services and the unreliability of traditional marketing (e.g. decline in overall advertising effectiveness).

MAXIM (2009) argued that in the '70s and '80s several authors considered that the socio-economic changes imposed a shift of the marketing efforts from the area of transactions to that of relationships. The term relationship marketing (RM) was initially proposed by Berry in 1983: "*attracting, maintaining and - in multi-service organizations - enhancing customer relationships*". Relationship marketing is the development of long-term relationships between the customers and the suppliers, to generate advantages for all those involved and to allow the co-creation of value rather than its unilateral distribution.

According to Sohail (2012) the concept of relationship marketing emerged within the broad areas of service marketing and industrial marketing. Relationship marketing is a strategy to attract, maintain and enhance customer relationships with the goal to retain existing customers, reduce marketing costs and build mutually satisfying relationships.

Influencing Factors or Antecedents of Relationship Marketing

Sweidan et al (2012) referring many researchers revealed that there are many dimensions to be used for implementing the relationship marketing in the organization. Six important factors i.e. trust, relationship commitment, communication, social and financial bond, and finally satisfaction were consistently identified as antecedents of RM.

Sohail (2012) also extracting from literature listed following antecedents of relationship marketing i.e. trust, commitment, communication, and Conflict Handling.

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Trust, commitment and communication, which are common both in conclusion of Sweidan et al (2012) and Sohail (2012) are explained first.

Trust

Trust refers to situations that are being characterized by the following aspects: one party is willing to rely on the actions of other in the situation directed to the future. Trust has been defined in numerous ways in with reference to RM. One definition is as: "the belief in the integrity, honesty and the reliability of another person" It is also defined as having the confidence that the other party will not exploit one's vulnerabilities. Trust is a generalized expectancy, held by an individual or group, of another individual or group. In general, trust leads to relationship, which is what marketers are striving to achieve. Trust is a key element for relationship success and tends to be related to a number of elements such as competitive advantage and satisfaction. Trust is an enduring desire to maintain a valued relationship.

Commitment

Commitment is central in relationship marketing theory and can be defined as: the sacrifices made by the seller and buyer to maintain a relationship. Commitment appears to be one of the most important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency.

Communication

Communication is a process for formal and informal sharing of meaningful and timely information between seller and buyers. Relationship conflict can be reduced, by using proper communication system. Communication, which enables information exchange, is important element of relationship marketing. Communication in relationship marketing refers to keeping in touch with customers, providing timely and trustworthy information, and communicating proactively if a delivery problem occurs. Empirical evidence asserts that communication is a determinant of relationship marketing. Communication is defined as" the human act of transferring a message to others and making it understood in a meaningful way. This definition focuses on the efficacy of communication in producing the desired effect rather than on the frequency or modality of information exchange. If relationship marketing is to be successful, an integration of all marketing communications messages is needed to support the establishment, maintenance and enhancement of relationships with customers.

Conflict Handling

According to Sohail (2012) conflict handling refers to a supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems and discuss solutions openly when

problems arise. In general, the conflict management strategies aim to minimize negative outcomes and maximize positive consequences. This ability of the seller to handle conflict well is an important determinant of customer loyalty. Thus, it is a significant positive relationship between customer loyalty and (a) trust, (b) commitment (c) communication and (d) conflict handling.

Sweidan et al (2012) have also mentioned four more factors i.e. *Satisfaction*, *Relational Bond*, *Financial bonds* and *Customer Loyalty,* as explained below.

Satisfaction

According to Sweidan et al (2012) there is effect of the satisfaction on customer loyalty either the attitude or the behavior. Customer satisfaction has frequently been suggested to be the leading determinant of loyalty. Satisfaction has also been found to be positively associated with customer loyalty in the form of share of-wallet and a business-to-business setting.

Relational Bond

Bonding is defined as the dimension of a business relationship that results in two parties (customer and supplier) acting in a unified manner toward a desired result. Within the relationship marketing literature, relational bonds are focal components.

Financial bonds

Financial bonds are usually referred to as frequency marketing or retentions marketing, where the service provider uses economic benefits, such as price, discounts or other financial incentives to secure customer loyalty.

Customer Loyalty

Customer loyalty is essential if a company is to retain its current customers. The most widely accepted definition of loyalty is describing loyalty as the biased (i.e. non-random), behavioral response (i.e. purchase), expressed over time, by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (i.e. decision making, evaluation) processes. The efforts and actions required to "sustain" loyalty may depend on a variety of situational factors, such as store-based credit, special extended hours for selected customers, and the provision of personal shopping assistance. Loyalty is determined by the strength of the relationship between relative attitude and repeat patronage, and that it has both attitudinal and behavioral elements. Researchers propose four conditions related to loyalty: *loyalty, latent loyalty, spurious loyalty* and *no loyalty*. These are summarized as:

1. Loyalty signifies a favorable correspondence between relative attitude and repeat patronage.
2. Latent loyalty is associated with high relative attitude, but low repeat patronage.
3. Spurious loyalty represents a low relative attitude, with high repeat patronage.
4. No loyalty is associated with a low relative attitude, combined with low repeat patronage.

Jumaev et al. (2012) have described loyalty as a deeply held commitment to rebuy or re-patronize a preferred product and service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

Relationship Marketing versus Transaction Marketing

Hui (2006) referred Coviello et al. (1997) who classified marketing in to transactional marketing and relationship marketing, with relationship marketing incorporating database marketing, interaction marketing and network marketing.

Sweidan et al (2012) reported that the study of marketing and its practice has undergone an orientation shift from transactional to relationship in recent years. Because according to MAXIM (2009) as opposed to the transaction marketing (TM), where the focus is on attracting new customers and generating as many transactions as possible, RM aims not only at attracting but also at retaining customers and knowing them better. Besides maintaining the current turnover level, retention may favor, both cross selling, and an increase in purchasing frequency. Furthermore, the customers become less sensitive to price and are willing to accept price premiums in exchange for a reduced risk. Long-term relationships also ensure a reduction of costs by the experience effect: the operational costs for an old customer are much smaller than those for a new one. MAXIM (2009) further expressed that Relationship marketing implies the development of long-term relationships between the customers and the suppliers, in order to generate advantages for all those involved and to allow the co-creation of value rather than its unilateral distribution, as opposed to the 'Transaction Marketing' (TM) where the focus is on attracting new customers and generating as many transactions as possible.

Nakhleh (2012) expressed that relationship marketing, contrasts with transactional marketing, is an approach that focuses on increasing the number of individual sales. Kanagal (n.d.) also asserted that relationship marketing as contrasted to transaction marketing involves relational exchanges that trace to previous agreements.

Cosic & Djuric (2010) concluded that, relationship marketing approach is getting higher importance in the view of evaluating consumers' loyalty more than market share. Relationship marketing is focused at establishing, keeping and improving relations with consumers and other target groups in

order to gain profit and reach goals of all involved parties. It could be performed within mutual respect and delivery of promises.

Sweidan et al (2012) cited some researchers who stated that relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges and pointed out that companies must move from short-term transaction oriented goals to long-term relationship building goals.

According to Ogechukwu (2012) on the tactical side comparisons have been suggested between the different approaches to customers that Transaction Marketing (TM) and RM take.

- Relationship marketing is attracting, maintaining and enhancing customer relationships.
- The goal of relationship marketing is to establish, maintain and enhance relationships with customers and other parties at a profit to meet the objectives of the parties involved.
- Relationship marketing is an integrated effort to identify, maintain and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts.
- Relationship marketing is marketing seen as relationships, networks and interaction.
- Relationship marketing is the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end user customers to create or enhance mutual economic value at reduced cost.
- Relationship marketing covers all actions for the analysis, planning, realization and control of measures that initiate, stabilize, intensify and reactivate business relationships with the corporations' stakeholders, customers, and to the creation of mutual value.

Benefits of Relationship Marketing

According to Ramkumar & Saravanan (2007) the new paradigm asserts that intelligent marketers should view existing customers as a tremendous growth opportunity. It can be used to build a loyal customer base and as a result the brands marketed by the company will grow in strength by leaps and bounds.

Sweidan et al (2012) quoted Zeithaml and Bitner (1996) who identify four important benefits an organization will gain by adopting the concept of relationship marketing, namely:

(1) Increased purchases.
(2) Reduced costs.
(3) Free advertisement through word-of mouth and
(4) Employee retention.

Sweidan et al (2012) also cited Sheth and Parvatiyar (1995) who indicated that, as in any true relationship, relationship marketing proffers both partners benefits for their role in maintaining the

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relationship. They identify the numerous benefits available to customers who engage in a long-term relationship with the firm, such as:

    1- Achieving greater efficiency in their decision making;

    2- Reducing the task of information processing;

    3- Achieving more cognitive consistency in their decisions;

    4- Reducing the perceived risks associated with future purchase choices.

The importance of relationship marketing has been seen in terms of the benefits received by parties, the service provider and the customer (Sweidan et al 2012).

Stone et al. (2004) are of the opinion that the retailers have sought different ways of improving sales and profits by adopting, more transformational, relationship marketing and loyalty schemes that aim to build greater customer loyalty and retention, and develop methods of creating longer-term relationships, with the aim of improving profits.

Ramkumar & Saravanan (2007) expressed benefits of RM from retention of customers' viewpoint. The benefits of relationship marketing to retain existing customers, as acquiring a new customer can cost 5-10 times more than retaining one, a 2% rise in customer retention equates to a 10% reduction in operating costs, a 5% boost in customer retention translates into an 84% increase in lifetime profit. So, Relationship marketing has the potential to improve marketing productivity. Companies, decreasing their customer defection rates by 5 percent can increase their profits from 25 to 85 percent. There are numerous benefits to both the firm and the consumer as a result of relationship marketing, practices like higher perceived value for both, increased competitiveness of the firm, reduced transaction cost, improved financial performance and increased marketing productivity.

Wang & Head (2005 expressed that RM can increase marketing effectiveness and efficiency by reducing marketing costs, facilitating the targeting of high-profit customers, reducing price sensitivity, creating opportunities for up-selling and cross-selling, erecting exit barriers, and facilitating database development.

Aims of Relationship Marketing

MAXIM (2009) asserted that RM aims not only at attracting but also at retaining customers and knowing them better for good reasons. Customer retention offers advantages from a turnover perspective as well as from a costs perspective. Besides maintaining the current turnover level, retention may favor both cross selling and an increase in purchasing frequency. Furthermore, the customers become less sensitive to price and are willing to accept price premiums in exchange for a reduced risk. Long-term relationships also ensure a reduction of costs by the experience effect: the operational costs for an old customer are much smaller than those for a new one.

According to Kuusik (2007) the globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness so long-term success is not achieved through optimized product price and qualities but building their success on a long-term customer relationship.

BOSE and RAO (2011) referring Morris et al., 1999 stated that the key to the successful adoption of relationship marketing lies in the building of client loyalty in dynamic business environments.

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The Risk Level of Viet Nam Consumer Good Industry Under The Impacts of A Two Factors Model During and After The Global Crisis 2007-2011

Dinh Tran Ngoc Huy [5]

ABSTRACT

Using a two (2) factors model, this research paper analyzes the impacts of both financial leverage and the size of firms' competitors in the consumer good industry on the market risk level of 121 listed companies in this category.

This paper founds out that the risk dispersion level in this sample study could be minimized in case financial leverage decreases down to 20% and the competitor size doubles (measured by equity beta var of 0,160).

Beside, the empirical research findings show us that the risk level could be reduced when financial leverage increases up to 30% and the size of competitor slightly smaller (measured by equity beta value of 0,595).

Last but not least, this paper illustrates calculated results that might give proper recommendations to relevant governments and institutions in re-evaluating their policies during and after the financial crisis 2007-2011.

1. Introduction

The global crisis 2007-2009 has some certain impacts on the whole Viet nam economy, and specifically, the Viet Nam consumer good industry. However, together with financial system development and the economic growth, throughout many recent years, Viet Nam construction industry is considered as one of active economic sectors, which has some positive effects for the economy. Hence, this research paper analyzes market risk under a two factor model of these listed construction firms during this period.

This paper is organized as follow. The research issues and literature review will be covered in next sessions 2 and 3, for a short summary. Then, methodology and conceptual theories are introduced in session 4 and 5. Session 6 describes the data in empirical analysis. Session 7 presents empirical results and findings. Next, session 8 covers the analytical results. Then, session 9 will conclude with some policy suggestions. This paper also supports readers with references, exhibits and relevant web sources.

2. Research Issues

For the estimating of impacts of a two factor model: external financing and the size of competitor on beta for listed consumer good industry companies in Viet Nam stock exchange, research issues will be mentioned as following:

Issue 1: Whether the risk level of consumer good industry firms under the different changing scenarios of

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leverage and the size of competitor increase or decrease so much.

Issue 2: Whether the disperse distribution of beta values become large in the different changing scenarios of leverage and the size of competitor estimated in the consumer good industry.

3. Literature review

Black (1976) proposes the leverage effect to explain the negative correlation between equity returns and return volatilities. Diamond and Dybvig (1983) said banks can also help reduce liquidity risk and therefore enable long-term investment. Peter and Liuren (2007) mentions equity volatility increases proportionally with the level of financial leverage, the variation of which is dictated by managerial decisions on a company's capital structure based on economic conditions. And for a company with a fixed amount of debt, its financial leverage increases when the market price of its stock declines.

Then, Thorsten (2011) found that there   reasing the likelihood of a financial crisis rather than reducing it. arginal rates in corporate and top personal income declined has stopped.

Next, Kim et all (2002) noted that the nature of competitive interaction in an industry is important in assessing the effect of corporate product strategies on shareholder value. Daly and Hanh Phan (2013) investigated the competitive structure of the banking industries in five emerging asian countries including Viet Nam and showed that the global financial crisis affected dramatically the competition of banking system in emerging Asian countries.

Last but not least, Ana and John (2013) Binomial Leverage – Volatility theorem provides a precise link between leverage and volatility.

4. Conceptual theories

The impact of financial leverage, competition or the size of competitor on the economy and business

In a specific industry such as consumer good industry, on the one hand, using leverage with a decrease or increase in certain periods could affect tax obligations, revenues, profit after tax and technology innovation and compensation and jobs of the industry.

Next, in a competitive market, there are many firms offering the similar products and services and this helps customers select a variety of qualified goods that meet their demand. Competitors could affect price and customer service policies; hence, affect revenues and profits of a typical company. Sources of competition include, but not limit to, training. Increasing training can help competition raising productivity.

5. Methodology

In this research, analytical research method is used, philosophical method is used and specially, scenario analysis method is used. Analytical data is from the situation of listed construction industry firms in VN stock exchange and applied current tax rate is 25%.

Finally, we use the results to suggest policy for both these enterprises, relevant organizations and government.

6. General Data Analysis

The research sample has total 121 listed firms in the consumer good industry market with the live data from the stock exchange.

Firstly, we estimate equity beta values of these firms and use financial leverage to estimate asset beta values of them. Secondly, we change the leverage from what reported in F.S 2011 to increasing 30% and reducing 20% to

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see the sensitivity of beta values. We found out that in 3 cases, asset beta mean values are estimated at 0,336, 0,222 and 0,428 which are negatively correlated with the leverage. Also in 3 scenarios, we find out equity beta mean values (0,694, 0,630 and 0,737) are also negatively correlated with the leverage. Leverage degree changes definitely has certain effects on asset and equity beta values.

7. Empirical Research Findings and Discussion

In the below section, data used are from total 121 listed consumer good industry companies on VN stock exchange (HOSE and HNX mainly). In the scenario 1, current financial leverage degree is kept as in the 2011 financial statements which is used to calculate market risk (beta) whereas competitor size is kept as current, then changed from double size to slightly smaller size. Then, two (2) FL scenarios are changed up to 30% and down to 20%, compared to the current FL degree. In short, the below table 1 shows three scenarios used for analyzing the risk level of these listed firms.

Market risk (beta) under the impact of tax rate, includes: 1) equity beta; and 2) asset beta.

Table 1 – Analyzing market risk under three (3) scenarios (*Made by Author*)

	FL as current	FL up 30%	FL down 20%
Competitor size as current	Scenario 1	Scenario 2	Scenario 3
Competitor size slightly smaller			
Competitor size double			

7.1 Scenario 1: current financial leverage (FL) as in financial reports 2011 and competitor size kept as current, slightly smaller and double

In this case, all beta values of 121 listed firms on VN consumer good industry market as following:

Table 2 – Market risk of listed companies on VN consumer good industry market under a two factors model (case 1) *(source: VN stock exchange 2012)*

Order No.	Company stock code	Competitor size as current		Competitor size twice smaller		Competitor size double	
		Equity beta	Asset beta (assume debt beta = 0)	Equity beta	Asset beta (assume debt beta = 0)	Equity beta	Asset beta (assume debt beta = 0)
1	AAM	0,650	0,569	0,650	0,569	0,650	0,569
2	ABT	0,852	0,660	0,852	0,660	0,852	0,660
3	ACL	1,115	0,383	1,115	0,383	1,115	0,383
4	AGC	1,020	0,051	1,020	0,051	1,020	0,051
5	AGD	0,545	0,201	0,545	0,201	0,545	0,201
6	AGF	0,881	0,365	0,881	0,365	0,881	0,365
7	AGM	0,444	0,148	0,444	0,148	0,102	0,034
8	ANV	1,108	0,809	1,108	0,809	1,108	0,809

9	ASA	0,637	0,369	0,064	0,037	0,445	0,258
10	ASM	0,856	0,348	0,856	0,348	0,856	0,348
11	ATA	1,573	0,341	1,573	0,341	1,573	0,341
12	AVF	0,255	0,060	0,255	0,060	0,255	0,060
13	BAS	1,200	0,545	1,200	0,545	1,200	0,545
14	BBC	1,236	0,895	1,236	0,895	1,236	0,895
15	BHS	0,957	0,435	0,957	0,435	0,957	0,435
16	BLF	0,903	0,177	0,903	0,177	0,903	0,177
17	CAD	1,384	-0,023	1,384	-0,023	1,384	-0,023
18	CAN	0,505	0,234	0,505	0,234	0,505	0,234
19	CFC	-0,150	-0,085	-0,150	-0,085	-0,150	-0,085
20	CLC	0,579	0,202	0,579	0,202	0,579	0,202
21	CLP	0,223	0,071	0,014	0,004	0,369	0,118
22	CMC	1,530	1,151	1,530	1,151	1,530	1,151
23	CMX	0,091	0,015	0,254	0,041	0,181	0,029
24	CSM	1,803	0,553	1,803	0,553	1,803	0,553
25	DBC	0,994	0,371	0,994	0,371	0,994	0,371
26	DBF	0,147	0,076	0,734	0,379	0,159	0,082
27	DCS	1,492	1,018	1,492	1,018	1,492	1,018
28	DNF	0,441	0,105	0,141	0,034	0,100	0,024
29	DQC	1,089	0,479	1,089	0,479	1,089	0,479
30	DRC	1,823	1,093	1,823	1,093	1,823	1,093
31	EVE	0,079	0,066	0,114	0,095	0,766	0,639
32	FBA	0,493	0,355	0,049	0,035	0,687	0,495
33	FBT	0,477	0,156	0,477	0,156	0,477	0,156
34	FDG	0,233	0,045	0,108	0,021	0,186	0,036
35	FMC	0,878	0,232	0,878	0,232	0,878	0,232
36	GDT	0,562	0,418	0,562	0,418	0,562	0,418
37	GFC	0,131	0,015	0,131	0,015	0,131	0,015
38	GGG	1,410	0,341	1,410	0,341	1,410	0,341
39	GIL	0,783	0,415	0,783	0,415	0,783	0,415
40	GLT	0,687	0,483	0,687	0,483	0,687	0,483
41	GMC	1,033	0,434	1,033	0,434	1,033	0,434
42	HAD	1,020	0,813	1,020	0,813	1,020	0,813
43	HAT	0,827	0,659	-0,544	-0,434	0,577	0,460
44	HAX	1,115	0,410	1,115	0,410	1,115	0,410
45	HDM	0,534	0,086	0,534	0,086	0,534	0,086
46	HFX	-0,648	0,275	-0,648	0,275	-0,413	0,175

47	HHC	1,023	0,612	1,023	0,612	1,023	0,612
48	HLG	0,762	0,226	0,762	0,226	0,762	0,226
49	HNM	0,840	0,522	0,840	0,522	0,840	0,522
50	HTL	0,734	0,482	0,639	0,420	0,736	0,484
51	HVG	0,626	0,225	0,626	0,225	0,626	0,225
52	ICF	0,916	0,414	0,916	0,414	0,916	0,414
53	IFS	0,889	0,375	0,053	0,023	0,317	0,134
54	KDC	0,477	0,337	0,970	0,685	0,598	0,422
55	KMR	0,670	0,474	0,204	0,144	0,242	0,171
56	KSC	0,420	0,340	0,042	0,034	0,585	0,474
57	KSD	0,265	0,106	0,035	0,014	0,163	0,065
58	KTS	0,387	0,241	0,210	0,131	0,627	0,391
59	LAF	1,248	0,558	1,248	0,558	1,248	0,558
60	LIX	0,346	0,220	0,346	0,220	0,346	0,220
61	LSS	1,327	0,917	1,327	0,917	1,327	0,917
62	MCF	0,094	0,027	0,074	0,022	0,322	0,094
63	MEF	0,325	0,143	0,305	0,134	0,490	0,216
64	MPC	1,140	0,326	1,140	0,326	1,140	0,326
65	MSN	1,503	0,841	1,503	0,841	1,503	0,841
66	NET	0,357	0,246	0,552	0,381	0,253	0,174
67	NGC	0,687	0,113	0,687	0,113	0,687	0,113
68	NHS	0,381	0,190	0,036	0,018	0,503	0,250
69	NPS	0,984	0,427	0,984	0,427	0,984	0,427
70	NSC	0,910	0,578	0,910	0,578	0,910	0,578
71	NST	0,887	0,264	0,887	0,264	0,887	0,264
72	PID	0,316	0,220	0,014	0,010	0,449	0,313
73	PNJ	0,643	0,262	0,643	0,262	0,643	0,262
74	PSL	0,259	0,193	0,475	0,355	0,764	0,571
75	PTB	0,122	0,032	0,086	0,022	0,283	0,074
76	PTG	0,391	0,194	0,353	0,175	0,577	0,287
77	RAL	0,883	0,306	0,883	0,306	0,883	0,306
78	S33	0,267	0,068	0,267	0,068	0,338	0,086
79	SAF	0,888	0,524	0,888	0,524	0,888	0,524
80	SAV	0,820	0,406	0,820	0,406	0,820	0,406
81	SBT	0,855	0,716	0,855	0,716	0,855	0,716
82	SCD	0,738	0,546	0,738	0,546	0,738	0,546
83	SEC	0,738	0,295	0,738	0,295	0,738	0,295
84	SGC	0,596	0,448	0,596	0,448	0,596	0,448

85	SHV	0,199	0,043	0,199	0,043	0,238	0,051
86	SJ1	0,635	0,408	0,635	0,408	0,635	0,408
87	SLS	0,179	0,077	0,370	0,159	0,427	0,183
88	SMB	0,143	0,048	0,148	0,049	0,135	0,045
89	SPD	0,174	0,033	0,063	0,012	0,209	0,039
90	SRC	2,056	0,753	2,056	0,753	2,056	0,753
91	SSC	0,959	0,727	0,959	0,727	0,959	0,727
92	SSF	0,157	0,067	0,019	0,008	0,403	0,172
93	SVC	1,301	0,401	1,301	0,401	1,301	0,401
94	TAC	1,076	0,393	1,076	0,393	1,076	0,393
95	TCM	1,302	0,462	1,302	0,462	1,302	0,462
96	TET	0,346	0,296	0,550	0,469	0,899	0,767
97	THB	0,976	0,608	0,976	0,608	0,976	0,608
98	THV	0,301	0,056	0,302	0,056	0,252	0,047
99	TLG	0,632	0,326	0,666	0,344	0,517	0,267
100	TMT	0,388	0,200	0,388	0,200	0,388	0,200
101	TMW	0,293	0,115	0,374	0,147	0,473	0,185
102	TNA	1,066	0,378	1,066	0,378	1,066	0,378
103	TNG	1,135	0,310	1,135	0,310	1,135	0,310
104	TRI	1,014	0,111	1,014	0,111	1,014	0,111
105	TS4	1,592	0,614	1,592	0,614	1,592	0,614
106	TTG	0,429	0,358	0,098	0,082	0,426	0,356
107	VCF	0,996	0,840	0,978	0,825	0,773	0,651
108	VDL	0,810	0,534	0,810	0,534	0,810	0,534
109	VDN	0,034	0,003	0,094	0,008	0,016	0,001
110	VHC	1,103	0,584	1,103	0,584	1,103	0,584
111	VHF	0,157	0,060	0,157	0,060	0,207	0,080
112	VIA	0,387	0,337	0,113	0,098	0,384	0,335
113	VKC	0,122	0,047	0,072	0,028	0,208	0,080
114	VKD	0,095	0,051	0,038	0,021	0,490	0,262
115	VLF	0,100	0,031	0,024	0,007	0,069	0,021
116	VNH	0,547	0,256	0,051	0,024	0,491	0,230
117	VNM	0,475	0,369	0,475	0,369	0,475	0,369
118	VTF	0,517	0,231	0,507	0,227	0,457	0,204
119	VTI	0,023	0,003	0,023	0,003	0,067	0,008
120	VTL	0,620	0,211	0,620	0,211	0,620	0,211
121	WSB	0,127	0,097	0,281	0,214	0,371	0,283

7.2. Scenario 2: financial leverage increases up to 30% and competitor size kept as current, slightly smaller and double

If leverage increases up to 30%, all beta values of total 121 listed firms on VN consumer good industry market as below:

Table 3 – Market risks of listed consumer good industry firms under a two factors model (case 2) *(source: VN stock exchange 2012)*

Order No.	Company stock code	Competitor size as current		Competitor size slightly smaller		Competitor size double	
		Equity beta	Asset beta (assume debt beta = 0)	Equity beta	Asset beta (assume debt beta = 0)	Equity beta	Asset beta (assume debt beta = 0)
1	AAM	0,650	0,544	0,650	0,544	0,650	0,544
2	ABT	0,852	0,603	0,852	0,603	0,852	0,603
3	ACL	1,115	0,164	1,115	0,164	1,115	0,164
4	AGC	1,020	-0,239	1,020	-0,239	1,020	-0,239
5	AGD	0,545	0,098	0,545	0,098	0,545	0,098
6	AGF	0,881	0,210	0,881	0,210	0,881	0,210
7	AGM	0,188	0,025	0,188	0,025	0,001	0,000
8	ANV	1,108	0,719	1,108	0,719	1,108	0,719
9	ASA	0,517	0,234	0,046	0,021	0,361	0,164
10	ASM	0,856	0,196	0,856	0,196	0,856	0,196
11	ATA	1,573	-0,029	1,573	-0,029	1,573	-0,029
12	AVF	0,006	0,000	0,006	0,000	0,006	0,000
13	BAS	1,200	0,348	1,200	0,348	1,200	0,348
14	BBC	1,236	0,793	1,236	0,793	1,236	0,793
15	BHS	0,957	0,279	0,957	0,279	0,957	0,279
16	BLF	0,903	-0,041	0,903	-0,041	0,903	-0,041
17	CAD	1,384	-0,445	1,384	-0,445	1,384	-0,445
18	CAN	0,505	0,152	0,505	0,152	0,505	0,152
19	CFC	-0,150	-0,066	-0,150	-0,066	-0,150	-0,066
20	CLC	0,579	0,089	0,579	0,089	0,579	0,089
21	CLP	0,086	0,010	0,000	0,000	0,142	0,016
22	CMC	1,530	1,038	1,530	1,038	1,530	1,038
23	CMX	-0,023	0,002	-0,151	0,013	-0,107	0,010
24	CSM	1,803	0,178	1,803	0,178	1,803	0,178
25	DBC	0,994	0,184	0,994	0,184	0,994	0,184

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26	DBF	0,057	0,021	0,734	0,272	0,089	0,033
27	DCS	1,492	0,876	1,492	0,876	1,492	0,876
28	DNF	0,022	0,000	0,007	0,000	0,001	0,000
29	DQC	1,089	0,296	1,089	0,296	1,089	0,296
30	DRC	1,823	0,873	1,823	0,873	1,823	0,873
31	EVE	-0,019	-0,015	-0,152	-0,119	0,730	0,572
32	FBA	0,361	0,230	0,032	0,020	0,621	0,395
33	FBT	0,477	0,060	0,477	0,060	0,477	0,060
34	FDG	-0,061	0,003	-0,012	0,001	-0,049	0,002
35	FMC	0,878	0,038	0,878	0,038	0,878	0,038
36	GDT	0,562	0,375	0,562	0,375	0,562	0,375
37	GFC	-0,183	0,027	-0,183	0,027	-0,184	0,027
38	GGG	1,410	0,021	1,410	0,021	1,410	0,021
39	GIL	0,783	0,305	0,783	0,305	0,783	0,305
40	GLT	0,687	0,422	0,687	0,422	0,687	0,422
41	GMC	1,033	0,254	1,033	0,254	1,033	0,254
42	HAD	1,020	0,750	1,020	0,750	1,020	0,750
43	HAT	0,776	0,572	-1,230	-0,906	0,542	0,399
44	HAX	1,115	0,199	1,115	0,199	1,115	0,199
45	HDM	0,534	-0,049	0,534	-0,049	0,534	-0,049
46	HFX	-1,559	1,327	-1,559	1,327	-0,839	0,714
47	HHC	1,023	0,488	1,023	0,488	1,023	0,488
48	HLG	0,762	0,066	0,762	0,066	0,762	0,066
49	HNM	0,840	0,427	0,840	0,427	0,840	0,427
50	HTL	0,637	0,353	0,555	0,308	0,639	0,354
51	HVG	0,626	0,105	0,626	0,105	0,626	0,105
52	ICF	0,916	0,263	0,916	0,263	0,916	0,263
53	IFS	0,552	0,137	-0,004	-0,001	0,197	0,049
54	KDC	0,427	0,264	0,870	0,537	0,536	0,331
55	KMR	0,601	0,372	0,025	0,015	0,135	0,083
56	KSC	0,290	0,219	0,026	0,019	0,552	0,417
57	KSD	0,154	0,034	0,003	0,001	0,095	0,021
58	KTS	0,327	0,167	0,115	0,059	0,530	0,270
59	LAF	1,248	0,352	1,248	0,352	1,248	0,352
60	LIX	0,346	0,182	0,346	0,182	0,346	0,182
61	LSS	1,327	0,794	1,327	0,794	1,327	0,794
62	MCF	0,016	0,001	0,012	0,001	0,093	0,007
63	MEF	0,211	0,057	0,198	0,054	0,318	0,086

64	MPC	1,140	0,082	1,140	0,082	1,140	0,082
65	MSN	1,503	0,642	1,503	0,642	1,503	0,642
66	NET	0,317	0,189	0,490	0,293	0,030	0,018
67	NGC	0,687	-0,059	0,687	-0,059	0,687	-0,059
68	NHS	0,249	0,087	-0,001	0,000	0,367	0,127
69	NPS	0,984	0,260	0,984	0,260	0,984	0,260
70	NSC	0,910	0,478	0,910	0,478	0,910	0,478
71	NST	0,887	0,078	0,887	0,078	0,887	0,078
72	PID	0,195	0,118	0,004	0,003	0,400	0,242
73	PNJ	0,643	0,148	0,643	0,148	0,643	0,148
74	PSL	0,154	0,103	0,435	0,292	0,701	0,470
75	PTB	0,013	0,001	0,002	0,000	0,046	0,002
76	PTG	0,284	0,098	0,257	0,089	0,420	0,145
77	RAL	0,883	0,133	0,883	0,133	0,883	0,133
78	S33	0,036	0,001	0,036	0,001	0,045	0,001
79	SAF	0,888	0,414	0,888	0,414	0,888	0,414
80	SAV	0,820	0,282	0,820	0,282	0,820	0,282
81	SBT	0,855	0,674	0,855	0,674	0,855	0,674
82	SCD	0,738	0,488	0,738	0,488	0,738	0,488
83	SEC	0,738	0,162	0,738	0,162	0,738	0,162
84	SGC	0,596	0,404	0,596	0,404	0,596	0,404
85	SHV	-0,019	0,000	-0,019	0,000	-0,022	0,000
86	SJ1	0,635	0,339	0,635	0,339	0,635	0,339
87	SLS	0,100	0,026	0,234	0,061	0,270	0,070
88	SMB	0,054	0,007	0,040	0,005	0,008	0,001
89	SPD	-0,056	0,003	-0,003	0,000	-0,066	0,004
90	SRC	2,056	0,363	2,056	0,363	2,056	0,363
91	SSC	0,959	0,658	0,959	0,658	0,959	0,658
92	SSF	0,061	0,015	0,007	0,002	0,253	0,064
93	SVC	1,301	0,131	1,301	0,131	1,301	0,131
94	TAC	1,076	0,189	1,076	0,189	1,076	0,189
95	TCM	1,302	0,210	1,302	0,210	1,302	0,210
96	TET	0,242	0,196	0,528	0,427	0,862	0,698
97	THB	0,976	0,498	0,976	0,498	0,976	0,498
98	THV	-0,106	0,006	-0,106	0,006	-0,089	0,005
99	TLG	0,473	0,175	0,499	0,185	0,387	0,144
100	TMT	0,388	0,144	0,388	0,144	0,388	0,144
101	TMW	0,166	0,035	0,211	0,044	0,267	0,056

102	TNA	1,066	0,172	1,066	0,172	1,066	0,172
103	TNG	1,135	0,062	1,135	0,062	1,135	0,062
104	TRI	1,014	-0,159	1,014	-0,159	1,014	-0,159
105	TS4	1,592	0,321	1,592	0,321	1,592	0,321
106	TTG	0,300	0,235	0,088	0,069	0,312	0,245
107	VCF	0,952	0,758	0,935	0,744	0,739	0,588
108	VDL	0,810	0,451	0,810	0,451	0,810	0,451
109	VDN	-0,043	0,008	-0,211	0,039	-0,002	0,000
110	VHC	1,103	0,428	1,103	0,428	1,103	0,428
111	VHF	0,086	0,017	0,086	0,017	0,075	0,015
112	VIA	0,261	0,217	0,106	0,088	0,272	0,226
113	VKC	0,009	0,002	0,022	0,004	0,076	0,015
114	VKD	0,028	0,011	0,021	0,008	0,377	0,149
115	VLF	0,005	0,000	0,000	0,000	-0,006	-0,001
116	VNH	0,378	0,116	-0,079	-0,024	0,339	0,104
117	VNM	0,475	0,337	0,475	0,337	0,475	0,337
118	VTF	0,326	0,092	0,320	0,090	0,302	0,085
119	VTI	-0,018	0,003	-0,018	0,003	-0,064	0,010
120	VTL	0,620	0,088	0,620	0,088	0,620	0,088
121	WSB	0,065	0,045	0,260	0,180	0,226	0,157

7.3. Scenario 3: leverage decreases down to 20% and competitor size kept as current, slightly smaller and double

If leverage decreases down to 20%, all beta values of total 121 listed firms on the consumer good industry market in VN as following:

Table 4 – Market risk of listed consumer good industry firms under a two factors model (case 3) *(source: VN stock exchange 2012)*

Order No.	Company stock code	Competitor size as current		Competitor size slightly smaller		Competitor size double	
		Equity beta	Asset beta (assume debt beta = 0)	Equity beta	Asset beta (assume debt beta = 0)	Equity beta	Asset beta (assume debt beta = 0)
1	AAM	0,650	0,585	0,650	0,585	0,650	0,585
2	ABT	0,852	0,699	0,852	0,699	0,852	0,699
3	ACL	1,115	0,530	1,115	0,530	1,115	0,530
4	AGC	1,020	0,245	1,020	0,245	1,020	0,245
5	AGD	0,545	0,270	0,545	0,270	0,545	0,270

6	AGF	0,881	0,468	0,881	0,468	0,881	0,468
7	AGM	0,599	0,279	0,599	0,279	0,217	0,101
8	ANV	1,108	0,869	1,108	0,869	1,108	0,869
9	ASA	0,713	0,473	0,076	0,051	0,498	0,331
10	ASM	0,856	0,450	0,856	0,450	0,856	0,450
11	ATA	1,573	0,587	1,573	0,587	1,573	0,587
12	AVF	0,403	0,156	0,403	0,156	0,403	0,156
13	BAS	1,200	0,676	1,200	0,676	1,200	0,676
14	BBC	1,236	0,964	1,236	0,964	1,236	0,964
15	BHS	0,957	0,540	0,957	0,540	0,957	0,540
16	BLF	0,903	0,322	0,903	0,322	0,903	0,322
17	CAD	1,384	0,258	1,384	0,258	1,384	0,258
18	CAN	0,505	0,288	0,505	0,288	0,505	0,288
19	CFC	-0,150	-0,098	-0,150	-0,098	-0,150	-0,098
20	CLC	0,579	0,277	0,579	0,277	0,579	0,277
21	CLP	0,306	0,139	0,059	0,027	0,505	0,230
22	CMC	1,530	1,227	1,530	1,227	1,530	1,227
23	CMX	0,238	0,078	0,490	0,162	0,349	0,115
24	CSM	1,803	0,803	1,803	0,803	1,803	0,803
25	DBC	0,994	0,496	0,994	0,496	0,994	0,496
26	DBF	0,201	0,123	0,734	0,450	0,209	0,128
27	DCS	1,492	1,113	1,492	1,113	1,492	1,113
28	DNF	0,689	0,270	0,220	0,086	0,236	0,092
29	DQC	1,089	0,601	1,089	0,601	1,089	0,601
30	DRC	1,823	1,239	1,823	1,239	1,823	1,239
31	EVE	0,213	0,185	0,280	0,243	0,790	0,685
32	FBA	0,586	0,454	0,063	0,049	0,730	0,566
33	FBT	0,477	0,220	0,477	0,220	0,477	0,220
34	FDG	0,406	0,144	0,254	0,090	0,323	0,115
35	FMC	0,878	0,361	0,878	0,361	0,878	0,361
36	GDT	0,562	0,447	0,562	0,447	0,562	0,447
37	GFC	0,312	0,091	0,312	0,091	0,313	0,092
38	GGG	1,410	0,555	1,410	0,555	1,410	0,555
39	GIL	0,783	0,489	0,783	0,489	0,783	0,489
40	GLT	0,687	0,524	0,687	0,524	0,687	0,524
41	GMC	1,033	0,554	1,033	0,554	1,033	0,554
42	HAD	1,020	0,854	1,020	0,854	1,020	0,854
43	HAT	0,859	0,720	-0,167	-0,140	0,600	0,503

44	HAX	1,115	0,551	1,115	0,551	1,115	0,551
45	HDM	0,534	0,176	0,534	0,176	0,534	0,176
46	HFX	-0,191	0,027	-0,191	0,027	-0,134	0,019
47	HHC	1,023	0,694	1,023	0,694	1,023	0,694
48	HLG	0,762	0,334	0,762	0,334	0,762	0,334
49	HNM	0,840	0,586	0,840	0,586	0,840	0,586
50	HTL	0,795	0,577	0,693	0,503	0,797	0,579
51	HVG	0,626	0,305	0,626	0,305	0,626	0,305
52	ICF	0,916	0,514	0,916	0,514	0,916	0,514
53	IFS	1,096	0,589	0,154	0,083	0,391	0,210
54	KDC	0,509	0,389	1,035	0,791	0,638	0,488
55	KMR	0,714	0,547	0,329	0,252	0,318	0,243
56	KSC	0,517	0,439	0,055	0,047	0,606	0,515
57	KSD	0,332	0,173	0,084	0,043	0,205	0,107
58	KTS	0,424	0,297	0,280	0,195	0,688	0,481
59	LAF	1,248	0,696	1,248	0,696	1,248	0,696
60	LIX	0,346	0,245	0,346	0,245	0,346	0,245
61	LSS	1,327	0,999	1,327	0,999	1,327	0,999
62	MCF	0,168	0,073	0,141	0,061	0,459	0,199
63	MEF	0,394	0,218	0,370	0,204	0,596	0,329
64	MPC	1,140	0,489	1,140	0,489	1,140	0,489
65	MSN	1,503	0,973	1,503	0,973	1,503	0,973
66	NET	0,382	0,287	0,592	0,445	0,410	0,308
67	NGC	0,687	0,228	0,687	0,228	0,687	0,228
68	NHS	0,475	0,284	0,113	0,067	0,587	0,352
69	NPS	0,984	0,539	0,984	0,539	0,984	0,539
70	NSC	0,910	0,644	0,910	0,644	0,910	0,644
71	NST	0,887	0,389	0,887	0,389	0,887	0,389
72	PID	0,417	0,315	0,026	0,020	0,480	0,364
73	PNJ	0,643	0,338	0,643	0,338	0,643	0,338
74	PSL	0,331	0,264	0,500	0,399	0,805	0,642
75	PTB	0,228	0,093	0,194	0,079	0,424	0,173
76	PTG	0,457	0,273	0,412	0,246	0,674	0,403
77	RAL	0,883	0,422	0,883	0,422	0,883	0,422
78	S33	0,405	0,164	0,405	0,164	0,511	0,207
79	SAF	0,888	0,597	0,888	0,597	0,888	0,597
80	SAV	0,820	0,489	0,820	0,489	0,820	0,489
81	SBT	0,855	0,744	0,855	0,744	0,855	0,744

82	SCD	0,738	0,584	0,738	0,584	0,738	0,584
83	SEC	0,738	0,384	0,738	0,384	0,738	0,384
84	SGC	0,596	0,478	0,596	0,478	0,596	0,478
85	SHV	0,327	0,122	0,327	0,122	0,391	0,146
86	SJ1	0,635	0,453	0,635	0,453	0,635	0,453
87	SLS	0,235	0,128	0,453	0,246	0,523	0,284
88	SMB	0,206	0,096	0,244	0,114	0,275	0,128
89	SPD	0,309	0,108	0,169	0,059	0,370	0,130
90	SRC	2,056	1,014	2,056	1,014	2,056	1,014
91	SSC	0,959	0,773	0,959	0,773	0,959	0,773
92	SSF	0,254	0,138	0,032	0,017	0,495	0,268
93	SVC	1,301	0,581	1,301	0,581	1,301	0,581
94	TAC	1,076	0,530	1,076	0,530	1,076	0,530
95	TCM	1,302	0,630	1,302	0,630	1,302	0,630
96	TET	0,415	0,367	0,564	0,498	0,922	0,815
97	THB	0,976	0,682	0,976	0,682	0,976	0,682
98	THV	0,540	0,188	0,541	0,188	0,453	0,157
99	TLG	0,730	0,447	0,770	0,472	0,597	0,366
100	TMT	0,388	0,238	0,388	0,238	0,388	0,238
101	TMW	0,371	0,190	0,474	0,243	0,598	0,307
102	TNA	1,066	0,516	1,066	0,516	1,066	0,516
103	TNG	1,135	0,475	1,135	0,475	1,135	0,475
104	TRI	1,014	0,292	1,014	0,292	1,014	0,292
105	TS4	1,592	0,810	1,592	0,810	1,592	0,810
106	TTG	0,526	0,456	0,106	0,092	0,503	0,436
107	VCF	1,025	0,896	1,006	0,880	0,795	0,695
108	VDL	0,810	0,589	0,810	0,589	0,810	0,589
109	VDN	0,123	0,034	0,269	0,073	0,091	0,025
110	VHC	1,103	0,688	1,103	0,688	1,103	0,688
111	VHF	0,200	0,102	0,200	0,102	0,319	0,162
112	VIA	0,484	0,434	0,118	0,106	0,463	0,416
113	VKC	0,235	0,119	0,116	0,059	0,320	0,163
114	VKD	0,176	0,110	0,053	0,033	0,560	0,352
115	VLF	0,210	0,094	0,088	0,039	0,168	0,075
116	VNH	0,652	0,374	0,173	0,099	0,585	0,336
117	VNM	0,475	0,390	0,475	0,390	0,475	0,390
118	VTF	0,642	0,358	0,631	0,352	0,552	0,308
119	VTI	0,071	0,021	0,071	0,021	0,195	0,057

| 120 | VTL | 0,620 | 0,293 | | 0,620 | 0,293 | | 0,620 | 0,293 |
| 121 | WSB | 0,170 | 0,138 | | 0,294 | 0,239 | | 0,470 | 0,381 |

All three above tables and data show that values of equity and asset beta in the case of increasing leverage up to

30% or decreasing leverage degree down to 20% have certain fluctuation.

8. **Comparing statistical results in 3 scenarios of changing leverage:**

Table 5 - Statistical results (FL in case 1) *(source: VN stock exchange 2012)*

	Competitor size as current			Competitor size slightly smaller			Competitor size double		
Statistic results	Equity beta	Asset beta (assume debt beta = 0)	Difference	Equity beta	Asset beta (assume debt beta = 0)	Difference	Equity beta	Asset beta (assume debt beta = 0)	Difference
MAX	2,056	1,151	0,905	2,056	1,151	0,905	2,056	1,151	0,905
MIN	-0,648	-0,085	-0,562	-0,648	-0,434	-0,214	-0,413	-0,085	-0,327
MEAN	0,694	0,336	0,358	0,652	0,311	0,341	0,716	0,349	0,366
VAR	0,2142	0,0659	0,148	0,2556	0,0772	0,178	0,1931	0,0643	0,129
Note: Sample size : 121 firms									

Table 6 – Statistical results (FL in case 2) *(source: VN stock exchange 2012)*

	Competitor size as current			Competitor size slightly smaller			Competitor size double		
Statistic results	Equity beta	Asset beta (assume debt beta = 0)	Difference	Equity beta	Asset beta (assume debt beta = 0)	Difference	Equity beta	Asset beta (assume debt beta = 0)	Difference
MAX	2,056	1,327	0,729	2,056	1,327	0,729	2,056	1,038	1,018
MIN	-1,559	-0,445	-1,114	-1,559	-0,906	-0,652	-0,839	-0,445	-0,394
MEAN	0,630	0,222	0,408	0,595	0,203	0,392	0,655	0,230	0,424
VAR	0,2886	0,0722	0,216	0,3398	0,0854	0,254	0,2543	0,0649	0,189
Note: Sample size : 121 firms									

Table 7- Statistical results (FL in case 3) *(source: VN stock exchange 2012)*

Competitor size as	Competitor size	Competitor size

136

	current			slightly smaller			double		
Statistic results	Equity beta	Asset beta (assume debt beta = 0)	Difference	Equity beta	Asset beta (assume debt beta = 0)	Difference	Equity beta	Asset beta (assume debt beta = 0)	Difference
MAX	2,056	1,239	0,817	2,056	1,239	0,817	2,056	1,239	0,817
MIN	-0,191	-0,098	-0,093	-0,191	-0,140	-0,051	-0,150	-0,098	-0,052
MEAN	0,737	0,428	0,309	0,690	0,397	0,294	0,757	0,442	0,315
VAR	0,1795	0,0719	0,108	0,2172	0,0850	0,132	0,1601	0,0676	0,092
Note: Sample size : 121 firms									

Based on the calculated results, we find out:

First of all, Equity beta mean values in all 3 scenarios are acceptable (< 0,8) and asset beta mean values are also small (< 0,5). In the case of reported leverage in 2011, equity beta min value is the same when the competitor size changed from current to slightly smaller and increases in case doubling size competitors (-0,413). If leverage increases to 30%, equity and asset beta min values are the highest when competitor size doubles (-0,839 and -0,445). Finally, when leverage decreases down to 20%, equity and asset beta min values reach maximum values in case compmetitor size doubles (-0,15 and -0,098).

The below chart 1 shows us : when leverage degree decreases down to 20%, average equity beta values increase slightly (0,737) compared to that at the initial reported leverage (0,694). Then, when leverage degree increases up to 30%, average equity beta decreases little more (to 0,630). However, in case the competitor size doubles, the risk level of the selected firms is higher (0,757) if leverage down 20%. Next, the fluctuation of equity beta value (0,289) in the case of 30% leverage up is higher than (>) the results in the rest 2 leverage cases. And we could note that in the case competitor size doubles and leverage up 30%, the risk is more dispersed. Last but not least, from chart 2, under financial leverage, in case competitor size doubles, asset beta mean (0,230) is lower than the rest 2 cases whereas the risk dispersion is lower than that in case competitors slightly smaller (0,065 < 0,068).

Chart 1 – Comparing statistical results of equity beta var and mean in three (3) scenarios of changing FL and competitor size *(source: VN stock exchange 2012)*
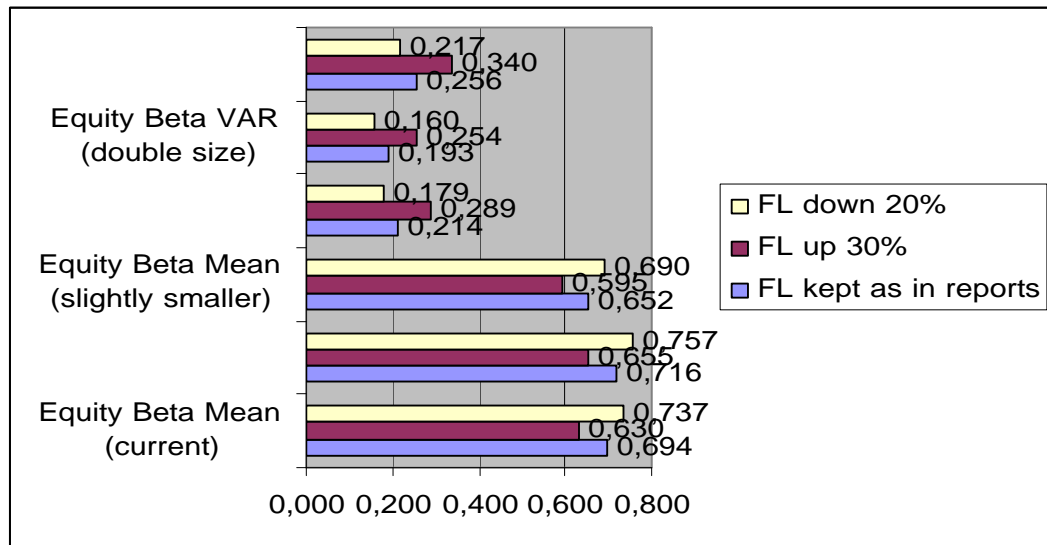
Chart 2 – Comparing statistical results of asset beta var and mean in three (3) scenarios of changing FL and competitor size *(source: VN stock exchange 2012)*
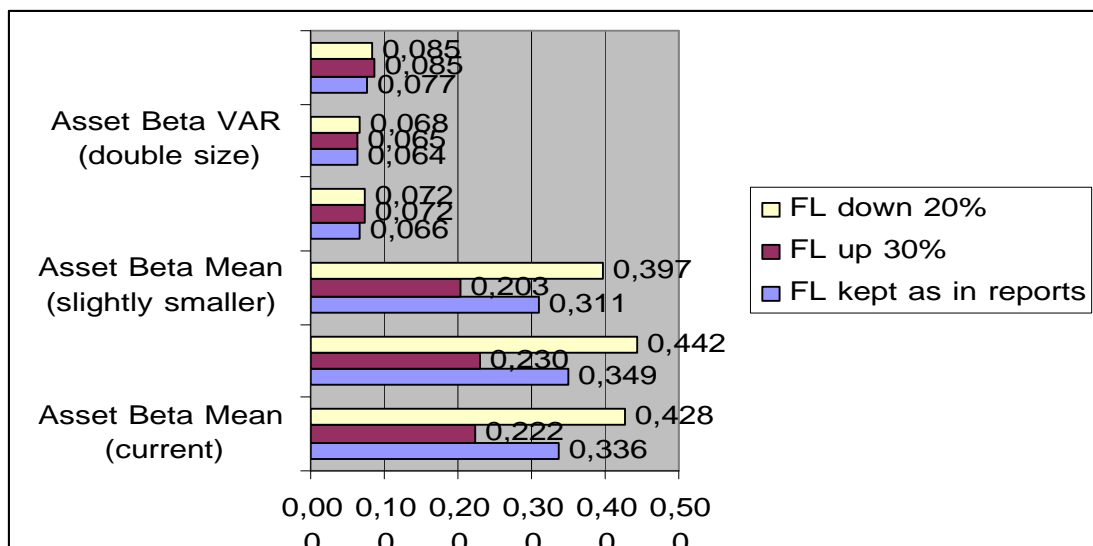
9. Conclusion and Policy suggestion

In general, the government has to consider the impacts on the mobility of capital in the markets when it changes the macro policies and the legal system and regulation for developing the consumer good market. The Ministry of Finance continues to increase the effectiveness of fiscal policies and tax policies which are needed to combine with other macro policies at the same time.   The State Bank of Viet Nam continues to increase the effectiveness of capital providing channels for consumer good companies as we could note that in this study when leverage is going to increase up to 30%, the risk level decreases much in case competitors slightly smaller (asset beta mean value is the smallest: 0,203), and the asset beta var value (0,085) is little higher than that in case competitor size as current (0,077).

Furthermore, the entire efforts among many different government bodies need to be coordinated.

Finally, this paper suggests implications for further research and policy suggestion for the Viet Nam government and relevant organizations, economists and investors from current market conditions.

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Exhibit

Exhibit 1- VNI Index and other stock market index during crisis 2006-2010

(source: global stock exchange 2012)
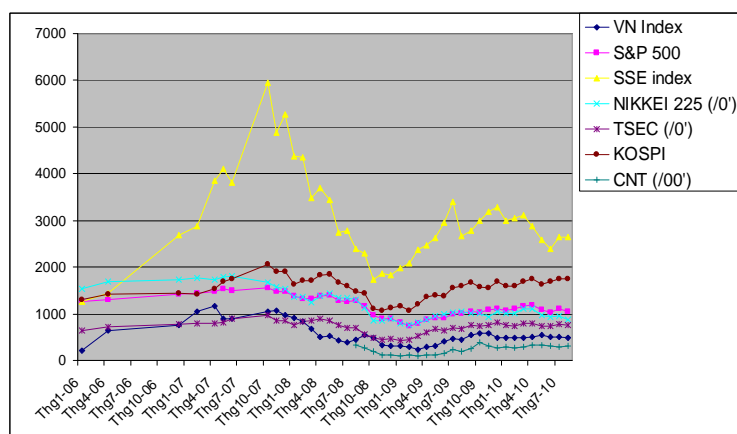
Exhibit 2 – Inflation, GDP growth and macroeconomics factors

(source: Viet Nam commercial banks and economic statistical bureau)

Year	Inflation	GDP	USD/VND rate
2011	18%	5,89%	20.670
2010	11,75% (Estimated at Dec 2010)	6,5% (expected)	19.495
2009	6,88%	5,2%	17.000
2008	22%	6,23%	17.700
2007	12,63%	8,44%	16.132
2006	6,6%	8,17%	
2005	8,4%		
Note	approximately		

The Impact of the Financial Crisis on Developing Economies: Building Trust through Universalism as opposed to Relativism

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Abstract

When business corporations base their value structure on the culture in which they operate rather than on a set of universal or fundamental values (in cases where they may differ), they practice ethical relativism. Under ethical relativism, values are relative to specific people, cultures, locations or time periods. While the developed world aims at sustaining standards of ethics, many developing economies rely on traditions, which may not be rated as ethical by their developed counterparts. In this paper, we use case studies to demonstrate relativism in the developing world, focusing on Mauritius, an emerging economy. The aim is to present two different cultural value sets, and focus on the challenge facing the relativist. Is it valid to allow local, traditional practices to take precedence over values derived from universal ethics? Throughout this discussion, we refer to cases that involve bribery and power abuse, and explore whether adherence to relativism can lead to ethical failure.

Introduction

According to the ethical relativist, ethical values are relative to, and depend on, specific people, cultures, locations or time periods. The relativist contends that there is no rationally justified or objective ethical judgment but instead, it all depends on the impact of these factors. Thus, the relativist denies the relevance or perhaps even the existence of universal values.

Opponents of relativism would argue that cultural norms, habits and traditions may carry no legitimate ethical foundation that would be recognized universally – across cultural or other borders and, more relevant to the decision at hand, across stakeholders. They suggest that reaching decisions in isolation from universal principles of ethics, executives face even higher risks of damaging their reputation among key stakeholders. Instead, this perspective suggests, business partners would sustain trust levels by adopting an alternative approach, if the objective is to add value to the intangible assets of their organization. To quote Werhane, Hartman, Archer, Bevan, & Clark (2011): "Trust is built over repeated

interactions, with each positive interaction generating new opportunities to thicken the 'glue' of the trusting relation" (p. 407). Trust and honesty rule out the possibility of having recourse to bribery, extortion, or other forms of corruption (Bowie & Schneider, 2011). Could a relativistic mode of doing business lead to distrust among partners?

In a context where traditions and culture impact heavily on decision-making, relativism claims a legitimacy through those culturally specific beliefs and values. However, the examples in this article illustrate how these corporate decisions may not make sense from an ethical perspective. While developed nations may strive to set global standards, surrounding gifts to politicians, for instance, developing economies may well attribute those to customary practice (Rose-Ackerman, 1999). For the purpose of this discussion, we refer to case studies that describe relativism in the developing world, with specific focus on Mauritius, a small island economy situated off the southeast coast of Africa. Our objective is to present two sets of values, and focus on the challenge facing the relativist. The question that arises is whether it is valid to allow local, traditional practices to take precedence over values derived from universal ethics, though some might argue that these have instead been created and established as "universal" within the context of a developed world. How do developing economies expect to survive in a global context where their developed business counterparts show no tolerance for unethical behavior?

In this paper, we examine the concepts of bribery and power abuse and explore whether adherence to relativism can lead to ethical failure. Mauritius is an emerging economy where the evolution of business ethics as a field of study has undergone slow evolution over the past decade. Mauritius, a country of just over 1.2 million citizens, is comprised of three languages (English, French and Mauritian Creole, none of which is considered "official") and has what is considered to be one of the most successful free-market economies in Africa with a per capita income of over $7,000.

Perhaps because of its extreme diversity, it is a general practice for local citizens to support strenuously their own ethical value sets, based on traditions such as soliciting political influence to obtain a job, or offering gifts to secure a particular network or a long-term position, as will be illustrated later in this discussion. While traditionalists view such practices as legitimate because of their cultural beliefs, outsiders do not necessarily have the same perception. Rose-Ackerman (1999) suggests that norms of behavior are to limit the intrusion of the market into personal relationships. She emphasizes the complications of gift-giving is in developing countries, where the lines between market and family, and between the public and private sectors, are often blurred.

Certainly, the challenge facing an international business partner, or the student of international business ethics, who experiences the conflict between the culture of a developing nation such as Mauritius and a corporate culture from a developed economy is to decide which ethical system to follow. The relativist might determine that it is acceptable to follow the custom prevailing in specific cultures that is, to refrain from paying bribes in her or his home culture, while conforming to local norms, as applicable, i.e. "when in Rome, do as the Romans do."

However, economic arguments to the contrary may prevail. If we define "bribery" as a financial or other form of payment to persuade someone to engage in an act or make a decision that they might not make

but for the payment, or to do so in an expedited manner, then different forms of corruption contravene universal rules of honesty and trust. Companies involved in corrupt activities bear higher costs, not to mention that corruption corrodes corporate culture and can destroy the goodwill of the business. As a result, stakeholders lose trust in the system (Bowie & Schneider, 2011). Can a firm afford to lose trust during or subsequent to a financial crisis at a time when trust levels are already low? A company that chooses to engage in practices like bribery or other forms of corruption sets a trend that may be impossible to control and certainly impacts its own culture. Once an illicit transaction is effected, the bribe payer may face demands for more significant payments, which can then take on a dimension of extortion. The relativist may rate the practice of offering gifts or bribes in the developing world as legitimate, as long as she or he is doing business in a developing economy. The critic of relativism would counter that the ethical culture of the developing world poses some major difficulties. At best, there would be consensus on the fact that bribery, as defined above, violates universal principles of fairness, justice, respect and dignity.

While we defined bribery above, the concept of corruption is perceived as slightly more amorphous. Clearly, it is associated with the abuse of a position or power in an attempt to secure private gains. However, at a workshop for youth leaders organized by the Independent Commission against Corruption in Mauritius, the Director of the Corruption Prevention and Education Division publicly declared that there is no universal definition of corruption. Could this perception be at the root of the extent of corruption that characterizes the Mauritian economy? What follows relates to cases of corruption encountered in key sectors of that economy.

The Environment: Mauritius

The most recent decade was not a proud one for Mauritius, as several high-profile scandals involving conflicts of interest and fraud came to light.   Corruption was publicized as a political issue in 2000 when both the Social Security and National Unity Minister as well as the Health Minister resigned following a decision by the Economic Crime Office (ECO) to interview them over allegations of conspiracy and fraud, respectively. The Social Security and National Unity Minister had allegedly demanded a commission on materials to be supplied to his Ministry that were originally directed for distribution to the elderly, as well as those living in poverty, while the Health Minister was involved in allegations involving with the direction of contract awards (No Breakthrough, 2011). The inquiry followed an allegation that the Minister of Health invited and obtained large sums of money in connection with the award of contracts for the construction of medical clinics (No Breakthrough, 2011). Following these allegations, both ministers resigned and were prosecuted. The Health Minister accepted a plea, while the Social Security Minister contested the Court judgment.

However, curiously, after ten years of investigation and trial, the case against the Social Security and National Unity Minister was dropped. Based on legal issues (which some considered "loopholes"), the appellate judges concluded that the indictment was wrong since the prosecutor's decision to conduct a trial for conspiracy was not grounded in law (Affaires des Molletons, 2010; Dix Ans Après, 2010). Moreover, they found that, though there was an allegation that facts condemning the minister were

withheld by the intermediary court, even if those facts were presumed true, the charges of conspiracy would not be established. The judges did say that the minister could be sued under the Prevention of Corruption Act 2002 (POCA); however, since the violation was committed in 2000, and the legislation was not even enacted until 2002, the case could not be brought. At the time of the alleged activity, the legislation governing corruption offences was the Economic Crime and Anti-Money Laundering Act of 2000, and the relevant watchdog institution for that act was the Economic Crime Office. However, that office had been dismantled in 2001 so it was not able to take action on a suit.

The media characterized the alleged offense, i.e. a demand for commission or illicit payment by a member of the government, as a clear case of bribery. It was a matter of appearances: commissions had been requested on blankets that were destined to elderly people, i.e. a vulnerable group of stakeholders. The case was then dismissed on grounds of a legal technicality. As highlighted in the media, the outcome of this case brought a sad end to a chapter in the history of the fight against corruption in Mauritius. The former Minister of Social Security and National Unity was the only politician arrested by the ECO, and the Independent Commission Against Corruption has indicted no politician since its establishment in 2002. Many have called this chapter in Mauritius history a decade of failure in the Mauritian anti-corruption battle (Dix Ans Après, 2010).

In a survey conducted in 1998, responses to a question on perceptions of favoritism demonstrated that 62% of the population believed that, in Mauritius, socially important personalities benefit from favoritism practiced by civil servants. With regard to the judiciary, 51% of respondents found it unfair that favoritism be practiced to the benefit of socially important personalities (Napal, 2005: 15). In another survey conducted at national level in 2004, 41.3% of respondents in Mauritius and 43.7% in Rodrigues considered the desire for personal gain as the key reason for corruption. A low percentage of respondents (17.2%) were of the view that the low salaries of civil servants led the latter to engage in corruption. Interestingly, 12.6% thought the bad example comes from the top that is, politicians are poor role models, thus 'legitimizing' acts of wrongful conduct (Napal, 2005: 16).

Such behavior on the part of politicians, who already are on a far more attractive remuneration package than most citizens, has broad implications. Evidence from a study conducted by the World Economic Forum establishes that an absence of ethics and values is at the root of many of the problems facing the global community (Baxter, 2010). The abuse of discretionary power on the part of the political class, together with the monopolistic nature of the state, contribute to breeding ethical issues in developing countries (Nous Sommes, 2001; Scandales Financiers, 2003). Often, decisions are made by the minority elite who are somehow granted the privilege of power by the electorate (Napal, 2001; L'Evénement: L'ICAC, 2004).

To further illustrate corruption as a political issue, we refer to a case of grand corruption denounced in January 2003. The Minister of Land and Housing was arrested for alleged involvement in the corrupt sale of 23 acres (9.3 hectares) of state-owned land in the east of the island. The minister was accused of taking Rs 1.5 million, i.e. the equivalent of US$50 000, from East Development Co. and Rs 3 million (US$100 000) from a businessman for the plot of land in Palmar[5]. He was arrested on 23 January 2003 by officials

of the Independent Commission Against Corruption (ICAC) and released on bail on the following day. Once allegations of bribery and conspiracy arose in the case, he resigned as minister (Le Ministre Choonee, 2003). However, inquiries conducted in this particular case failed to demonstrate that there had been an actual payment of a bribe to the former minister (Le Ministre Choonee, 2003; Napal, 2005: 9). The perception of office holders who were involved in this judgment was that the ICAC should not have arrested the minister in the first place (Terres de l'Etat, 2004). Although there was consensus that this was a case of bribery condemnable by law, the rationale used was that the law is not retroactive (Terres de l'Etat, 2004; Napal, 2005: 9). The minister committed the offense in 2001 that is, before the Prevention of Corruption Act 2002 was introduced and therefore, the POCA could not be applied: « Criminal law is not retroactive and ICAC cannot enquire into offences which date before its existence, except for offences known as continuous offences » (Terres de l'Etat, 2004).

A year later, the Director of Public Prosecutions declared that the charges had been dropped. Following the 'nolle prosequi' (failure to prosecute), the former Minister of Land and Housing was appointed Minister of Local Government Affairs, Rodrigues and the Outer Islands (Terres de l'Etat, 2004; State Lands Scandal, 2004). The press reported that there was political interference, in an attempt to save a fellow politician. The news reports stated, on one hand, that the Court ruling constituted an absurdity, whereby the jury deliberately used loopholes in the law to save a member of the government. On the other hand, reporters questioned the powers and the autonomy of the DPP (L'Enquête: La Contestation, 2004; Napal, 2005: 9).

The political career of the former Minister of Land and Housing continued. He was the Ambassador of Mauritius in India from 2005-2010, was elected in 2010, and is presently a member of the National Assembly. There is was a perception that Executive has long had a tradition of being torn between their official obligations and their 'duty' to protect their fellow politicians (Napal, 2005). The official obligations include taking the necessary measures to transform Mauritius into a model of integrity but instead, it is culturally acceptable to sacrifice one's formal duty, and intervene to request preferential treatment for one's fellow colleagues accused of corruption. There is evidence of political people exerting pressure on institutions to protect their fellow political mates (L'Enquête: La Contestation, 2004). In a democracy, institutions like the ICAC and the judiciary should be allowed to function independently of political interference. The level of autonomy of any institution impacts on its credibility, and it is important that citizens respect the authorities. Referring to the 2004 survey, the majority of the participants were of the opinion that anti-corruption institutions fail to accomplish their mission because of political interference. In 2001, the Economic Crime Office was abolished to protect a member of the government (Le Suicide de Bérenger, 2001). The written press reported that this was a widespread belief amongst the population and the Opposition (Conférence de Presse, 2003; Divergences, 2003).

Corruption is associated with state power (Alatas, 1999; Tanzi, 1998). The example of the Independent Commission Against Corruption (ICAC) in the early years of its establishment provides an illustration of how people in powerful positions can potentially misuse the discretion conferred upon them (Alleged Corruption, 2004). The ICAC experienced many internal challenges when it was first established

(Napal, 2012). In December 2003, the Commissioner faced accusations of conspiracy; more specifically, he was accused of unjustly dismissing a fraud investigator. There were allegations that the commissioner exercised pressure on a police officer to incriminate unjustly the former director of investigations/fraud investigator and gave instructions to the Parliamentary Committee not to give a hearing to the fraud investigator (Alleged Corruption, 2004). The commissioner was allegedly involved in money-laundering and irregular transactions at an exaggerated cost without calling for tenders/bids (L'Evénement: L'ICAC, 2004; Napal, 2012). The written press reported that these acts clearly constituted power abuse (Comité Parlementaire. 2003; Alleged Corruption, 2004).

In developing economies, there is a risk that those in power may use their position to seek to retain their power, to help others whom they care about, or for private gains (Scandales Financiers, 2003; Lutte Anti-Corruption, 2002). This trend is slowly changing in Mauritius, however. Recently, these activities on the part of Government and the authorities have been denounced by both the Opposition and unionists (Scandales Financiers, 2003).

It is worth noting that, in Mauritius, most people heading state and parastatal institutions are there by virtue of political appointments. Being close to the government, there are claims that they use that proximity and their discretionary power to avail of personal gains (Nous Sommes, 2001; Scandales Financiers, 2003; Alleged Corruption, 2004). Culturally specific factors seem to influence the behavior and management style of people in high-level positions (Nous Sommes, 2001; Scandales Financiers, 2003). Political appointees tend to operate differently from the rest of the workforce, and sometimes this leads to situations that are difficult to manage. There have been extreme cases that have necessitated the intervention of political leaders and termination of contracts (*News Bulletin*, Radio-One, 2011).

Another challenge facing developing nations is political interference in independent institutions. The main tertiary education institution in Mauritius, which is meant to operate autonomously, provides a classical example of how political interference can be detrimental to the smooth functioning of the system. The University of Mauritius Act of 1971 provides for the independent operation of the university and makes no provision whatsoever for political intervention. This makes sense as long as members of the academic community fulfill their responsibility in a professional manner, under the leadership of a qualified Vice Chancellor. After the May 2010 general elections, a ministry for tertiary education was established and a minister appointed. Earlier that year, a Vice Chancellor of British origin, was recruited on a contractual basis for a period of three years. This Vice Chancellor, a high caliber member of the international academic community, was committed to the development of the institution and was prepared to use his special knowledge and skills for the common good, adhering to high standards of ethics. This highly-committed professional had great vision and highly ambitious plans for the university. Having adopted a democratic style of leadership, his objective was to promote the ideals of world-class education, while maintaining quality standards of performance. It would have been up to the authorities to allow the institution sufficient autonomy to regulate itself through peer review. High aspirations in terms of professional ideals coupled with effective peer review to maintain acceptable standards of competence and ethical conduct would have contributed to the smooth running of the university.

The Vice Chancellor faced constant pressure from the ministry and was expected to submit a report to the minister every fortnight. Following the same control strategy, the minister gave instructions to the Tertiary Education Commission to investigate the results of students who were unhappy about their examination performance (UoM: Les Syndicalistes, 2012). As pointed out by the President of the University of Mauritius Academic Staff Union, when a minister intervenes in favor of students in such cases, the evidence speaks for itself. At some point, the minister decided to call weekly meetings with all Heads of Department, an initiative that the Vice Chancellor classified as "unacceptable interference in the independence of the University of Mauritius," as it would remove the University of Mauritius authorities from the operational management of the institution. The Vice Chancellor appealed to the Chairman of Council, requesting the latter's intervention to stop the interference that was hindering the progress of the institution (UoM: Les Syndicalistes, 2012). No action followed. It is worth mentioning that the Chairman of Council is appointed by the government (Morgan Avait Evoqué l'Ingérence, 2012), and has no executive power in principle (Debate: One Scandal, 2012).

For months, the Vice Chancellor worked on a reform program for the university but when it came to the implementation phase, he encountered considerable difficulty. One member of senior management showed strong objections on the grounds that there would have been some re-distribution of power as a result of the restructuring. This again is evidence of how power is important to some in developing nations. Is it legitimate to sacrifice real progress to retain power that is used for control purposes? Is the discretion acquired over the years–constituting some form of auto-proclaimed power–more important than evolution in a sector as crucial as the education sector? Does foregoing a world-class expatriate's academic profile in the process present a justified way-out? What is the likely outcome of mismanagement at a time the financial crisis is hitting hard, and in a key sector where the appropriate expertise is not available locally?

The UoM case proves the assumption made by Prahalad & Hart (2002), namely that only developed markets are prepared to invest in education and technology, while developing economies tend to limit themselves to the previous generation of technology. Yet, political leaders in the developing world tend to rate the impact of their contribution positively (Jeetah, 2011), while citizens openly express their discontent on the inefficiency of the authorities when it comes to resolving serious issues encountered at the University (UoM: Jeetah, 2012).

In an era of rapid technological development, access to new technologies requires high-income levels and quality education. If, in a developing economy like Mauritius, educational institutions are not allowed to function autonomously, the academic community loses motivation, which ultimately influences their performance. In the absence of proper leadership and under political interference, a tertiary educational institution faces high risks of operating at a sub-standard level, impacting on the quality of service being provided, the student population being the most prominent victims. Such strategies are dangerous under normal economic conditions, but are bound to be far more disastrous in a global financial crisis situation. Based on the cases of corruption involving the Health Minister and the Social Security and National Unity Minister, the political class sometimes sends the wrong signal to the population. When trust is

eroded, people lose loyalty, which impacts adversely their productivity. In conditions of a global economic crisis and faced with opportunities to secure some form of short-term financial security, can we expect the average citizen to say no to corruption and immediate/short-term gains? Should we not invest in education, put trust relationships first, and aim at changing mindsets?

The above cases lead us to question the meaning attributed to 'relativism' in the developing world. Corruption offers a valid example of an ethical challenge that can be analyzed from a relativistic angle. If we apply corruption to a situation of crisis, what are its implications on the developing world? If we apply this meaning of relativism to the financial crisis, we need to bear in mind the economic and social implications of the relativistic dimension. How legitimate is it to use culturally specific criteria in decision-making in business context? What is the real significance of relativism in the business ethics vocabulary? Has the term "relativism" been given a broader/different dimension in the developing world than in the business ethics literature? Does 'respecting cultural differences' mean that there is no need to draw the line where habits and traditions are concerned, even if these directly impact on intangible assets that is, stakeholder relations and goodwill? Is it acceptable to sacrifice trust relations for short-term profits, knowing trust is a crucial ingredient in business deals and stakeholder relationships—employee/employer, suppliers/clients? We also know that successful business depends on economic freedom, implying that in a global context, business should not undermine basic human liberties. If we were to explore the values of the developing world where decisions are largely influenced by culture and traditions, relativism is accountable for the short-term focus given to ethical decision-making. If multinationals take the liberty to do business, following cultural norms and traditions, they should calculate the risk they are taking and review their position. The challenge facing international business partners is to identify the fine line between respecting cultural differences, and measuring up to universal standards of ethics.

Conclusion

As developing economies consider introducing compliance systems, their developed business counterparts are already focusing on global trust. Trust relations are promoted through honest dealings, considering that honesty and integrity represent the basic moral currency of any rational business.

Amidst a crisis when no one knows how bad things can get in today's unpredictable global economy, where there is no straight solution to problems facing humanity, at least one thing is clear, considering the constraints facing both individuals and nations: efforts should be geared towards preventing further crises of an economic and social nature (Deviers-Joncour, 2005; Friedman, 2009; Roach, 2009; Roubini, 2010; Smick, 2008). Specific economies should work on improving on the execution of regulation and supervision as control devices for containing emerging risks. As a complementary device, codes of ethics offer a means of containing risks of further uncertainty, chaos and instability (McIntosh, Thomas, Leipziger, & Coleman, 2003). The financial crisis has distorted the market system and contributed to an inefficient allocation of resources, negatively impacting on performance, results and the credibility of certain economies. The above-mentioned cases give evidence of the gross violation of rules of morality and inadequate remedial action on the part of policy makers. Businesses that circumvent laws and ethics to gain an advantage end up losing more than they gain. Decision-makers therefore should refrain from

consenting to authority in matters that contravene personal values and beliefs (Dalla Costa, 1998).

When ethical conflicts take a disproportionate dimension, this causes prejudice to the reputation of enterprises, institutions and the economy as a whole. The reputation of an organization is to a large extent the product of stakeholder behavior in a professional environment. In any global context, ethical issues need to be reasonably managed, if the aim is to promote healthy stakeholder relationships and sustainable business. Sustainability is the outcome of economic relationships among various groups of stakeholders who are key players in the decision making process, and have their contribution to bring to the ethics of the decision making process. It is important that developing economies review their strategy and work on promoting values that would help business entities secure their goodwill both locally and internationally. One way to secure trust and sustain healthy stakeholder relationships is through the promotion of universal ethics.

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Significant Predictor and Outcome of Interpersonal Trust: Empirical Evidence from Pakistan.

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Abstract:

The researchers and practitioners have recognized the importance of trust by considering it as an important factor for determining organizational success and employees' well-being. The trust is a complex and multidimensional construct, a long debate is prevailing in literature regarding how trusting relationships can be created. The aim of this research is to add something to the trust literature, by finding out the significant predictors and outcomes. The second important purpose of this paper is to make it confirm that Attributed Charisma, Inspirational Motivation, Intellectual Stimulation, Idealized Influence, and Individualized Consideration are the important attributes of Transformational Leadership as reported by many renowned researchers. The total of 400 survey questionnaire were personally distributed among the respondents, of which 282 completed and ready to analysis were returned with a response rate of 70 %. The entire hypotheses developed for study were supported by the empirical results. The structural Equation Modeling (SEM) results indicate that Attributed Charisma, Inspirational Motivation, Intellectual Stimulation, Idealized Influence and Individualized Consideration are attributes contributing towards Transformational Leadership. The survey questionnaire data also led to the findings that Transformational Leadership is a significant predictor of Trust in managers and Employees' Organizational Identification is its significant outcome.

Key words: Trust, Transformational Leadership, Organizational Leadership, Commitment

Introduction:

Trust in managers is strongly correlated with affective commitment or organizational attachment (Tan and Tan, 2000). Employees having continuous commitment with the organization need to remain within the organization; on the other hand those having affective commitment with the organization want to be the part of their organization (Allen and Meyer, 1990). Committed employees have a high trust level in their employees which is the outcome of transformational leadership (Sue, 1995). Trust is highly influenced by transformational leadership and it is considered as its' important antecedent (Derks and Ferrin, 2002). Some mixed results were drawn by researchers like Podsakoff and his colleagues on transformational leadership and trust but employees' trust in their leaders is positively influenced by all important transformational leadership attributes (Butler et al, 1999). Transformational leaders motivate their followers to perform beyond expectations by making them more aware of the importance and value of goals; inducing them to transcend self-interest for the good of the group/organization, and appealing to followers' higher order needs (Bass, 1985). Transformational leadership contributes towards subordinates' empowerment and team members' effectiveness (Ozaralli, 2002). It is positively associated with employees' cooperative behaviors which in turn contribute towards high organizational performance and have a positive influence on employees' satisfaction (Bass and Avolio, 1993). In their meta-analysis on trust and leadership, Dirks and Ferrin (2002) reported that transformational leadership is strongly predictive of trust.

The organization Identification (OI) has an association with organization citizenship behaviors, cooperative behaviors and commitment to the respective organization (Abrams et al, 1998). In addition to the direct relationship between Organization Identification (OI) and Continuous Improvement efforts, (OI) also has a positive moderating impact on the relationship between continuous improvement efforts and trust (Lee, 2004). Trust alone can not always motivate the employees for cooperative behaviors remarkably (Dirks and Ferrin, 2001). It is not always sufficient for cooperative behaviors; some other factors of interest have an impact on the trust-cooperative behavior relationship (Lee, 2004). Employees

who are high on organizational identification consider the organizational goals as their own and they always try to establish profound relationship with their respective organizations (Lee, 2004).

The primary purpose of this research is to scrutinize that transformational leaders are playing a key role in the development of employees' trust in their managers. Once employees' trust is developed then they identify themselves with their organizations and develop a sense of belongingness. This research has also taken into account that Attributed charisma, Idealized influence, Inspirational motivation, Intellectual stimulation, and Individualized consideration are the significant dimensions of Transformational Leadership.

Literature Review:

The transformational leadership contributes towards subordinates' empowerment and team members' effectiveness (Ozaralli, 2002). It is positively associated with employees' satisfaction and to those in-role behaviors which contribute towards high job performance (Bass and Avolio, 1993). Transformational leadership increases the confidence and motivation of followers to obtain performance beyond expectations (Bass, 1985). It is considered as a value based framework and has a positive relationship with various measures of employees' performance and satisfaction (Moynihan et al, 2009; Park and Rainey 2008; Trottier et al, 2008). The research findings suggest that transformational leadership is more highly related to employees perceived satisfaction than transactional leadership (Hatler and Bass, 1988), and more positively related to the knowledge management than transactional leadership (Politis, 2001).

Emotional intelligence is a prerequisite for successful leadership (Goleman, 1998) and individuals who are high in emotional intelligence would be more likely to use transformational behaviors (Barling et al, 2000). Emotional intelligence is associated with three aspects of transformational leadership, namely Idealized Influence, Inspirational Motivation and Individualized Consideration and contingent rewards. At the other end, active and passive management by-exception and laissez faire management are not associated with emotional intelligence (Barling et al, 2000). A transformational leader enhances their followers' commitment to the organization (Barling et al, 1996), its goals and values (Bass, 1998) and team commitment (Arnold et al, 2001). It is evident from the previous researches that Idealized Influence

and Inspirational Motivation occur more frequently among upper managers rather than middle managers and there is no difference for Intellectual Stimulation and Individualized Consideration (Bruch and Walter, 2007). Idealized influence, inspirational motivation and intellectual stimulation are more effective in strengthening subordinates' job satisfaction among upper rather than middle managers while individualized consideration is similarly effective in both groups (Bruch and Walter, 2007). Empowerment and trust mediate the relationship between transformational leadership and in-role performance of the followers (Bartram and Casimir, 2006). Perceived organizational support has a positive relationship with employees' affective commitment (Eisenberger et al, 1986), organizational citizenship behavior (Moorman et al, 1998), and lower rate of turnover intention (Wayne et al, 1997). Contingent workers' perception of justice is positively related to perceived organizational support (Liden et al, 2003).

Social exchange theory (Blau, 1964) has often been applied to the study of organization in order to understand the relationship that develops between employees and organizations (Wayne et al, 2003). This theory suggests that when employees are provided with a fair treatment from their employers and values their contribution and well-being, employees feel a high level of support from their organizations and feel to reciprocate. Perceived organizational support is linked with high job performance (Erdogan and Enders, 2007), organization citizenship behavior (Piercy et al, 2006), commitment and reduced turnover (Loi et al, 2006). The integrity of supervisor has a significant impact on the formation of trust between the employees and supervisors (Ristig, 2009). Employees' affective attachment to the organization is strengthen by increased perceived organizational support, which results into a higher performance to fulfill the organization's objective (Eisenberger et al, 1986). This is quite in accordance with the findings of Cook and Wall (1980), who had explored that trust in management, is positively correlated with measure of identification, loyalty and involvement.

Trust in managers is considered as an important factor for getting better performance and it is acknowledged that trust act as a lubricant, by smoothing relations between actors and reducing transaction cost (Creed and Miles, 1996). Trust in leaders is found to be significantly related to transformational

leadership, perceived organizational support, participative decision making, and meeting expectations of followers (Dirks and Ferrin, 2002). It is a common notion that trust is influenced by past experiences and chances of future interactions, both are relevant in the organizations. Expectations of others' beneficial actions will be enhanced by prior experiences of such behavior. If others live up to prior expectations, this good repute will further positive expectations in the future, enhance the level of trust, and promote actor's willingness to cooperate (Lewicki and Benedict Bunker, 1996; Buskens, 1999; Gautschi, 2002). If people trust others, they seek interactions with them, tend to like what they like and see what they see, to share definitions of relevance, thus furthering integration between them (Bijlsma and Bunt, 2003). Distrust creates discord, since, if others are distrusted, actors will tend to dislike what they like, tend not to share their definitions of relevance and tend to avoid interaction with them (Bijlsma and Bunt, 2003). In a nutshell we can say that "trust begets trust and distrust begets distrust" (Bijlsma and Bunt, 2003). Trust can act as a substitute for control because it reduces transaction costs, the higher the trust in relationship, the lower the cost of monitoring and other control mechanism will be (Cumming and Bromiley, 1996; Handy, 1993; Whitney, 1993). On the other hand Das and Teng (1998) rejected the idea that trust and control should be seen as complementary phenomenon, both contributing to the level of cooperation needed in relationship. In a study of work teams Costa et al (2001) found that trust between team members involves high cooperative behaviors and lack of monitoring between colleagues, which indicate that trust can act as a substitute for control. The employees who consider their managers as authoritative, trust their managers to a lower degree than employees who classify their managers as participative and democratic (Bijlsma and Bunt, 2003).

Trust triggers the passions for excellence and is considered as an essential intangible resource in modern organizations and in absence of it, severe negative consequence may follow (Greenberg and Cropanzano, 1999). Effective use of Human Resource Management practices leading to increased procedural justice, an atmosphere of open communication and empowerment increase employees' trust in their managers (Barney and Hansen, 1994; Gould-Williams, 2003; Schuler, 1992). Another research conducted by Moye and Henkin (2005) on employees' empowerment and interpersonal trust in managers

revealed that employees who feel empowered in their work environment tend to have higher level of interpersonal trust in their managers (Cook and Wall, 1980). Trusts between individuals and groups within an organization are considered as a significant factor in terms of the organization's long term stability and of its employees' well-beings. Trust-in-supervisor is positively related to employee willingness to help coworkers among employees perceiving low levels of organizational politics but not among those perceiving high levels of organizational politics (Poon, 2006).

According to social identity theory, individuals classify the society in various social groups, such as gender, age group, nationality etc. (Tajfel and Turner, 1985). Social identification is the perception of belongingness to a group; Organizational Identification is a specific form of social identification in which individuals define themselves in terms of their organizational membership (Lee, 2004). Organizational identification literature reveals that individuals who identify themselves with their employing organization tend to do those activities which are in congruence with the organizational identity and values; refrain from those activities which go against the sovereignty of organization (Ashforth and Mael, 1983). The researches showed that organizational identification has a strong positive relationship with extra-role behaviors, cooperative behaviors, and intention to stay with the employing organization (Abrams et al, 1998; Mael and Ashforth, 1995). If procedures are perceived as fair, employees will consider that they are being respected and valued by the organization and top management; consequently they start to trust the authorities and committed to build long-term relationship with them and identify themselves with the organization (Tyler and Lind, 1992).

Developing trust of the employees is a difficult job, once the authorities are considered benevolent and trustworthy by the employees; it results in a greater work motivation in favor of the organization (Tyler, 1999). The members show a high degree of identification with the group when they have trust in their fellow members, satisfied with the group membership, and cooperate with one another (Chan, 2005). A research suggested that an organizational member's behavior and performance is highly related to their level of organizational identification and commitment (Chan, 2005). The literature has indicated that higher identification is beneficial for both the organization and individual. For the organization, higher

identification leads to better performance, lower absenteeism and turnover rates and more extra-role behaviors; for the individual manifests in enhanced job satisfaction, increased motivation and improved health and well being (Dick et al, 2005). It is argued that trustworthy behaviors of the school principal such as being open and honest with teachers, treating them as colleagues, being sensitive to their needs and setting reasonable performance standards are the key indicators of teachers' identification with the school.

Employees want to work for the companies that recognize the importance of the home, family and personal time because the imbalance of work and family responsibilities often result in increased work stress (Gutek et al, 1988). When there is no ample support from the organization's side, many working parents tend to quit (Glass and Estes, 1996). Organizational identity is a sub set of social identity in which an individual defines himself/herself by the same attributes that defines his or her organization (Dutton et al, 1994; Mael and Ashforth, 1992). It is firmly supported by the literature that individuals tend to identify themselves strongly with the organizations having distinctive and positive practices, values and attributes to enhance their self esteem, perceived status and exclusivity (Ashforth and Mael, 1989). Employees with high level of organizational identification are more likely to be committed to the organization and have lower turnover intentions, because they would experience "physic loss" if they leave their organization (Mael and Ashforth, 1992; Knippenberg and Schie, 2000).

Research Model and Hypotheses development:
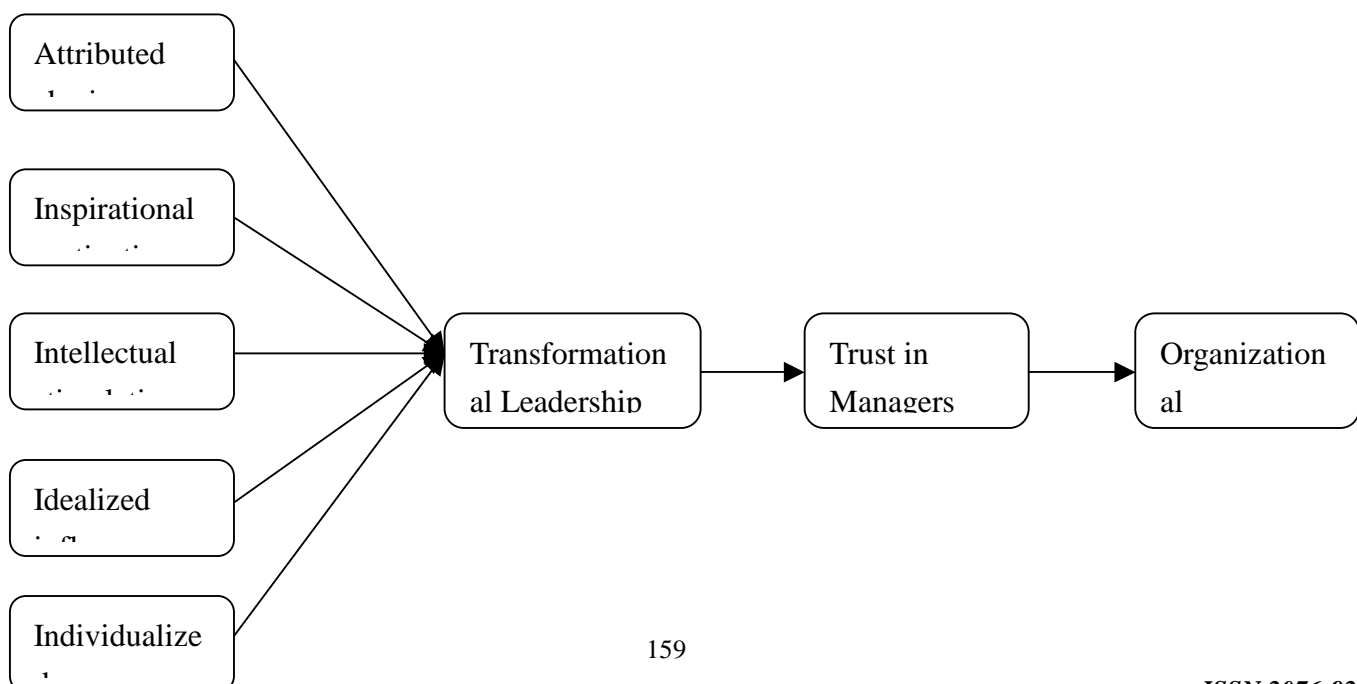
Figure1. Model of Transformational Leadership, Trust in Managers and Organizational Identification

Table1. Hypotheses Statements

Hypotheses Statements
H1:   Attributed Charisma is a significant dimension of Transformational Leadership.
H2:   Inspirational Motivation is a significant dimension of Transformational Leadership.
H3:   Intellectual stimulation is a significant dimension of Transformational Leadership.
H4:   Idealized influence is a significant dimension of Transformational Leadership.
H5:   Individualized consideration is a significant dimension of Transformational Leadership.
H6: Transformational leadership has positive significant relationship with trust in managers
H7:   When employees trust their managers, then they identify themselves with the organization

Research Methodology:

Sample and Data Collection

Convenience sampling technique was used for the collection of data because of time and cost factors. Self administered questionnaires were distributed among the respondents. A total of four hundred (400) respondents were included in his study, out of total, two hundred and eighty two (282) questionnaires were returned with a response rate of 70 % which is considered as quite satisfactory. The participants were from eight (8) different private and public sector organizations of Banking, Telecom, Health, and Higher Education Institutions. Out of the total 118 responses were either incomplete or of no use to be included in the study, so they were excluded from the research. Of the participants 45% were in management positions and the rest of 55% labeled themselves as non-management position holders.

The respondents were 44% female and 56 % male. There ages ranged from 25 to 48 years and 58 % of the respondents had been with the organization between six months and ten years and the rest, 42 % being employed for more than ten years. The qualification of respondents ranged from Intermediate to PhD and maximum responses came from master qualified people which were (227) in number.

Procedure:

The survey instrument was distributed personally to the respondents for the purpose of high return rate. A brief cover letter was attached with the questionnaire, in which the author explained the purpose of the research and assurance of the confidentiality.

Questionnaire Measures:

All the variables in our proposed model were measured with the help of validated instruments. The reliability of the scales is satisfactory, showing Cronbach alpha greater than 0.7, Employees were asked to indicate the extent to which they are agree or disagree with each description on a five-point Likert scale ranging from 5 = "strongly agree" to 1 = "strongly disagree".   Four items were used to measure trust in managers were adapted from Cook and Wall's (1980). An example item was "I feel quite confident that my manager will always try to treat me fairly". The Cronbach Alpha is 0.80. Organizational identification was measured by using a scale of four items adopted from Cook and Wall (1980) and Mael and Ashforth (1992) cited by Lee (2004), Cronbach alpha for this scale is 0.94. Twenty items scale which was a short version of Multifactor Leadership Questionnaire (MLQ) was used to measure the Transformational Leadership having Cronbach Alpha 0.87

Results and Discussion:

The index fit of model is shown in table 2. With (8) degree of freedom into consideration, most index values satisfy the general standard values for index fit. The general accepted standards for model fit are; Chi-square value (significant level > 0.05), goodness of fit index (GFI > 0.80), adjusted GFI (AGFI >

0.80), normed fit index (NFI > 0.90), comparative fit index (CFI > 0.90), and root means square residual (RMSEA < 0.05). This model fit does not meet all the standards but overall it is considered as an accepted model.

Table 2- Index of the fit of the model

Index of fit	P	Chi-squ/(df)	GFI	AGFI	NFI	RMSEA
179.91	.000	8.538	.954	.941	.901	.081

Table 3- Regression weights (Results of hypotheses tests)

Paths	Estimate	S.E	CR	P-Value	Label
Charisma-Transformational Leadership	.746	.025	29.433	.000	Supported
Inspirational Motivation-Transformational Leadership	.941	.031	30.425	.000	Supported
Intellectual Stimulation-Transformational Leadership	.632	.032	19.632	.000	Supported
Idealized Influence-Transformational Leadership	.613	.026	23.162	.000	Supported
Individual Consideration-Transformational Leadership	.916	.032	28.500	.000	Supported
Transformational Leadership-Trust	.414	.038	10.756	.000	Supported
Trust-Organizational Identification	.771	.088	8.785	.000	Supported

Table 3 represents the regression weights to test the hypotheses of the study. After Structural Equation Modeling (SEM) the results make it confirmed that Attributed Charisma, Inspirational Motivation, Intellectual stimulation, Idealized Influence and Individualized Consideration are significant predictors of

Transformational Leadership with p value (0.00). This research confirmed Bass and Avalio (1997) attribution of Transformational Leadership. The leadership style characterized by Transformational Leadership attributes is significantly associated with team members' trust in their Leader/Manager (Gillespie and Mann, 2004). All the transformational leadership practices (Attributed Charisma, Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration) are significantly associated with trust in managers (Butler et al, 1999).

Table 3 also shows a significant relationship between the transformational leadership and Trust in Managers having (β=0.54) with p value (0.00). There is also a significant relationship between Trust in managers and Organizational Identification. The reason might be that employees having a high trust in their managers identify themselves with their respective organizations and considers the organizational objectives as their own.

Trust and Organizational Identification (OI) have positive relationship is also strongly supported with Beta (β=0.46). This hypothesis is supportive of the Tyler and Lind (1992) research findings; which states that when fair treatments are prevailing in the organizations; their employees consider that they are being respected by the organization and top management. Consequently employees start to trust the authorities and become committed to build long term relationship with their organizations and identify themselves with their organizations. Once trust is developed, it results into a greater work motivation in favor of the organization (Tyler, 1999).

Figure 2- Path Diagram
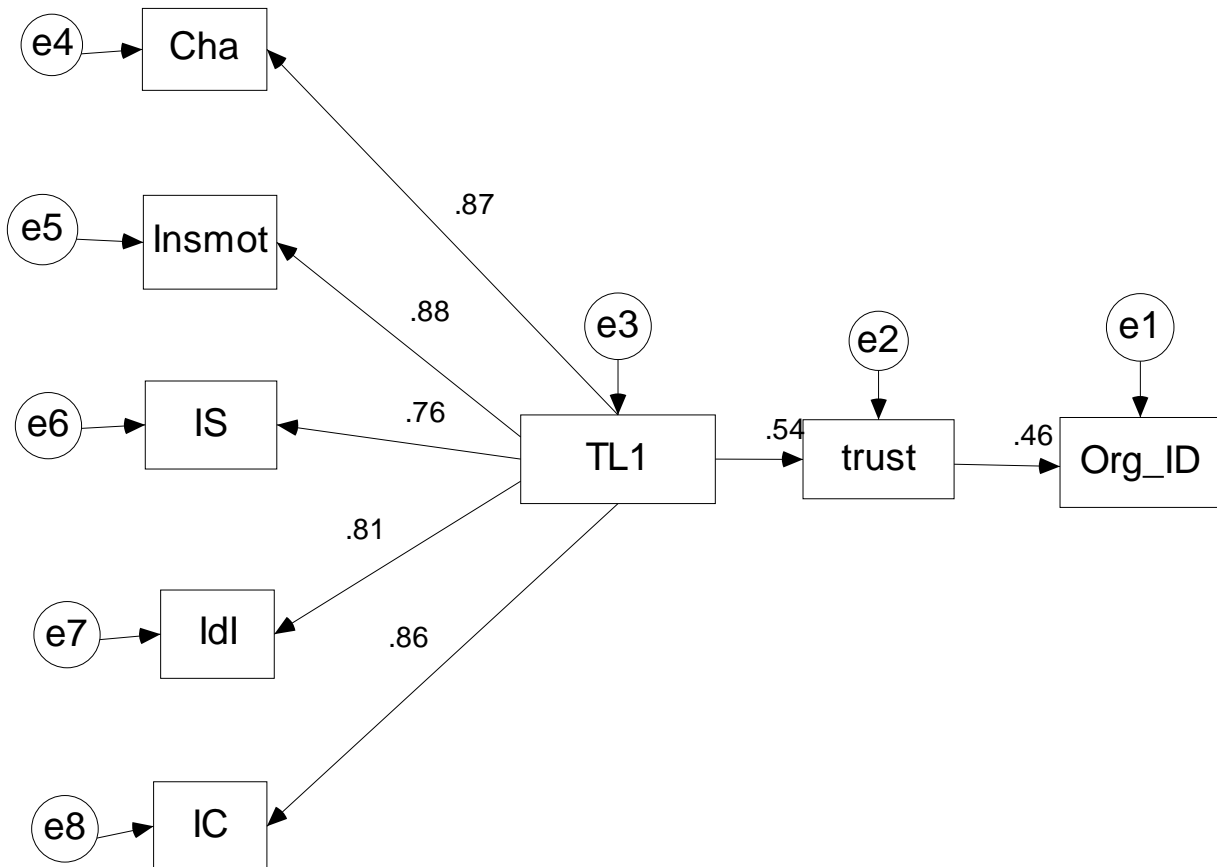
Conclusion:

The study has analyzed the relationship among Transformational Leadership Trust in Managers and Organizational Identification. Many renowned researchers of the Transformational Leadership literature have highlighted the important dimensions of this leadership style. This research make it confirmed that Attributed Charisma, Inspirational Motivation, Intellectual Stimulation, Idealized Influence and Individualized Consideration have strong positive relationship with Transformational Leadership which shows that these are its important antecedents. A leader/manager exhibiting Transformational Leadership attributes is considered as trustworthy by their followers/subordinates. Businesses are becoming competitive because of globalization. Organizations are in the need of discovering new tactics for the sake of outperforming their competitors in such a volatile and rapidly changing market. Leaders should

give a serious importance to the followers trust building because trusting employees will not leave the organization even at the time of crisis. Creating trust climate is really expensive and time consuming job, but once it is developed it leads to organizational identification and continuous improvement efforts of the employees; which are considered as the sources of competitive advantage.

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Economy Welfare for the Existence of The Traditional Music Group "Campursari" in Semarang City, Indonesia

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Abstract

The Traditional Music Group "Campursari" in Semarang City (KMTC) as the defender of art and culture in Indonesia needs to be existed. It seems that KMTC becomes less and less in number. This is caused by the unprospective welfare of the Group (KMTC). This then is as the background of the study in revealing the need of exploring the characteristics and aspects of welfare in motivating the existence of the Group (KMTC). The data collection is done by giving questionaires and doing interviews for the respondents. The data comprises 20 Groups (KMTC) consisting of 20 chairpersons and 20 members. The sampling technique used is "Snowy Ball Method". The results showed that the Group (KMTC) welfare is important, but the nowadays condition is not like what the Group really expected. The existence of the Group (KMTC) is not merely motivated by fulfilling the economy welfare, but the portion is more on the welfare improvement of science and technology, art and culture, social and education, and health. This indicated that becoming the Group (KMTC) members because of not fulfilling the basic need (economy welfare), but motivated by social need (social esteem) or even higher motivation, i.e. self actualization. Based on this fact, this study completed by suggestions on ways to improve the Group (KMTC) welfare as managerial suggestions.

Key-words: Characteristics, welfare, Campursari.

INTRODUCTION

Nowadays the fate of the Traditional Music "Campursari" is inconstant. Even this music

invites people's interest to defend that music, because *the Traditional Music Group "Campursari" in Semarang City* (KMTC) becomes less and less in number.

At the beginning era, the Traditional Music "Campursari" was born in Semarang City Central Java by the name of *"Langgam Jawa and Gending".* This was started by Ki Narto sabdo (the Puppet Leader in Semarang City), but not completed by many musical instruments. The song in this music "Campursari" was presented by *gamelan* (traditional Javanese musical instruments) and *gending*, then the rythm tends to be "Dangdut music" (M Sinaga, 2010). In this era the Traditional Music "Campursari" didn't become popular. This music developed incosntantly. Even nowdays the fate of the Traditional Music "Campursari" needs people's interest to defend because that music group becomes less and less in number.

The diversity of culture is the asset that must be defended and developed, and so is the Traditional Music "Campursari". This music became popular in Javanese people included in Semarang City about 1994-2004-an. Then the popularity went down dramatically. Thus this needs to be defended by all people/parties because this music derives from the Indonesian people traditional art/culture, and becomes existent in this era (Wadiyo, 2007). Some struggles are done to succeed this program, i.e. by holding the annual art/culture exposition/fair in Semarang City. Though this hasn't been successful, because the Group (KMTC) becomes less and less in number. In 2000 there must be 46 groups, and became 27 groups in 2005 (RPJPD Kota Semarang, 2005-2025, II-23). This was confirmed that constraint factors are more than the supporting factors (Widyastuty, 2010).

With reference to the existence and defendence of the Group (KMTC), it is necessary to study more about the basic problems that might determine the existence of that Group. From the aspects of economics and management, it seems to be possible to decide that welfare interferes the existence of the Group (KMTC). The welfare is needed by either individu or group – either villagers or citizens – either employees or employers – either officers or artists. To reach that welfare is not easy, but it is possible to reach it. It is unnecessary to do something forbidden, because doing something right
is better to do to reach that welfare (OPINI, 2010). This used as an approach to study more about the Group (KMTC) welfare concerning not only for economy welfare, but also others such as social and education, art and culture, health, and science and technology application. In general the study about welfare concentrates on material welfare. However, the welfare itself concerns not only the development of social and economy and hedony, but also mentally and psychological objectives (Gamal, 2007). The objectives concern not only economy welfare, but also something humanistic and justice in economy, holy life, individual's honor, wealth honor, soul peace and happiness, and family and society harmony. Thus, the existence of the Group (KMTC) in this paper is to explore and link the five aspects of welfare as an approach of the study and know more about the most

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importantly and mainly supporting aspect of the existence of the Group (KMTC).

METHODS OF INVESTIGATION

The welfare in this study comprises the five aspects, i.e. economy, social and education, art and culture, health, and science and technology application. Those five variables and the indicators used to know the nowadays welfare as the achieved work mechanism and the importance scale to develop the Group (KMTC) to reah the expected welfare. The parametre used is Likert's Scale by five scales from extremely unaccepted to extremely eccepted, so is the work mechanism. For the importance scale, there must five scales from extremely unimportant to extremely important. With reference to the operational definitions of the Group (KMTC) and welfare; KMTC is the independent Traditional Music Group "Campursari" in Semarang City; and welfare is defined as the condition by the fulfilling material needs, spiritual needs, and social needs as the Indonesian people to have adequate standard of life, and able to develop oneself in realizing social functions (Konsep Kesejahteraan UU No. 11 Th. 2009 tentang Kesejahteraan).

The respondents of this study are 20 Groups (KMTC) concerning with 20 chairpersons of the Groups (KMTC), and 20 members of those Groups. The sampling technique used is Snowy Ball Method, i.e. by asking the respondents to give information via valid and reliable questionaires and interviews. The analysis of data is done by tabulating in either single table or cross table in SPSS system according to the determined objectives.

RESULTS AND DISCUSSIONS

The welfare according to Konsep Kesejahteraan UU No. 11 Th. 2009, defined as the condition by the fulfilling material needs, spiritual needs, and social needs as the Indonesian people to have adequate standard of life, and able to develop oneself in realizing social functions. The concept of welfare in this study comprises five aspects, i.e. economy, social and education, art and culture, health, and science and technology application.

The parametre of welfare is based on the comparison of the respondents'perception about the nowadays achieved welfare of the Group (KMTC) and the expected welfare (the perception on the importance scale of welfare). The comparison of perception can be seen by the different value of importance scale of the nowadays conditions. If the achieved condition is the same or higher as the expected one meaning that the aspects of welfare are achieved, and vise versa.

The results of study showed the concept of welfare between the achieved welfare and the

expected one, and the complete priority of realizing programs, and all indicators (the validity test and reliability test) can be seen in tabel 1 as follows:

Table 1

The Work mechanism, Importance scale, Programs of Improving the Group (KMTC) Welfare

Welfare Indicatotrs	Programs of Improving welfare	Priority Scale
A. Economy Welfare (the unanchieved rate: 36.02%)		
1. KMTC can be as resource of the main income for members (Work mechanism: 2.25, Importance scale: 4.32)	Promotion to get more orders (by using printed media, electronic, and internet)	I
2. KMTC has other resorces of income (Work mechanism: 3.37, Importance scale: 4.50)	Diversiving the relevant business for KMTC (providing costumes, training other KMTC, making up service for other KMTC, and opening music course)	
3. KMTC is able to fund operational needs and investment (Work mechanism: 2.95, and Importance scale: 4.60)	Optimizing all opportunities of income resources	
B. Social and Education Welfare (the unachieved rate: 14.84%)		
1. KMTC is able to motivate members to work creatively (Work mechanism: 3.92, and Importance scale: 4.78)	Sharing science/knowledge to other KMTC	IV
2. KMTC sends members to the training of music "Campursari" to improve their competency (Work mechanism: 3.75, and Importance scale: 4.48)	Holding training programs as media to improve KMTC human resources together with other KMTC	

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3. KMTC's opportunity to join other KMTC (Work mechanism: 3,90, and Importance scale: 4.43)	Forming association of KMTC as the media of developing social and education	
C. Art and Culture Welfare (the unachieved rate: 17.60%)		
1. KMTC as pride to defend national cultures (Work mechanism: 4.38, Importance scale: 4.82)	Maintaining the positive image of KMTC from sociaety, and getting better and better (if possible)	III
2. KMTC functions in defending the value of the nation's culture (Work mechanism: 4.22, Importance scale: 4.68)	Socializing KMTC by any show (contests and festivals)	
3. KMTC gets the same attention as the other music groups from society (Work mechanism: 3.55, Importance scale: 4.63)	Promotion for all level society by using all kinds of media Improving KMTC image via positive meanings of songs, religious lyrics/verses, and eliminating the negative image of music "Campursari" as the country music	
4. KMTC gets the same attention as the other music groups from government (Work mechanism: 3.20, Importance scale: 4.52)	Promotion by joining government programs/events	
D. Health Welfare (the unachieved rate: 21.79%)		
1. KMTC pays attention on members'health and safety during the work	Providing health facility during the show included P3K (the first action/aid of	II

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	time (Work mechanism: 3.62, Importance scale: 4.55)	accidents)	
2.	KMTC gives the sick members adequate funds for health (Work mechanism: 3.58, Importance scale: 4.33)	The managers pay attention on members'health by giving health fund, and asking for fund from government (if possible)	
3.	KMTC joins health insurance for members (Work mechanism: 3.02, Importance scale: 4.20)	KMTC provides health fund for members, but unable to join health insurance for members	
E. Science and Technology Application (the unachieved rate: 13.98%)		
1.	KMTC is able to create one own adequate songs for show (Work mechanism: 4.35, Importance scale: 4.65)	Increasing the number of one own adequate created songs for the show	V
2.	KMTC presents more on one own songs than other people's songs (Work mechanism: 3.20, Importance scale: 4.48)	Creating songs according to market demand but still based on the determined norms	
3.	KMTC has competent/professional singers (Work mechanism: 4.45, Importance scale: 4.85)	Training singers to be more competent/professional and able to fulfill market demand Increasing the number of competent singers	
4.	KMTC has competent musical instrument players (Work mechanism: 4.60, Importance scale: 4.82)	Training musical instrument players to be more competent	
5.	KMTC has adequate musical instruments for	Increasing and completing adequate musical	

show	(Work instruments
mechanism:	3.70,
Importance scale: 4.78)	

Resource: Primary data, 2012.

Economy Welfare

Economy welfare variables use three indicators, i.e. KMTC is able to be the main resource of income for members; KMTC has other resources of income able to develop the existence of KMTC; and KMTC is able to fund all operational needs and investment. As can be seen in table 1; economy welfare showed that the highest economy welfare scale is in the second indicator. The mean score is 2.86 (Work mechanism), and 4.47 the expected score. This showed that the Group (KMTC) economy welfare hasn't been realized. From all indicators of economy welfare variables, work mechanism is still lower than the expected importance scale, i.e. the gap is 36.02%. The highest gap is on the first indicator. In other words, KMTC hasn't been able to be the main resource of income for members. Some efforts has been done to improve teconomy welfare with a priority scale of realizing programs.

Social and Education Welfare

Social and Education Welfare of KMTC is measured by three indicators, i.e. KMTC ability to motivate the members to improve their creativity of arts; KMTC sends the members to join the training programs to improve the competency; and KMTC opportunities to join other groups of music "Campursari". All these indicators are lower than the importance scale; meaning that the Group (KMTC) hasn't achieved the expected social and education welfare like what the members have expected. From the measured work mechanism and importance scale, there must be the unachieved rate of expectation of 14.94%.The most expectation of social and education welfare is on ability of the Group (KMTC) to motivate members to improve the work creativity of arts, then followed by the freedom of members to socialize/join other Groups of KMTC. To support much on the existence of the Group (KMTC) in social and eduction welfare, it is suggested to establish association of KMTC members as the media of communication forum.

Art and Culture Welfare

There must be four indicators in relation to art and culture welfare, i.e. KMTC as a pride to defend national culture, KMTC functions to defend the value of Indonesian culture, KMT gets the same attention as the other music groups from society, and KMTC gets the same attention as the other music groups from government. The results then showed that the measured work mechanism

is lower than the expected condition for all indicators. KMTC ability to defend the national culture is on the highest position, whereas KMTC gets the same attention as other music groups from government is on the lowest position. This means that the government doesn't give enough attention to the Group (KMTC). In other words, KMTC needs much attention from government. The mean score of the unachieved rate of expectation is 17.60%.

Health Welfare

There must be three indicators of health welfare, i.e. KMTC gives attention on members' health during the work time, KMTC gives sick members adequate health funds, and KMTC joins the insurance company for members. From these indicators, work mechanism is lower than the expected condition. The unachieved rate of the expected condition is 21.79%. This expectation then can be fulfilled by joining KMTC members for insurance company or giving members enough health funds from the Group (KMTC) or government.

Science and Technology Application Welfare

There must be five indicators of Science and Technology Application Welfare, i.e. KMTC ability to create good songs for the show, KMTC ability to present more on one own songs for show than other people's song, KMTC has competent singers, KMTC has competent musical instrument players, and KMTC has adequate musical instruments of show. The results showed that this welfare hasn't been achieved because the five indicators give lower score than the expected condition. The highest score is on the indicators of KMTC has competent musical instrument players and KMTC has competent singers whereas KMTC presnts more on one own songs that other people's song gives lower score. This means that the Group (KMTC) has good human resources on musical instrument players and singers but still has low creativity on producing good songs.

From all five aspects of welfare of the Group (KMTC), it is concluded that the expected welfare hasn't been achieved. From the aspects of work mechanism, it is concluded that all indicators of welfare haven't been achieved either because the indicators' score is lower the expected condition. The complete data then can be seen in table 2 as follows:

Table 2

The Mean Score of Work Mechanism and Importance Scale Variables of the Group (KMTC)

KMTC Welfare Variables	Work Mechanism	Importance Scale (the Expectation)	The Gap of Expectation
	(a)	(b)	(c)=(b-c)/c x 100%
Economy Welfare	2.86	4.47	36.02
Social and Education	3.90	4,58	14.84

Welfare			
Art and Culture Welfare	3.84	4.66	17.60
Health Welfare	3.41	4.36	21.79
Science and Technology Application Welfare	4.06	4.72	13.98
The Mean Score	3.61	4.56	20.83

Resource: Primary Data (2012)

As can be seen table 2, the score of the Group KMTC work mechanism of welfare from the highest rank to the lowest rank is Science and Technology Application Welfare, Social and Education Welfare, Art and Culture Welfare, Health Welfare, and Economy Welfare. This means that the Group (KMTC) cannot give members economy welfare. This is in accordance with the fact that becoming KMTC members not on the main income reason or main work but as for the media of realizing hobbies and talents. This will support much on the existence of the Group (KMTC). The existence of the Group (KMTC) will develop well if that Group can give the insured welfare for members included economy welfare.

From the aspect of importance scale (the expectation), it is concluded that either chairpersons or members of the Group (KMTC) do not vocus on economy welfare (number 1), but economy welfare is number 4. This means that the existence of the Group (KMTC) is not merely motivated by economy welfare but the main aspect is science and technology application, then followed by art and culture, social and education, economy, and health. This supports much on the fact that becoming KMTC members not for basic need (material need), but for social need or higher motivation as the need of self actualization.

The Group (KMTC) then has a charactristic that the focus is not on economy as the main aspect in the existence of the Group, but the dominant aspect is on science and technology application and art and culture. As economy welfare has the biggest gap, it is necessary to improve economy welfare, though KMTC members' focus is not on economy.

CONCLUSION AND SUGGESTION

The rank of aspects of the Group (KMTC) welfare (from the highest to the lowest) is Science and Technology Application Welfare, Social and Education Welfare, Art and Culture Welfare, Health Welfare, and Economy Welfare. Thus, all aspects of welfare need to be improved.

From the aspect of importance scale (the expectation), the rank from (the highest to the

lowest) is Science and Technology Application Welfare, Art and Culture welfare, Social and Education Welfare, Economy Welfare, and Health Welfare, and all five aspects of welfare are important to support much on the existence the Group (KMTC). Though economy aspect is not the main focus, it is important to improve that economy welfare.

From all five variables of the Group (KMTC) welfare studied, there must be still gap between the work mechanism and the expectation. Thus, it is necessary to improve all kinds of the Group (KMTC) welfare, that the Group (KMTC) is established and able to compete to other kinds of musical groups. The gap in economy is on the highest rank, though becoming the Group (KMTC) members mainly not on basic need (material need), but on social need, or even on higher motivation, i.e. self actualization need. Economy welfare then needs to be improved to minimize the gap. The improvement of all aspects of welfare of the Group (KMTC) included economy will make the Group (KMTC) established either in quality or quantity. It is suggested that the results of this study function as a reference of improving welfare with the determined priority of programs.

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Mediating role of motivation to learn in determining e-learning outcomes:

a conceptual study

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Abstract:

Motivation to learn is a significant aspect of learning quality. This study attains its objectives in determining e-learning outcomes through mediating role of motivation to learn. Based on extensive review, the study concludes that motivation to learn is an imperative mediating factor in e-learning environment. Moreover, technology characteristics and trainee characteristics are significantly associated with e-learning outcomes. Furthermore, some practical implications for mangers are also part of study. Few limitations are also deliberated as guidelines for future researchers.

Keywords: e-learning outcome, motivation to learn, learning processes

Introduction:

Knowledge is a vital feature of our daily life and has a positive role in our heritage, education, and society. It demonstrates new creations by exchanging the existing knowledge. Present and future knowledge is based on previous knowledge when it is shared (Liao *et al*, 2004). It plays an important role in e-learning which can be defined as the learning from computer network by over the internet to get the knowledge and easy way to share it (Welsh *et al*, 2003). E-learning has developed rapidly from simple ways of delivery to complex learning environments in which motivation is an essential factor for success or failure.

Advancement of technology gives the opportunity to share knowledge in easy manner. E-learning is very effective and low cost knowledge sharing method and is based on the virtual class, which has two things present student and computer. E-learning plays a major role in communication of different culture in a very easy way while the learners' motivation greatly influence the quality of e-learning (Michael, 2007). The most effective way of e-learning can be learn by the media which consist of videos, diagrams, pictures etc. In the previous studies, several characteristics such as technology reliability, social presence, and media synchronicity, locus of control, computer self-efficacy and age are most efficiently allow many trainees to generate, and shared knowledge. The learning atmosphere should be more efficient than those, which do not (Raquel *et al*, 2002; Johnson, 2009 & Mbarek, 2011).

Motivation creates the relation with cognitive and e-learning. This study is designed to discuss different factors of e-learning which effect the e-learning environment such as trainee characteristics which are locus of control, course interaction and computer self-efficacy.and the two other learning process such as the cognitive activity (Johnson *et al*, 2009 and Piccoli, 2001) and motivation. Motivation is willing power to get the knowledge which help to create the interest of person in the field of e-learning. Motivation means to create inner will (Paola *et al*, 2009). Therefore, in this study, the mediating role of motivation to learn in e-learning context is discussed. While, enabling factors taken

for the study are: technology characteristics and trainee characteristics.

In this study discusses how organizations implement the idea of e-learning. For example cognitive activity and motivation are mediators, the relations of meta-cognitive activity between trainee characteristics, technology characteristics and motivation to learn. Moreover, the relationship of motivation to learn is between trainee characteristics, technology characteristics and e-learning outcomes. When the relationship is significant, the designer/trainer may need to search for broader interventions, which look for the use of technology more efficiently and adapts the technology to differentially hold the trainees.

Literature Review:

Media is the basic communication tool for e-learning because media connects many basic things such as age, learning, knowledge sharing, and to motivate a person for gaining knowledge (Mbarek, 2011).The information technology for the education delivery must be easy and low cost for the student. Student easily identifies the courses and cooperate each other. The modern technology has helped the student to remove the books and change it to computer. The student characteristics are change on modern technology is increase the skill if we motivate them to learn these skills, attitude, and the behavior of their perception (Yair Levy, 2004). Moreover, Raquel *et al* (2002) defined motivation, as the particular desire of the employee is to learn the program satisfied.

The nature of e-learning outcome how e-learning are effective in the perspective of these matter (Alavi and Leidner, 2001) such as Piccoli *et al*, (2001) conducts that the characteristics of individual. For example, the adulthood and computer experience, accompanied with characteristics of technology such peer and as reliability interaction impact effectiveness of electronic education (Piccoli, 2001 and Johnson, 2008).

Electronic education consequences affected by characteristics of trainee and also affected technology characteristics which were presented in these models. The limitation of the previous model is that they have missing from these studies is consideration of the internal psychological processes through which learning occurs (Alavi and Leidner, 2001). Our model shows the learning processes for better

understanding and effectiveness of e-learning (Alavi and Leidner, 2001). Also e-learning initiatives satisfaction has significant impact because the less satisfied individuals are less likely to join feature e-learning to process regarding their experience.

The technology has affects in our daily life and available it 24/7 a week. It supports the trainees to come together for getting the accurate information at the required time and then find the solution of problem, which the trainee needs (Johnson *et al*, 2009).According to Vallerand *et al*, (1992), one of the most important psychological concepts in education is certainly that of motivation."

The e-learning design around the computer communication is depend upon the technology which more necessary factor is the reliability of the technology become very necessary (sandholtz *et al*, 1992).

The connection of the environment with the computer is known as e-learning (Tu and McIsaac, 2002). The trainee have the preserve increase in the social presence help the increasing in the experience and active in the engagement in the learning processes.(Johnson *et al*, 2008). In the clarity the interaction with regard of the computer knowledge and technology. We can be describing the relationship between the environment and computer. From this we will be interact the relation between the computer and person and how it help in the increase of knowledge (Johnson and Marakas, 2000). The media is the groups of the communication processes regardless of the tasks out puts, which are the composed of the two basic processes that are the convergence and conveyance. The performance of the media and their capabilities will be enhanced are based on these processes. The source and destination are the people means (source and receiver respectively) and the channel, transmitter, and receiver of the body are the part of the medium through which there communicated based on the e-learning (Dennis &Valacich, 1999).

The locus of the control is the major significant to understand the nature of the learning process in the different ways and kinds of learning situations (Yasir, 2004). There are two polar points, which proposed in the measurement of the locus of the control, which may outputs of perception of certain behavior action. The first point is the external control, which shows the chance local, fate on actions of

other: - where the other point is the internal control, which shows the man has its own action.

The computer is the individual perception of the performance of her on his ability to task across the variety and different types of the computer application (Marakas *et al*, 1998) Computer anxiety can be used the fear of computers when using one or two, fearing the possibilities of using of the computer (Chua, Chen, and Wong, 1999).The computer anxiety is related to the attitude of the computer (Paxton & Turner, 1984)

Two different ways which have been made with consist of the age which keeps it the e-learning outputs. The first of the approaches arguments' that age may be important because the older individuals may be useful for e-learning environment, because it is not use in the technology (Brown, 2001).The e-learning is used by every age person, and is useful for the trainee may have greater help then the younger trainee. Interaction is the exchange and share of the different **i**nformation and knowledge between the variation of the stakeholders and trainee (R. Johnson, 2007).it is very important feature of the shared of learning with trainee in the environment, it is also show that how our course is interact with the society. It is give the relationship between Media synchronicity and surrounding the trainee. (Dennis *et al*, 2008).

The meta-cognitive activities are focus on both social developments and cognitive are a practical and theoretical challenge. There are two basic approaches to supporting the meta-cognitive activities are the strategy training and Creation of the supportive social environment of the meta-cognitive. There are two kinds of meta-cognitive, which are knowledge about specific domain and Knowledge about self as learner. (Xiaodong Lin, 2001)

The information which is usually content independent, interaction and training which helps the students to share the knowledge with face to face communication or in the many cases which are depend on the observation, intimation, practice and interaction with the society (Al- Hawamdeh, 2003). The motivation can help the student to exchange the answer and questions, it helps to solve the problems, learn new things, increasing the knowledge regarding a subject, or merely act as a mean to help each other (Paola *et al*, 2009).

Mediating Role of Motivation:

E-learning can provide a flexible learning environment and motivation can help of for better outcome, which many educational institutions have adopted since the emergence of the Internet. This study concentrated on the effect of learning preconceptions, prior e-learning experience, and the ability and interest of students on their perceptions regarding the process of e-learning and consequently on the effectiveness of e-learning (Haverila.M, Barkhi.R,, 2011).And Motivation has been defined as the degree to which trainees are willing to make efforts to enhance his or her performance of learning and work. Therefore, motivation to transfer plays a relevant role on the learning achievement and the change of employees 'behavior after training (Noe, 1986). This study is indeed the relationship of the technology, trainee learning motivation and cognitive activities and the effective e-learning outcome. In their student appear more motivated when they express a great believe in their capabilities to achieve targeted goals. In this perspective in this perspective, self efficacy plays an important role in trainees' motivation. Motivation is to learn influences positively learning outcomes (Mbarek, 2011).
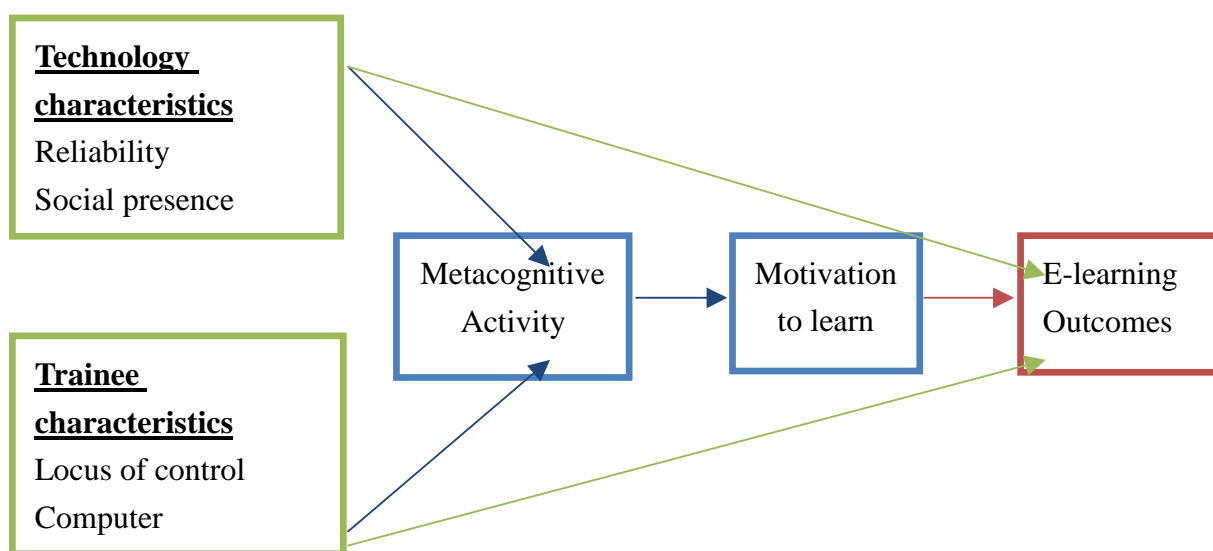
Figure: Proposed model

Discussion

The purpose of the study was to observe online training course feature to improve electronic education success. Computer self efficacy, motivation, and perceived usefulness were recognized as

possible factors which explain the outcome of e-learning (Mbarek, 2011). The influence of learning on the transfer performance is significant this result is in accordance with several researchers such as Baldwin & Colquitt & al (2000), Alvarez & al (2004), Lim & al (2007). This study could be helpful for managers to better understand individual and perceptual characteristics needed to improve e-learning systems.

A number of variables were found to impact performance, user satisfaction as well as perceived utility of the learning. Specifically, generalized computer self-efficacy, learner age, system reliability, social presence, and media synchronicity were all found to impact utility judgments and user satisfaction. In previous studies, Meta cognitive activity was strongly related to e-learning outcome (Johnson *et al*., 2009). Pupil fined learning are more enjoyable and interest with e-Learning and the information will be easily accessible and remember. This supports the author Alexander's (2001) argument that technology enhanced electronic education will be advance the quality of learning. According to Johnson (2008), show that Computer self-efficacy and perceived usefulness were connected to e-learning outcomes.

The stronger trainees communicate are more positive affecting responses, the strong the relation between motivation to learn and learning. Colquitt *et al* (2000) argued that this construct is connected to skill acquisition. Computer self-efficacy, motivation, perceived ease of use and perceived usefulness were accepted as possible factors that explain learning outcomes.

In the context of the online training environment, Ngai & al (2007) argued that the support of technology and present a significant direct effect on the perceived ease of use of learning material. In addition, Zhang & Zhou (2003) develop a system of e-learning based on the multimedia. They were found that this system is helpful and interactive; facilitate the communication between trainee and virtual trainer. Authors argued that, to get better training effectiveness then the environment of online training must be provide a structural support to multimedia instruction and predict the achievement learning. Piccoli & al (2001) recommended that the environment of virtual training must facilitate communications between physically and geographically separated trainees.

Conclusion

From the above studied we discus about the e-learning what's its important and key factors in the modern world and why it is necessary for the modern world. The main goal of electronic learning is to get new or improving existing knowledge, skills, or professional competencies, which done by teaching. The purpose of this study was to examine online training program factors to improve e-learning effectiveness. Motivation, computer self-efficacy, perceived ease of use and perceived usefulness were recognized as possible factors that explain learning outcomes.

There are different way to take the knowledge like books, environments, computers etc. these are the easy way to achieve the knowledge. Another important is the e-learning which called as the distance learning we will discuss. Thus, we find their answers in this model, which understand the importance of e-learning to improve the technology and also impact our life. Its increase our knowledge and sharing power and make life easy and approach for getting knowledge is easily. Technology e-learning is based on analysis and pure solution, if it performs its jobs in a good manner. It is important to use computers, internet and other IT resources and also important to motivate a user for learn because It makes easy to manage distance-learning in a proper way for students, where and whenever they want. In short e-learning mostly depends upon technology .Here in this we discuss the important variable of the e-learning. Technology reliability, Social presence, Media synchronicity, I have find that the requirement of the trainee has Computer self efficient, Locus of control, Interaction, and one learning process meta cognitive activity And I found the following   elements Motivation to learn.

Now I have concluded that the availability of e-learning is not present on school level it causes that do not interest and use it. The second limitation of e-learning is the web is not proper consistent. So that is why people do not interest it. Empirically this data achieved for the determination of lack of generalizability and will improve more generalizability in future. Moreover, empirically collect the data for further research.

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Role of District Court Manager at e-Court system maintenance (Suggested Method)

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Abstract

The e-court mission of the Indian Judiciary is to   manage case files and retrieving case information within second. It is advanced technology wherein cases to be managed by electronic method, electronic filing system, digitization of case file, paperless deposition, Recording of court proceedings , Videoconferencing , Evidences capture, Provision for DVD writing, Data sharing from remote location and soon. The e-court mission has   provided CIS (case information system) softwares for court work to make it paperless . CIS has covered entire traditional court manuals.

As per the Phase of e-court plan the computer hardwares are increasing so it become necessary to manage changes .   To alignment it is necessary to adopt change.

For maintenance of computer system, outsourcing is not adopted. The Annual maintenance   agencies are only support systems. Therefore, it is necessary to manage hardware/softwares effectively with the help of court staff . For e-court system maintenance and e-court plan effective human resource plan is necessary at district level. Such resources has to be identified from the available court staff. These are two types, one for the computer system purpose and other for court work .

The computer system staff requires technical knowledge. The court   staff who is doing traditional work starts to resist the change. Such resistance may be due to lack of knowledge or unknown fear. The most important fact is noticed that there is

a communication gap between the court staff and staff handling the computer system . It is noticed a gross negligence to take steps to correct equipment, to lodge complaint for troubleshooting for hardware /software. Though CIS manual is provided but still it is necessary to overcome from the resistance by monitoring the entire e-court system. It requires effective change management and monitoring for entire project at district level. This task has be carried out by court manager .

During my study for M.B.A.(H.R.) from Sikkim Manipal University, I prepared Live Pilot Project on "Mentor Judge, To Decrease Old Pendency And Increase Rate Of Disposal In Civil Judge Junior Division And Judicial Magistrate First Class Bhiwandi wherein I could not get opportunity to discuss the computer management though e-court is one of the way to reduce backlog of cases.

Hon'ble *Shri. Justice Mohit S.Shah*, Chief Justice of the Bombay High Court at the inauguration of the conference of the Judicial officer on "*Enhancing Quality of Adjudication*" at Judicial Academy Uttan, Thane, address that, New Methods and New Roles are necessary in the Justice Delivery System.

I studied for effective communication system between the stakeholder to make the system more effective. It is prepared as per my experience. I discussed some material aspects for e-court management at District level . It is not exhaustive study. The relevant and importance of factor may depend upon the environment of complex at other District level . My observations are to connect pieces of system to each other . It being technical language and it is not to observe against any system for e-court. The study shows that, the effective communication system, troubleshooting system , time management, security management dissolves problems in maintaining e-court system. It also shows the role that has to be played by the Court Manager in e-court management at the district . As per study study report a diagram for system.

Key Words : court management , change management , computer troubleshooting , CIS (Case Information System)

A) Background :

National policy and action plan for implementation of Information and communication Technology in the Indian Judiciary described Phases of plan and creation of ICT infrastructure. Major works are Site Preparation, LAN Establishment,Sparing of Officials for Training, Installation of Hardware. The ICT infrastructure includes (a)PC clients/ thin

clients, servers, printers, scanners, hubs, switches, routers etc.(b) Network Planning , site preparation, electrical equipments like DG set, Ups etc.(c) Communication infrastructure like broadband Internet connectivity, LAN , WAN (d) Computer/ server room and providing system softwares. (e) Other equipments and works as per the action plan .Training to Judges as well as administrative staff. To create cadre of trouble shooters for each court complex. Creation of National Judicial Data Grid.

Established E-Committee as per National Plan for monitoring use of Information Technology and Administrative Reforms in the Indian Judiciary to obtain up-to-date status of computerization   in all the High Courts, District Courts and other courts and evaluate their performance and needs; Formulations, Implementation and Monitoring committee, For support systems, to create training   modules for judges and administrative staff in the courts (b) To create a cadre of trainers and trouble shooting for each court complex [1].

At District level the District Court Project supervision committee to work in close co-ordination with the Central Project Coordinator. To perform the overall   monitoring of the project implementation in the District under the   overall supervision of the Principal District Judge. At Taluka / Tehsil level the Taluka Court Team to perform the various tasks of monitoring the project   implementation at the Taluka Court level.

(A.1) **e-court committee at District/ Taluqa Court level**

It is monitoring committee . But as per my study it is also a change management group. Detailed guidelines are already provided by e-court authorities. Sum and substance as :

1. Meet regularly to review all   requirements for e-court program implementation.

2. Give direction to analysis, cost, scope of additional work or urgent work.

3. Will communicate to all   staff and computer person a e-court information to implement it.

(A.2) Human Resources to maintain system   Hardware /software (Depends upon the number of complex in district)

District System Administrator, Assistant District system Administrator to maintain system at district place. Taluqa/Taluka system administrator and Assistant taluqa system administrator to maintain system at taluqa places.

Duty list (job descriptions) for the above computer/technical persons are provided. Major works are, to manage ICT infrastructure such as servers, computers, laptops, scanners, printers, LAN, Internet Connectivity, communication equipment

such as switches, routers, modems etc. To Interaction with vendors for maintaining and supporting the equipment. To Installation and maintenance of OS, office tools, customized application etc. to Assistance in training of end-users.

The actual work of Assistance system administrator is to assist System Officer in maintenance / troubleshooting of ICT infrastructure such as servers, computers, laptops, scanners, printers, LAN, Internet Connectivity, communication equipment such as switches, modems, etc in coordination with the concerned service providers.   Such other technical support/ duties as assigned by District Court from time to time.

As per the duties laid down by High court, the court manager has to work towards Information Technology section also. He has to ensure that the IT systems of the Court comply with standards established by the High Court and are fully functional , Feed the proposed National Arrears Grid to   set up to monitor the disposal of cases in all the courts , as and when it is set up [2].

B) Study Report

1. Trouble shooting :

(1.1) Fundamental Trouble Shooting Procedures – To find out the fault where it is caused, To find out aids for fault, To read service manuals, Test by special tools.

(1.2) Hardware and Software Faults : There are various trouble shooting techniques and methods. CIS manual is helpful guide.

(1.3) Trouble shooting of computers, component and peripherals : Trouble starts at Mother Board , Hard   Disk Drive, CD /DVD ROM ,Printers ,Modems   & Hubs , Monitors ,SMPs ,UPS.

(1.4) Installation of Anti-virus Package :- Linux system does not require anti-virus package but the computer at Finance section is with the Windows system may requires anti-virus package.

2. Practical Study   for working at e-court complex

(2.1)   Hardware & others

(2.1.1) Server Room:-   It is advisable to make Backup server for CIS data and operating system. A USB hard disk is already provided but it is useful for back up data &not backup system server. In case of   urgent need, the backup

server may be useful as standing server. The D.G. Set to connect with servers. D.G. Sets are provided by e-courts for server and Judicial Service Center. It is provided in addition to UPS . For technical faults, necessary contact numbers and email addresses are given.

(2.1.2) Air Conditioner :- Monitor the maintenance of Air Conditioner working. Prior to expiry period to make arrangement for future need. It is necessary to consider the size of server room for maintaining requisite temperature as per the weight of Air Conditioner. At Taluqa places, sometimes due to small size of server room and for other reasons, the Air conditions requires to shift at other places within district. Such transfer is needed in urgent situation to maintain the e-court system . For technical faults, necessary contact numbers and email addresses are given.

(2.1.3) D.G. Set:- The D.G. sets provided for server and Judicial service center. The Vendor provided its user manual. It is provided , if the electricity is failed. It works on diesel . Its alternator, batteries should be ready at any moment. Make provision to purchase diesel and oil. The concern staff to maintain it as per user manual. He has to maintain the record for use of diesel, oil and monitoring notes. For technical faults, necessary contact numbers and email addresses are given.

(2.1.4) LAN:- For additional arrangement or in case of urgent need to install LAN by Cats wire. Make provision of LAN cat wire, crimper(RJ 45) and LAN clip/plug , LAN socket,so that the technical person may take action to solve the urgent need. For optical fiber a necessary guidelines are provided.

(2.1.5) Electricity:- For additional arrangement spy guard / power strip may be useful. More need consult with the building maintenance authority . In case of rented building to carry such work as per guidelines of district court. In any circumstances, the earthing should be from 0.5-3.0 V to avoid hardware damages. It is necessary to make regular contact with Public Works Department or Electricity providing company as the case may be, for maintaining earthing.

(2.1.6) Fax machine:- In case of warranty period, to contact with the concern agency. After warranty , annual maintenance be made. Its cartridge has to be purchase as per the guidelines. Before its expiry period, it is necessary to take steps to purchase new one.

(2.1.7) HUB: As per project guidelines HUB to connect with UPS.

(2.1.8) Scanners: For any fault,necessary contact numbers, email addresses are given.

(2.1.9) Laptop: Laptop are provided to Judicial officers. For its technical fault, necessary guidelines and contact numbers are given.

(2.1.10) Personal Computers and Thin Clients:-   During the warranty period, for technical faults necessary guidelines and contact numbers are given. For additional requirements, if require to purchase then it should be as per required capacity for the operating system provided by e-court. Prior to its expiry period necessary steps are required to demand/purchase.

(2.1.11) Video Conference: To connect with Jail   and other purposes. Its ISDN double lines etc has to maintain properly. For its technical fault, necessary guidelines and contact numbers are given.

(2.1.12) Broadband : Broadband are provided by   MTNL or BSNL. It is necessary to check working conditions of broadband at court and residence of judicial officers . The e-court decided to continue broadband facilities as per prescribed plan and its expenses has to be incurred by office. The method to reimbursement to be followed for judicial officer. In case of failure of Internet from complex premises then lodge complaint. But some time it takes much time to connect, so it is necessary to   find out alternate way to send urgent email to superior court or Intranet at district court   .

(2.1.13) Annual Maintenance Contract (AMC) for Hardware :-   The life of electronics hardware is already decided by the authority by issuing specific letter. After the warranty period, annual maintenance (comprehensive) as per rate mentioned in guidelines has to be executed .Prior to the warranty period such steps are necessary . AMC does not take risk of consumable parts so provision to purchase such parts is necessary. Prior to executing such AMC, it is necessary to carry out survey of entire hardware to ascertain its life for that period. Printer head, logic card , brushing problem has to be checked. If it is not possible to give further life to such equipments then do not to waste money in repairing. Better way purchase new hardware if it is more than 5 years period. In AMC it is necessary to mention the serial number of hardware and its location. For call to the AMC agency necessary contact numbers, email are provided to all complex. While lodging Call to AMC agency it is necessary to mention the serial number of hardware, complex location. District court Computer Section to monitor the reason for pending calls. If hardware part is taken by AMC person, then complex person to take its receipt /note and inform to district place computer Section. On repairing, if affixed ,then also inform to district court computer section.

(2.1.14) Annual Maintenance   contract for supplying Cartridge and computer Stationary: For ribbon , cartridge for the equipments a maintenance is necessary. It should be as per the guidelines given for time to time.

(2.1.15) Maintenance of Register for providing cartridge and toner etc: It is necessary to maintain register for supplied cartridges, toner etc. It is to ascertain to period , within which such cartridges or toner will be required by   such court . It is nothing but for promptness and to maintain account to pay to the AMC   contractor. Said register has to be checked frequently.

(2.1.16) Tool Kit & Network Kit : AMC is supporting system only. I noticed that, the agency attain call after some hours/days. For urgent need , it is necessary to provide tool kit along with LAN cats , LAN tester, multimeter, earthing measuring meter/tester, USB Hard disk, USB CD/DVD reader/writer , tool box, spy guard / power strip to each complex.

(2.1.17) Sharing of Hardware : Most of times, due to various reasons, sharing of thin client or printers is necessary .

(2.1.18) Maintenance of Balance Sheet of Hardware/supplied : As per dead-stock register, separate register has to be maintain with serial number etc. It is also useful to ascertain , life and available hardware to provide at any place.

(2.1.19) Pen-drive: Provide Pen drive to Stenographer. The stenographer to type judgment and after signing upload PDF file. But in between said period and to avoid any risk of corruption of data, failure of hard disk, motherboard, it is necessary to take backup of the judicial work in pen-drive. Keep said drive in safe custody. After uploading judgment on site , to save data at other place.

(2.1.20) Register for Required Hardware :-Demand of new computer hardware, additional hardware, particularly, printers etc. has to be maintain. It is to be placed before the e-court committee.

(2.1.21) Finance Information center :- There should be co-ordination between the finance section and computer section .It helps to take decision by the computer section to put up proposals for purchasing hardware/software , parts etc. before committee. At taluqa places , it helps to purchase some stationary or to carry out minor work as per guidelines. For purchasing computer spare parts , stationary it is necessary by Finance section to take guidance form the computer section. Computer section to give specification, company etc as per e-court system . Then Nazar to prepare bill. On receipt of the instruments, computer section to check and verify those purchased materials, on its report the Nazar to pay to the concern vendor.

(3) Software & others

Necessary operating system and regional language softwares are provided. Only authorized softwares are permitted in the e-court system.

(3.1)Software technical fault:- In case of any fault in software then necessary guidelines are given.

(3.2) Software troubleshooting :- CIS user Manual explained step-by-step procedure to use the functionality of the CIS application software. This application software helps the court staff for on-line case filing, case registration, daily proceedings, statistical reports, creation of judgment, query etc. The manual highlighted the general operating procedures for using the services that are being provided by various CIS modules. The manual discussed the work flow of activities to use the services

as per the court proceedings under Indian judicial system. It is helpful to   users to understand the usage and handling of routine Judicial and Administrative tasks on computer. It is a manual for the users of Case Information System (CIS), Judicial Officers, Judicial staff members and Administrative staff members of Courts in all the courts where CIS is deployed under e-court Mission Project.

(3.3) Judicial Service Center:

Data feeding, Data Up-dation and other works to be carried out as per the e-court plan at each JSC of complex.

(3.4) Imposing Responsibility on Staff: Instrument like thin client/printer to be given in a custody of clerk/staff with serial number. Clerk has to take care of cleaning. In case any fault, then has to inform to system administrator by telephone, email, Intranet   or any mode . The system person to visit immediately.   He has to lodge Call to AMC or warranty agency/authority. In mean time, the computer system person may   make alternate arrangement for doing work. If no such arrangement is possible then provide standing thin client etc. If entire system   may fail due to electricity of entire complex then the court manager to manage time for availability of electricity so that the data up-dation feeding uploading etc be completed as early.

(3.5) Judicial officers monitoring over staff for computer work: Judicial officer to make attempt to keep staff touching with the given technology.

(4) Communication System Within District

(4.1) System Map for Complex : Prepare computer hardware map and its location with serial number to maintain system. It is also useful to ascertain where fault cause.   District court system and Taluqa place systems map has to be liked with each other to make picture of entire system within the District. It may be useful to distribute work to watch and monitor at Taluqa places by the assistant system administrator of district place.

(4.2) Intranet: For immediate communications within district, a Intranet by mail   to be provided. It is in addition to telephone, fax . It is   most powerful provision for communication between the taluqa complex and district court computer system . In case of complaint with vendor agency/authority, the concern person from Taluqa place   to lodge complaint by telephone or email to agency/ authority . If   not responded then to communicate to district center so that, district center may contact with the higher authority of the said agency/ authority for correcting the problem. It is also useful to get information immediately to comply the directions of e-court project . This facility may be useful for all purpose within district . It works   like a   help line to all staff handling/ responsible for computer and other electronic equipments. Video call by such system persons to each other

may solve the practical technical difficulties. Such Video call is available either by Internet of Computer or by mobile Android phones.

(4.3)Password Protection : Strict privacy is necessary for password, IP addresses. Passwords has to be changed for time to time as per the guidelines.

(5) Human Resources for System

5.1) Human Resources for JSC and e-court other works.

JSC is just like public help/ facilities center like SETU (Maharashtra government)/small bank.

5.1.1) Computer Staff & Monitoring Staff: To Provide training for time to time, hold Workshops/Seminars, group discussion, make focus group.

5.1.2) Human Resource for computer System :- For server room at district place and taluqa place. Person possessing Technical knowledge is necessary. Only knowledge is not sufficient, he must be interested in doing that work. If possible, to provide government residence to those staff , for availability at moment. Therefore, it is necessary to find out the computer literate staff or higher qualified staff . Be sure, whether the staff possesses required skills, whether he requires training of court software and operating system, whether he requires training for hardware maintenance and LAN, whether he requires training to maintain the electronic equipment (that he has to handle). Such staff should be made trained to handle the given system/equipment.

(5.2) Computer Training to other staff

5.2.1) Training to Judicial officer

Ubuntu operating system, computer awareness, Internet use, CIS use, Manupatra or any other law software .

5.2.2) Training to staff for Linux system, open office , CIS software: computer work staff is important organ of e-court . They have to process cases including case feeding, data up-dation, document maintenance, case transferring, case scheduling and so on (as per e-court plan), providing training.

5.2.3) Transfer of Computer System person: Trained staff at compute system should not be transferred to other section unless substituted trained person is provided to the computer system . In case of urgency or official reason, the computer section should be aware that, such person is transferred so that the computer section may suggest substitute.

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5.2.4) Change Management

Change is a need for present position and for future challenges. Being Manager has to discharge role of Leader to face resistance to change. Court staff resist to change as per their own understanding . Therefore it is necessary to focus on the pace of change. I found that, it is possible to manage change upto some extent. Difficulty arose with those employees who are old age. Though CIS is an excellent software given by e-court, but I noticed that, due to heavy daily work, the staff could not arrange sufficient time to adopt the advance changes in the software.

Court administration staff play an essential role in the justice system, supporting the judiciary, the bar and the public both in court (court clerking) and out of court (registry operations). It is for the manager to consider how quickly the staff to accept the change. Manager must plan to overcome from resistance by the staff. He has to devote time in awareness, giving information about the e-court system and its importance in a day to day court working.

(6) Observations for Works to be carried out by e-Court Manager

I focus on monitoring and evaluation of e-courts activities and performance and other jobs to be carried out by the court manager.

(6.1) Required Knowledge

- Computer system and Information system provided by e-court.

- Knowledge of managing the operations of court business/ court case management,system administrators, staff.

- Knowledge of CIS (case information system) and other softwares.

- e-court project and its phases.

- Knowledge of JSC (Judicial Service Center) and its design.

- Knowledge of economics and accounting for budgets .

- Knowledge of preparation of training programs .

- Project management technique.

(6.2) Regular Works by e-Court Manager

1] Write logical, comprehensive, concise reports and correspondence in computer / technical words.

2] Provide direction to System Administrators and provide work direction to clerical staff and technical staff.

3] Concentrate over troubleshooting for Hardware/software.

4] Effectively represent the court complex.

5] To manage backup, security of password, helpline/Intranet (for complex within District) monitoring.

6] To prepare budget for equipments under maintenance (after warranty) and need of future equipments with the help of system administrator.

7] Direct daily data feedings, up-dation and operation work of e-project .

8] To prepare scheme for making staffing decision and to train the staff for the e-court project.

9] Prepare , monitor for budgets and costs for consumable parts, toner , cartridges etc.

10] Communicate with the vendors and technicians to provide the right kind of equipments and consumable parts with the help of system administrator .

11] Prepare and review project progress report & to put up before e-court committee of district place.

12] Regular and close check up for the compliance of received e-mails .

13] Regular and close check up for the compliance of circulars, guidelines by e-courts.

14] Make arrangement/programs to give training to keep skills up-to-date to the staff and staff who is working technical work.

15]   To make provision for technical assistance training to stakeholders.

16] To make provisions for mentoring to staff.

17] To provide direction in studies of new programs provided by superior court and e-court .

18] To resolve problems of technical nature with the help of technical person.

19] To prepare reports for e-court phase work and submit before e-court committee at district level.

20] To monitor the execution and control over e-court project.

21]To determine project scope at each   complex.

22] To Execute guidelines provided by e-court to maintain system.

23] To Plan, research , analysis and develop proposal for future requirements, maintenance of present hardware/software.

24] To Provide work direction to Staff and computer persons and resolve routine problems.

25] Prepare technical report for e-committee meetings agenda.

26] To reply to the queries raised by Judicial officers, staff and stakeholders with the help of system administrator.

27]To monitor the use of computer technology and its infrastructure.

28]To watch and monitor the password security for e-court project.

29]To maintain regular maintenance cycle for entire e-court work.

30] with the help of technical person to test equipment, software, or procedures to make sure that they operate correctly.

31] To determine the causes of technical problems and find solutions for them through computer technical staff.

32] While purchasing new hardware from the court fund, to study the need of tool and equipment at court   complex.

33] To attain meetings for technical goals as per directions by e-court committee .

34] To communicate with staff and system administrators of entire district by using e-mail, Internet etc.

35] To monitor the help line (Intranet) of entire system.

36] To solve problems of information uploaded at Website and other problems form public arose at Judicial Service Center.

37] Requires travel throughout the district to monitor the complex system.

38] To contact with Hardware and software representatives to describe the problem.

39]To visit other offices, Government Institutes .

40]To check Maintained dead-stock for Hardware/software

41] To check the hardware to maintain before/after warranty period.

42] To check Maintenance of LAN/WAN (local area network/wide area network) to provide a variety of services.

43] To see Available fund for the computer system.

44] Establish Status Tracking and Reporting Process .

45] Map out current and future Technology Plan

46] To put proposal for approval of technology plan .

47] To monitor security issues

48] To frame TI Staffing for system.

49] Current systems review & gap analysis

50] Identify tools, technical requirements and e- infrastructure

51] Select external implementation partners/outsourcing requirements

52] Review needed technology application, hardware, software and network requirements .

53] To prepare report for Implementation Phase

54] To prepare report for site analysis plan

55] Perform Day to Day Meetings, review all registers, Intranet calls pending, cartridge demand/supply, call attendance   and

Issue of Management .

(7) Time Management

The effective use of time can help staff to achieve the objectives of e-court and make their work less stressful. To estimate time

accurately , it is necessary to make plan for small and medium work. Effective planning is also necessary for middle size work

and complex work. To develop the schedule it is necessary to go through the e-court project phases, outcomes. In any case,

work must be accomplished to meet the e-court objectives. Most of concepts for time management is known to all.

(7.1) Practical Scheduling (as per my experience)

(7.1.1) For a day work to make priorities as (morning)

- Plan and make action list

- High court compliances

- JSC work

- Checking undated cases

- Checking work pending for feeding.

- Checking work for up-dation of data.

- Check Intranet connectivity within district.

- Attain mails of e-court committee by superior courts.

- Mail requiring attention urgently

- Talk with system administrator to understand priority work of the day and give deadline to do it.

(7.1.2) For a day work to make priorities as (Afternoon)

- Meeting work with e-court committee

- Meeting with Vendors , stakeholders.

(7.1.3) For a day work to make priorities as (second half)

- Develop effective meeting strategies for a period .

- plan to execute work as directed by e-committee

- Complaints for Hardware/software system.

- Training programs for stakeholders.

- Purchasing hardwares , AMC complaints etc.

(7.2) Visit to other complex within District:- After giving pre -intimation to be ready with data, files and presence of responsible technical person, then fix visit to the complex. Try to cover the other complex which are on road .

(7.3)Weekly meetings :

- Taluqa administrators and Staff (On videoconferencing)

- Government office etc.

(7.4) Weekly reviews:

Each week review   assignments,   notes, calendar. Then update important strategies.

(8) Computer System Security Management

(8.1) Security   Responsibility : System administrator is responsible for Server and Password security. He has to monitor the methods of handling data files as per CIS. It includes procedures to start up and shut down computers, information back-ups, facility maintenance, and security management of computer server rooms,operational procedures and record keeping of information security events . For any change in the system it is necessary to contact with concern authority. Information security events include computer crashes, computer disruptions, data invasion,   operational errors caused by incorrect data. The planning and implementation of corrective measures are necessary in order to avoid the recurrence of similar events. System administrators shall constantly observe and analyze the utilization of system resources, such as processors, main storage facilities, data storage, printers and other output facilities and communications systems. Administrators shall always pay attention to the trends in utilization of the above facilities, especially in applications concerning processing and information management. It is required to be constantly up to date regarding the capacity utilization of computers and network systems, to analyze and to determine potential bottlenecks that may endanger system security, and be able to plan corrective measures.   In order to avoid leakage of confidential and sensitive information security process is necessary. Security Management of Data & Software Interchange ,Protection of Data Files,Security of Media Processing,Security of System Documents etc guidelines are already provided by e-court authorities..

(9) Be Ready For Future :-   The goal of e-Filing system is to enable court clerks to work more efficiently and to reduce time and effort they spend in managing bundle of cases. It reduces file storage, delay in retrieving record. It is useful for automated docketing and scheduling. The advocate could file ,view cases or documents outside the regular court hours. Reduces paper typing, photocopies expenses,reduction of postage, required less space for office file. The registered user may file case and documents electronically. There is a provision for automatic generation of summons for service. Certified copies through electronic media.

Be ready for Integrated Electronic Litigation System. Speedier justice through e-court is the future of Indian judicial system . Future is at door step for the electronic court-rooms. In the electronic court room we will require to handle more equipments like, digital court recording. Upgraded Sound System,Wireless headphones, Language Interpreting System,Multiple Language Interpreting System,Teleconferencing,Video Conferencing System,Document/Video Presentation Station,Evidence Presentation Station,Touch Screen Annotation ,Document Camera , Videotaping , Digital Audio Recording

System and so on.

E-courts are much more than merely about connectivity and computerization. It is a big system for more than hundred core population. Other equipments are to be handle carefully. It requires a good technician staff to manage the project system. Therefore, training is necessary to Judicial officer, staff and also to Lawyer.

(C) Evaluation of e-court system work by court Manager

Manager direct to system administrator, and staff , data feeding center, Judicial service center. With the help of system administrator, he plan and coordinate activities such as installing, upgrading hardware and software, programming and system designs the implementation of computer networks, and the development of Internet and Intranet sites. as per the guidelines of e-court. He has to maintain and security of the networks /password. He has to find out dead hardware , likely to dead and future requirement of equipments. He has to review the work of system administrator and other staff to ensure that the system should work as per e-court project.

For Time management the manager has to monitor work for delegation of system checking to the System Administrator, Postpone unnecessary activities until the work is done,Identify resources to help you, the best thing is to forget about multitasking , and, instead, focus on one task at a time. Periodically monitor time spend for the work, make necessary changes in preparing list. It is good practice to keep a list of outstanding action points in priority order. This list should be regularly reviewed and re-prioritized. Better way to prepare time management matrix.

For system security the manager has to monitor , the use of system, Data filing ,Computer operations ,Network management ,System administration ,System development & maintenance ,Change management ,Security management,Security audit .

Manager to ensure the availability, continuity, and security of data and information technology services in the court. He has to prepare budgets for maintenance of equipments and requirement of equipments. He talk to staff and computer system administrators to find out more about their computer needs. Then with the help of computer system person, determine the equipment that will meet those needs. Managers talk to computer dealers/vendors about finding the right equipment for their needs. Once they have determined what the system will be, with the help of system administrator, managers plan activities, such as installing and upgrading hardware and software as per e-court plan. He works on

documentation, recording the information for the progress in system to communicate to e-court committee at district place.

(D) Recommendation : 1)court manager to concentrate towards e-court system of other courts like Labour courts, Industrial courts etc.

2) Wi-fi dongle (3G) (Wireless Broadband for Intranet)

Conclusion : As per court manager's duties, the Manager has to ensure that the IT systems of the Court comply with standards established by the High Court and are fully functional , Feed the proposed National Arrears Grid to be set up to monitor the disposal of cases in all the courts , as and when it is set up.

As per my study, the material duties are to, Maintain inventories of Hardware/software. E-court plan to be communicated to the all stakeholders. Monitored e-court plan. Keep close and continuous watch to increase the knowledge of computer staff. Assess expertise of the computer technical staff . Retention of technical staff at computer section could not be overlook. It is necessary to consider sufficient technical expertise and provide training and support for users, hence training facilities be continued. More concentration is necessary towards security of computer system including back-up procedure. Frequently test the security password.

As per my observation , the Manager need a thorough understanding of court business. He must possess good leadership and communication skills, his material duty is to assign work and monitor the performance of the system administrator and court staff. He must be able to explain technical subject to stakeholders without technical expertise. In any circumstances, the e-court system should work around a clock .

Citation :

[1] Circular No.L- I 101 51212004-Jus--Government of India,Ministry of Law & Justice

[2] Notification , Law and Judiciary Department, Mantralaya, Mumbai 400032 October , 2011 No.
HCT-1919/557/(81)/Desk-4, The Maharashtra Court Manger Recruitment and Conditions of Service Rules 2011, 10.(XI) IT Systems Management

[3] CIS Manual

[4] e-court plan by Indian Judiciary

Abbreviation

PDJ- principal district judge

JSC- Judicial Service Center

CIS – Case Information System

D.G- Diesel Generator set

Complex – court where system is installed.

Intranet- helpline within district

PDJ

District e-Court committee

District Server Room

D. G. Set

Intranet

JSC

Finance

UPS — HUB

Court | Court | Court | Court | Court

Taluka e-Court committee

Taluka Server Room

D. G. Set

Intranet

JSC

Finance

UPS — HUB

Court | Court | Court

Court Manager

POLICE

JAIL

HOSPITAL

CIVIC BODY

VENDOR

ADVOCATE

PUBLIC

Government

Others
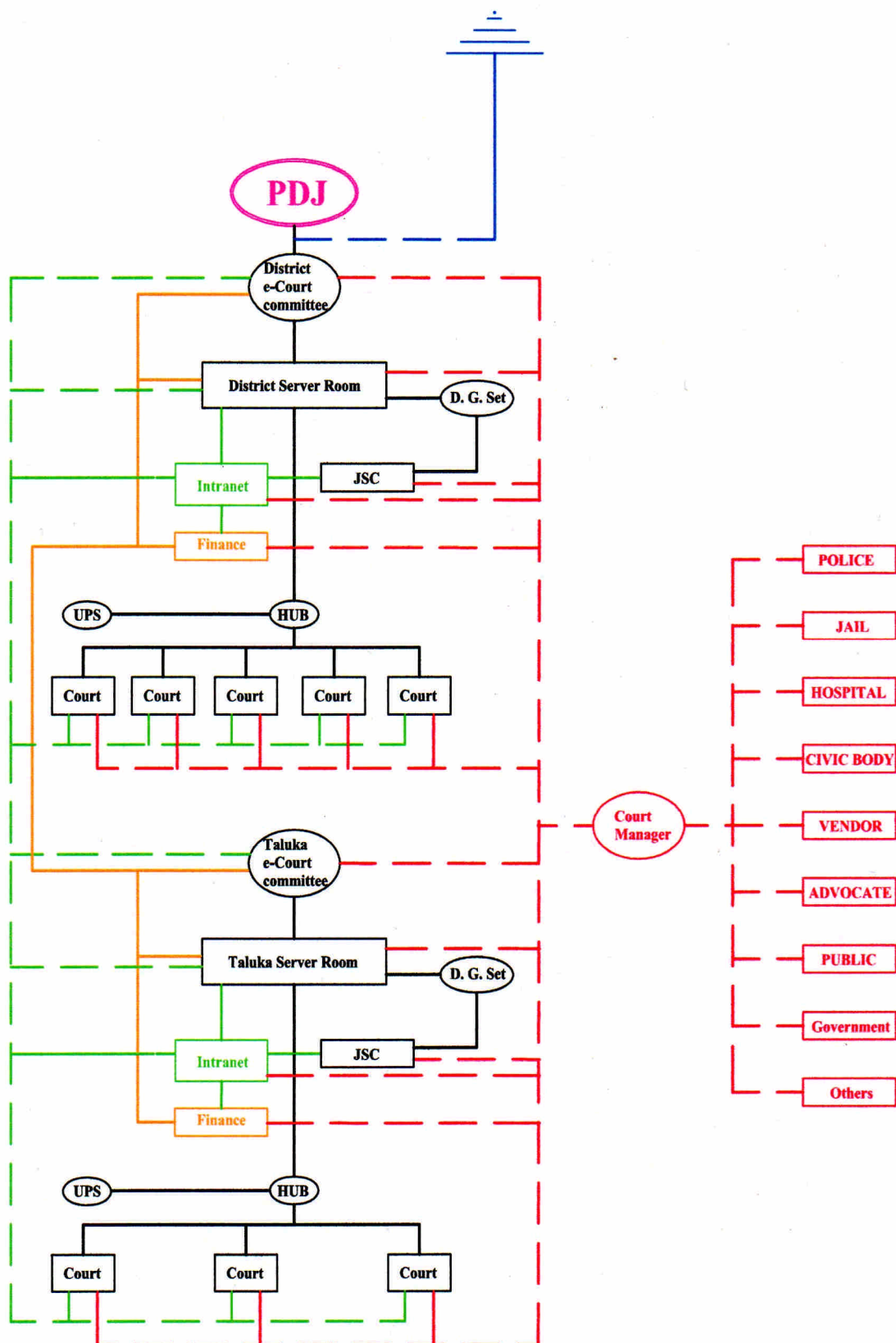
PERFORMANCE AND GROWTH PATTERN: AN EMPIRICAL

STUDY ON CHITTAGONG STOCK EXCHANGE IN BANGLADESH

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Abstract

In a developing economy like Bangladesh, stock exchange has a vital role to play in the economic growth and development of the country through which capital market development can be ensured. A strong and well-structured secondary market is the center of capital market, which bears paramount importance in the economic development of a country. This paper focuses on the growth and performance of Bangladesh stock market, examining secondary data over the last ten years in terms of some commonly used indicators of stock market development. The market trends in terms of market capitalization, market liquidity, market concentration, number of listings, market turnover were considered in this study. Descriptive statistics, correlation matrix, and trend equation of key indicators were used for analysis. The study finds that key indicators are significantly correlated. The findings of the study suggest that although Bangladesh stock market is growing over time, the growth has not yet assumed any stable and obvious trend, which imply that Bangladesh stock market is still at an early stage of its growth path with a small market size relative to GDP and is characterized by poor liquidity and high market concentration. This study also find out some problems and finally suggests some policy measures considering those problems that can be adopted for the development of Bangladesh stock market.

*[**Key words:** Stock market, growth, turnover, capitalization. CSE]*

1. Introduction

Development of Bangladesh largely depends on the development of her capital market. In Bangladesh there are two stock exchanges DSE and CSE. Since CSE is one of the stock exchange in the capital market in Bangladesh, analysis of its growth

and performance, efficiency, would help the development of capital market in Bangladesh. From this particular viewpoint, this study claims high importance. Bangladesh capital market is comparatively lower than India with 54.61% of the GDP. To make the secondary market effective we should address two important aspects which act as determinants of stock market effectiveness: volatility and market efficiency are two important features which will ultimately determine the effectiveness of the stock market in economic development. (Hassan et al, 2000). The growth and development of stock market in a market economy largely depends upon the creation of enabling environment for boosting up investor's confidence. By providing liquidity of shares and diversified instruments the secondary market contributes in increasing market capitalization. Investors become more confident and exert a positive impact on the GDP of our country. Neighboring countries such as India and Pakistan have market capitalization of more than 75% of their GDP. In contrast Bangladesh capital market accounts for a far lesser share of its GDP indicating ample scope for future intensification in this sector (Ripon, 2007). The findings of this study are expected to be of great use to the policy makers, planners, researchers, teachers, students, investment bankers, investors and to the general public.

2. Objectives of the Study

This research has been conducted with several objectives. The general objectives of the study are: identifying the growth, performance and efficiency of stock market in Bangladesh. However, the specific objectives are:

- To study the present condition of stock market in Bangladesh.
- To investigate the pattern of Bangladesh stock market growth.
- To identify various indicators of Bangladesh stock market growth.
- To develop an index of Bangladesh stock market growth.
- To advise some strategy to ensure stable market growth considering the current performance of the stock market of Bangladesh.

3. Review of Literature

Review of related literature is necessary for a researcher to get an insight into the concerned field of the study. So, the available literature relating to this study is reviewed below. Sadique and Chowdhury (2001) found significant evidence that past trading volume and price change can predict present and future changes in trading volume. Imam (2000) observed that capital market of Bangladesh is vulnerable to contingencies owing to its relatively new entity, tiny size, market shallowness and the weaknesses of market controlling authorities and instruments. The investors are still market shy and diffident after the 1996 market crash. Tsoukalas (2003) showed strong positive relationship between stock price and exchange rates. The reason of this is that Cypriot economy depends on services (import sector) such as tourism, off shore banking etc. Ahmed (2005) found that capital market is recognized as a vehicle for rapid economic development through mobilization of available resources in a country. Akhter et al (2005) found that investors in Bangladesh became increasingly interested in equity markets because many entrepreneurs look for requirements from the equity markets for many reasons and DSE play an integral role in the pace of industrialization of the country. Kurihara (2006) studied stock market of Japan and showed that domestic interest rates did not influence Japanese stock prices. However, the exchange rate and U.S. stock prices affect Japanese stock prices positively. Pen et al. (2007) revealed that there is a bidirectional causal relation for Hong Kong before the 1997 Asian crises. Also, there are a unidirectional causal relation exchange rates and stock prices for Japan, Malaysia, and Thailand and from stock prices to exchange rate for Korea and Singapure. During the Asian crises, there is only a causal relation from exchange rates to stock

prices for all countries except Malaysia. Bepari and Mollik (2008) suggested that although Bangladesh stock market is growing over time, the growth has not yet assumed any stable and obvious trend. They concluded that Bangladesh stock market is still at an early stage of its growth path with a small market size relative to GDP and is characterized by poor liquidity and high market concentration. Simu (2009) found that the capital market in Bangladesh received significant boost in last year. All share price indexes, turn over as well as market capitalization, improved substantially. Khan (2009) found that dividends, retained earnings and other determinants have dynamic relationship with market share price in Bangladesh. He also suggest that the overall impact of dividend on stock prices is comparatively better that that of retained earnings and expected dividends play an important role in the determination of stock prices whatever determinants, like lagged price earnings ratio or lagged price, are considered. Hossain & Kamal (2010) found that the stock market development strongly influences the economic growth in Bangladesh economy, but there is no causation from economic growth to stock market development. Rahman and Rahaman (2011) focused on the growth of Bangladesh stock market over time. The findings of their study suggest that growth of stock market of Bangladesh till not stable. They also conclude that Bangladesh stock market is still at an early stage of its growth and stock market size is small. Haque & Fatima (2011) reflected that none of the dynamic models is effective one to identify the stock market linkage to per capita growth rate in Bangladesh. The implication is that stock market in Bangladesh does not have any influence on the real economic activity. The results did not lead support to other studies and theory that stock market has direct association with per capita growth rate. The main reasons are identified that fund mobilised by stock market in Bangladesh is still in transitional period and it is very small in relation to its economy. From the review of literature, it appears that knowledge gaps largely exists in the field of analysis and evaluation of the growth, performance and efficiency of stock market in Bangladesh. This study attempts to fill up the existing knowledge gaps. Measuring growth, efficiency and performance level of stock market needs some indicators and this study used some yardstick to understand market efficiency and performance.

4. Data and Methodology

Research methodology of the study was focused on quantitative study. We examine secondary data of stock market of Bangladesh. The study covers time period from 2001 to 2011. Data are collected from various issues of annual report of Securities and Exchange Commission (SEC) of Bangladesh, Quarterly Review of SEC, Monthly Review of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), Bangladesh Economic Review, Statistical Year Book of Bangladesh, Website of DSE, CSE, and SEC Bangladesh. Descriptive statistics, correlation matrix of SPSS 16.0 and trend equation of key indicators are used for the analysis.

5. History of Stock Market in Bangladesh

The stock exchange in Bangladesh was incorporated in April 1954 as the East Pakistan Stock Exchange Ltd. However, formal trading in the Exchange did not commence until 1956. The Exchange remained suspended from 1971 to 1975 due to the liberation war. After liberation, the Exchange opened up in 1976 with only 9 listed companies. As of June 1999, the Exchange has 210 listed companies with 230 listed securities and a market capitalization of 1,046 million US dollars. As in most other developing countries, the capital market in Bangladesh has a relatively recent beginning. It is gradually evolving as an economic institution in response to the internal requirements of a fledgling modern economy, which has emerged as a result of economic development and industrialization efforts. Bangladesh is still a predominantly agricultural economy. However, the industrialization process over the last three decades since independence has diversified the economic base of the country at

least to some degree.

The second stock exchange of the country, the Chittagong Stock Exchange (CSE) was established in December 1995. In order to control operation of the stock exchanges and trading of stocks of listed companies, the government of Bangladesh established the Securities and Exchange Commission of Bangladesh on 8th June, 1993 under the Securities and Exchange Commission Act, 1993. The mission of the SEC is to protect the interests of securities investors, develop and maintain fair, transparent and efficient securities markets, ensure proper issuance of securities and compliance with securities laws. The country's capital market showed a mixed performance in 2008. Stock prices showed significant upturn during the first half while the second half witnessed downward movement. Different monthly average price indexes at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) lost grounds although the daily average turnover improved showing some fluctuations in 2008. Compared with last month of previous year, the monthly average of all share price index (DSI), DGEN, and DSE-20 declined by 14.1 percent, 12.1 percent, and 8.3 percent respectively in December 2008.These indexes declined rather sharply during July-December 2008. The liquidity situation of the capital market improved in 2008 compared with the previous year. The daily average turnover stood at Tk. 2.8 billion in 2008 which was Tk. 1.4 billion in 2007. The monthly average turnover reached to its peak in October 2008 with a daily average of Tk. 4.2 billion and the lowest was observed in January 2008 with a daily average of Tk. 1.5 billion.

Again if we compare 2009 and 2010 then we can observed that number of securities listed increased from 217 to 232, number of trading days remain unchanged at 244 days, market capitalization increased from 1470807 million taka to 2241768 million taka and turnover from 162563 million taka to 217112 million taka, average daily turnover also increased from 664.01 to 1397.25 million taka. All share price index (CASPI) increased to 23449 from 13181. Moreover, up to April 2011 number of listed securities is 234, market capitalization is 2194480 million taka and turnover is 16906 million taka. From the above comparison it is cleared that overall market performance of CSE improved from the passage of time.

6. Secondary Market Condition

The highlight of Bangladesh secondary market is given below. The share price index in Dhaka Stock Exchange (DSE) shows an increasing trend with a downfall in the year 2005. The number of securities (including mutual fund and debentures) listed with the DSE increased to 486 by April 2011 from 350 of June 2007.

By the end of April 2011, the issued capital of listed securities stood at Tk. 778460.0 million, which is 49.10 percent higher than that of 2009. Up to April 2011, market capitalization of securities stood at Tk. 2772193.0 million. General share price index of the DSE stood at 6198.80 in April 2011, which were 3747.50 in 2009.

All the above changes of trading operation in DSE are shown in the following Table -01

Table -01: Trading Operation in Dhaka Stock Exchange (DSE)

Year	No. of Listed Securities	IPO	Issued Capital (In million Tk.)	Market Capital (In million Tk.)	Turnover (In million Tk.)	Price Index
2000	241	7	31192.0	62924.0	40364.8	642.68
2001	249	11	33454.3	65222.8	39868.3	817.79
2002	260	8	35203.0	71262.0	34984.9	822.34
2003	267	14	46055.0	97587.0	19152.1	967.88

2004	256	2	49532.0	224923.0	53181.1	1971.31
2005	286	22	70313.0	228290.0	64836.0	1275.10
2006	310	12	118437.0	315446.0	65069.0	1321.40
2007	350	14	214470.0	742196.0	322820.0	2336.00
2008	412	12	372156.0	1043799.0	667965.0	2309.40
2009	415	18	522099.0	1903228.0	1475301.0	3747.50
2010	445	18	664340.0	3508006.0	4009913.0	6877.70
2011 (April)	486	5	778460.0	2772193.0	156284.0	6198.80

Source: Bangladesh Economic Review, Various Issues.

* All share price index is calculated on weighted average method from 24 November, 2001. The index base earlier was 100 for DSE.

*All share price index is calculated on General Share Price Index (excluding 'Z' group) by withdrawing weighted average method from 9 December, 2003. The index base earlier was 100 for DSE. The DSE reintroduced All Share Price Index on March 28, 2005.

The number of securities listed with the CSE reached 234 as of April 2011 from 232 as of 2010. By the end of April 2011, the issued capital of listed securities stood at Tk. 287447.0 million which is 85.30 percent higher compared to that at the end of 2009. As of April 2011, market Capitalization of securities reached Tk. 2194480.0 million. General share price index of the CSE reached 16941.20 as on April 2011, which were 13181.40 at the end of 2009.

All the above changes of trading operation of CSE are shown in the following Table -02

Table -02: Trading Operation in Chittagong Stock Exchange (CSE)

Year	No. of Listed Securities	IPO	Issued Capital (In million Tk.)	Market Capital (In million Tk.)	Turnover (In million Tk.)	Price Index
2000	165	3	27266.0	57765.5	12933.8	1412.25
2001	177	9	29652.7	56363.5	14796.2	1836.87
2002	185	9	31079.9	60467.7	13586.1	1841.14
2003	199	10	41967.6	85312.3	6688.6	1642.78
2004	195	3	46978.7	215010.8	17551.3	3597.70
2005	210	16	55519.0	219943.0	14043.0	3378.70
2006	213	6	69379.0	270511.0	15893.0	3724.40
2007	227	13	89174.0	612580.0	52590.0	7657.10
2008	238	12	121603.0	807684.0	99804.0	8692.80
2009	217	18	155125.0	1470807.0	162563.0	13181.40
2010	232	17	206774.0	2241768.0	217112.0	23449.00
2011 (April)	234	6	287447.0	2194480.0	16906.0	16941.20

Source: Bangladesh Economic Review, Various Issues.

* All share price index is calculated on weighted average method from 24 November, 2001. The index base was 1000 for CSE from the year 2000. Previously it was 100.

*All share price index is calculated on General Share Price Index (excluding 'Z' group) by withdrawing weighted average method from 9 December, 2003. The index base was 1000 for CSE from the year 2000. Previously it was 100.

The billboard below shows the condition of the secondary market during first two quarters of the year 2011.

Table -03: Secondary Market Billboard (Figures in Million)

	Dhaka Stock Exchange (DSE)		Chittagong Stock Exchange (CSE)	
	As on 31st Mar, 2011	As on 30th Jun, 2011	As on 31st Mar, 2011	As on 30th Jun, 2011
Total number of listed securities	476	490	233	238
Total number of tradable securities	17180	20,096	17136	19,454.09
Total issued capital of all listed companies	737,906.45	272,797.98	271,781.98	270,129.54
Total market capitalization	2,791,220.22	2,818,501.45	2,294,429.79	2,237,585.03
All share price index	5275.13	5,093.19	17,758.6700	17,059.53

Source: SEC Quarterly Report January-March 2011, and April-June 2011.

The market billboard shows that the number of listed securities reached to 490 in DSE and 238 in CSE. The number of tradable securities was 20,096 in DSE and 19,454.09 at CSE as on 30th June, 2011. Issued Capital at DSE and CSE has amounted Tk. 272,797.98 million and Tk. 270,129.54 million respectively. Market Capitalization reached at Tk. 2,818,501.45 million and Tk. 2,237,585.03 million as on 30th June, 2011 in DSE and CSE whereas the price indices were 5,093.19 and 17,059.53 respectively.

7. Indicators of Market Growth and Trend of Market Performance of CSE

Measuring efficiency and performance level of stock market needs some indicators and this study used some yardsticks to understand market efficiency and performance. Literature provides no unique measure of indicators of stock market development. Broadly used indicators of stock market growth are market size in terms of market capitalization, liquidity of the market, degree of listing, volatility in the market etc. In this study we examine all these above mentioned indicators to evaluate the growth pattern of Bangladesh stock market of CSE.

7.1 Stock Market Size

Market capitalization ratio equals the value of listed shares divided by GDP. In terms of economic significance, the assumption behind market capitalization is that market size is positively correlated with the ability to mobilize capital and diversify risk on an economy wide basis (Agarwal, 2001) (Porter et al., 1997) used the market capitalization to GDP ratio as an indicator of market development.

Table -04: Stock Market Size of Bangladesh, 2001 to 2011

Year	Total Market Capitalization (in million Tk.)	GDP (in million Tk.)	Market Capitalization to GDP (%)
2001	121,586	2,535,464	4.80
2002	131,730	2,732,010	4.82
2003	182,899	3,005,801	6.08
2004	439,934	3,329,731	13.21
2005	448,233	3,707,070	12.09
2006	585,957	4,157,279	14.09
2007	1,354,776	4,724,769	28.67
2008	1,851,483	5,458,224	31.92
2009	3,374,035	6,147,952	54.88
2010	5,749,774	6,943,243	82.81
2011 (April)	4,966,673	7,874,950**p**	63.07
Descriptive Statistics of Market Capitalization to GDP			
Mean		**28.77**	
Standard deviation		**26.81**	
Skewness		**1.05**	
Minimum		**4.80**	
Maximum		**82.81**	

P=Projected

Source: Author's calculation from various issues of Bangladesh Economic Review, Statistical Year Book of Bangladesh, DSE and CSE (main board) and Securities and Exchange Commission (Annual Report and Quarterly Review).

The market capitalization of emerging market countries has more than doubled over the past decade growing from less than $2 trillion in 1995 to about $5 trillion in 2005 (Yartey, 2008). As a percentage of world market capitalization, emerging markets are now more than 12 percent and steadily growing (Standard and Poor, 2005). Above Table -04 shows the size of Bangladesh stock market.

In the above Table -04, market capitalization ratio has increased from 4.80% in 2001 to 54.88%in 2009. Then the stock market experienced a sudden growth in market capitalization in the next two years, 82.81% in 2010 and nearly 63.07% in 2011. Again we have found the descriptive statistics of total market capitalization to GDP ratios where mean is 28.77, standard deviation is 26.81, skewness is 1.05, minimum is 4.80, and maximum is 82.81. Therefore, from the above Table -04 it has been observed that market capitalization to GDP ratios has a tendency to grow up over the passage of time. In 2010 total market capitalization to GDP ratio was 82.81 which is the highest ratio comparing to the other years.

Table -05: Market Capitalization of CSE as a % of GDP

Year	Market Capitalization (in million Tk.)	GDP (in million Tk.)	Market Capitalization to GDP (%)

2001	56363.5	2,535,464	2.22
2002	60467.7	2,732,010	2.21
2003	85312.3	3,005,801	2.84
2004	215010.8	3,329,731	6.46
2005	219943.0	3,707,070	5.93
2006	270511.0	4,157,279	6.51
2007	612580.0	4,724,769	12.97
2008	807684.0	5,458,224	14.80
2009	1470807.0	6,147,952	23.92
2010	2241768.0	6,943,243	32.29
2011 (April)	2194480.0	7,874,950**p**	27.87
Mean	**12.55**		
SD	**10.88**		
Coefficient of Skewness	**.85**		

P=Projected

Source: Author's calculation from various issues of Bangladesh Economic Review & Statistical Year Book of Bangladesh.

In the above table CSE market capitalization showed a huge growth in 2010.The share of CSE market capital in the total is also increasing. It has reached about half of the total market capital in the year 2010. Moreover, we have found the descriptive statistics of CSE's market capitalization to GDP ratios where mean is12.55, standard deviation is 10.88, and coefficient of skewness is.85. Therefore, from the above Table -05 we has been observed that market capitalization to GDP ratios has a tendency to grow up over the passage of time in CSE.

Now, market capitalization in CSE, its growth and its percentage of total market capitalization are shown in the following Table 06.

Table -06: Market capitalization in CSE, its Growth and as a % of total (2001-2011)

Year	Market Capitalization (in million Tk.)	Growth of Market Capitalization (%)	CSE MC as % of Total Capitalization
2001	56363.5	-2.43	46.36
2002	60467.7	7.28	45.90
2003	85312.3	41.09	46.64
2004	215010.8	152.03	48.87
2005	219943.0	2.29	49.07
2006	270511.0	22.99	46.16
2007	612580.0	126.45	45.22
2008	807684.0	31.85	43.62
2009	1470807.0	82.10	43.59
2010	2241768.0	52.42	38.99

2011 (April)	2194480.0	-13.41	44.18
Mean		45.70	
SD		53.94	
Skewness		1.02	

Source: Author's calculation from various issues of Bangladesh Economic Review, Chittagong Stock Exchange (CSE)

Profile & Portfolio.

From the above Table-06, it has been observed that market capitalization of CSE also has a tendency to grow up over the passage of time. The highest growth in market capitalization was 152.03% in the year 2004. In the year 2008, the secondary market experienced a steady rate of growth.

Again, the ratios of Chittagong Stock Exchange's market capitalization as a percentage of total market capitalization are shown in the 4th column of the Table -06 where it has been found that all the ratios of CSE's market capitalization as a percentage of total market capitalization are around 50.

Here, we have also found the descriptive statistics of growth of market capitalization where mean is 45.70, standard deviation is 53.94 and skewness is 1.02.

From the above Table-6, market capitalization of Chittagong Stock Exchange (CSE) is shown by the following Figure-01.

Figure -01: Market Capitalization in CSE
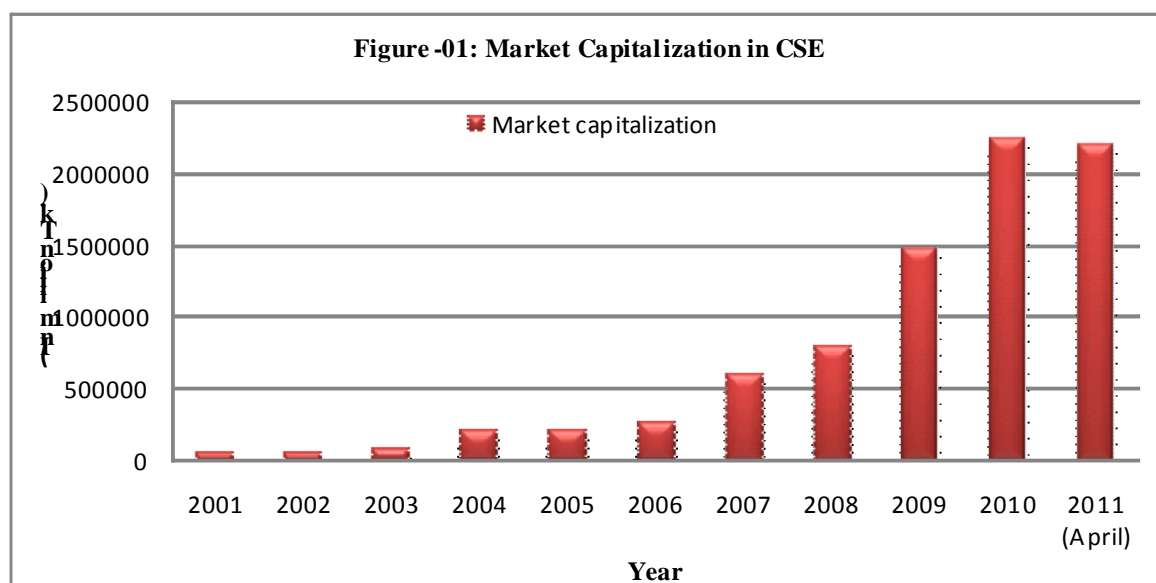
From the chart it has been observed that market capitalization of Chittagong Stock Exchange (CSE) is also increasing from year to year. So histogram of 2010 shows the highest market capitalization.

7.2 Number of Listed Companies

The second indicator of market size is the number of companies listed. The rationale of including this measure is that as the number of listed company increases, available securities and trading volume also increases. The table below shows the number of listed companies in both Dhaka Stock Exchange and Chittagong Stock Exchange.

Table -07: Number of Listed Companies in DSE and CSE

Year	Number of Companies Listed	
	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
2000	241	165

2001	249	177
2002	260	185
2003	267	199
2004	256	195
2005	286	210
2006	310	213
2007	350	227
2008	412	238
2009	415	217
2010	445	232
2011 (April)	486	234

Source: Bangladesh Economic Review, Chittagong Stock Exchange, Dhaka Stock Exchange and Securities and Exchange Commission (Annual Report and Quarterly Review), Various Issues.

From the above Table -07 it has been observed that the number of listed companies in Dhaka Stock Exchange is higher than Chittagong Stock Exchange and both have an increasing trend of number of listed companies in both stock exchanges over the passage of time.

Following Figure -02 shows that trend of both exchanges separately where horizontal axes show year and vertical axes shows number of listed companies.

Listed companies under Chittagong Stock Exchange are shown by the following Figure -02.

Figure -02: Forecasted Listed Companies under CSE
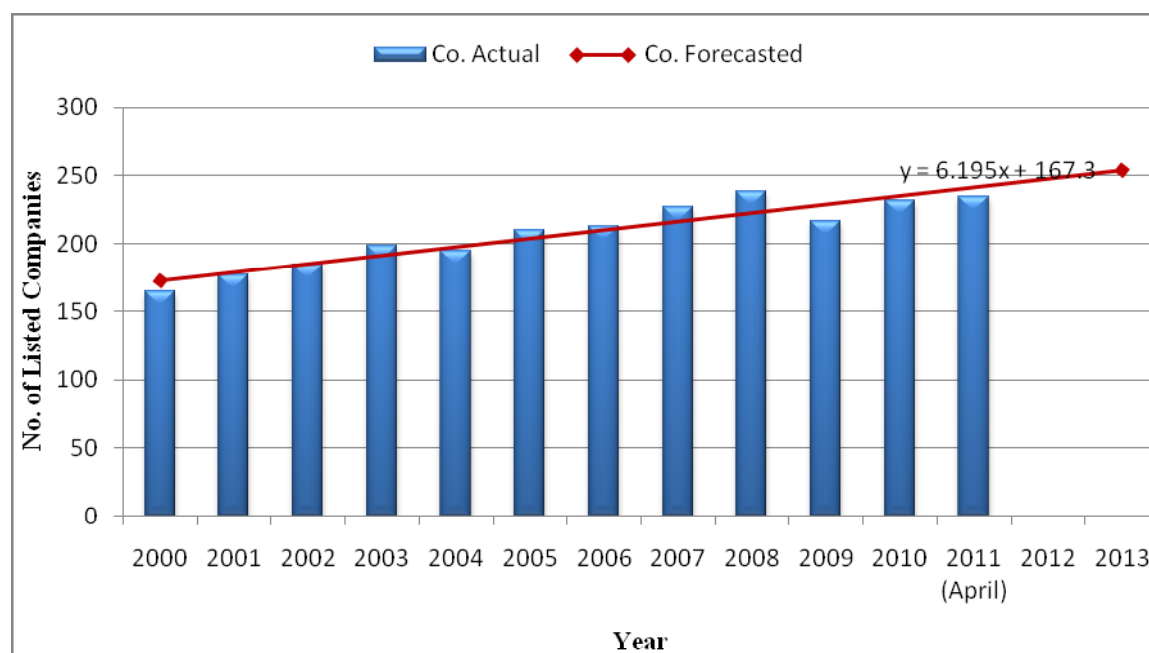
7.3 Liquidity

The ability of the market to buy or sell securities is termed as liquidity. According to Agarwal, 2000 two measures are generally used to measure liquidity. They are turnover (total value traded) in the stock market as a ratio of: (i) GDP; and (ii) Stock market capitalization.

The second measure is also called turnover ratio. High turnover ratio is associated with low transaction cost. It also denotes the

degree of activity on a stock market. The turnover ratio gives the total value of shares traded in relation to the size of the market. Turnover to GDP equals total value of shares traded on the stock market divided by GDP. The total value traded ratio measures the organized trading of equities as a share of national output. The total value traded/GDP ratio complements the market capitalization ratio. Together, market capitalization and total value traded/GDP inform us about market size and liquidity.

Table -08: Turnover as a percentage of GDP, CSE

Year	Turnover (in million Tk.)	Annual Growth (%)	As a % of GDP
2001	14796.2	0.14	0.58
2002	13586.1	-8.18	0.50
2003	6688.6	-50.77	0.22
2004	17551.3	162.41	0.53
2005	14043.0	-19.99	0.38
2006	15893.0	13.17	0.38
2007	52590.0	230.90	1.11
2008	99804.0	89.78	1.83
2009	162563.0	62.88	2.64
2010	217112.0	33.56	3.13
2011 (April)	16906.0	-92.21	0.21
Descriptive Statistics			
Mean		**38.34**	**1.05**
SD		**94.01**	**1.03**
Coefficient of Skewness		**.87**	**1.29**
Minimum		**-92.21**	**.21**
Maximum		**230.90**	**3.13**

Source: CSE Portfolio.

Above table of turnover as a percentage of GDP of CSE, shows the liquidity situation of Bangladesh stock market in terms of total value traded to GDP ratio. The ratio has increased from an insignificant number (0.22) in 2003 to 3.13 % in 2010. Mean value of 1.05 with a standard deviation of 1.03 for the ratio imply that the increase is not even smooth; there is a marked fluctuation in the value traded to GDP ratio over the study years. From the Table -08 it has been observed that the increase of turnover as a percentage of GDP ratios are not even smooth; there is a marketed fluctuation in the value traded to GDP ratios over the year in CSE.

Market capitalization, turnover and ratio of turnover to market capitalization of Chittagong Stock Exchange are shown in the following Table -09.

Table -09: Ratio of turnover to Market Capitalization, CSE

Year	Market Capitalization (in million Tk.)	Turnover (in million Tk.)	Ratio of Turnover to Market Capitalization
2001	56363.5	14796.2	26.25

2002	60467.7	13586.1	22.47
2003	85312.3	6688.6	7.84
2004	215010.8	17551.3	8.16
2005	219943.0	14043.0	6.38
2006	270511.0	15893.0	5.88
2007	612580.0	52590.0	8.59
2008	807684.0	99804.0	12.36
2009	1470807.0	162563.0	11.05
2010	2241768.0	217112.0	9.68
2011 (April)	2194480.0	16906.0	0.77
Mean	**10.86**		
SD	**7.37**		
Coefficient of Skewness	**1.20**		

Source: Author's calculation from various issues of Bangladesh Economic Review & CSE Portfolio.

Turnover to Market capitalization of the CSE is 26.25 in the year 2001 and decreasing turnover results is declining ratio up to 2006 and afterwards 2007 turnover to market capitalization is increasing turnover but rate of capitalization is higher than rate over turnover increasing till 2010.

In the year 2001 the ratio of turnover to market capitalization of Chittagong Stock Exchange was 26.25which is highest compared to all other years of the above table.

Again we have found the descriptive statistics of the ratio of turnover to market capitalization in CSE where mean is 10.86, standard deviation is 7.37, and coefficient of skewness is 1.20.

Table -10: Comparative Market Performance of CSE 2004-2010

S.N.	Category	2004	2005	2006	2007	2008	2009	2010
1.	No. of Securities Listed	198	210	213	227	238	217	232
2.	No. of Trading Days	271	263	231	237	238	244	244
3.	Market Capitalization In million Tk.	215,011	220,353	267,501	613,175	807,875	1470807	2983929
4.	Total Turnover Value In million Tk.	14,808	13,933	16,530	52,328	100,747	162019	340929
5.	Average Daily Turnover In million Tk.	54.64	52.98	71.56	221	423.3	664.01	1397.25

6.	No. of Companies Declared Cash Dividend	135	161	113	116	92	28	72
7.	Indices CSE All Share Price Index (CASPI)	3,598	3,379	3,724	7,657	8,692	13181	23449
	CSE 30 Index	3,466	3,159	3,342	6,935	7,566	10306	20988
	CSCX	-----	2,348	2,432	4,921	5,680	8560	15156
8.	Market Cap. To GDP (%)	6.07	5.61	6.44	12.00	14.91	…..	…..
9.	Market P/E Ratio	18.65	15.67	14.31	22.83	19.00	......	…..
10.	Turnover Ratio (%)	6.87	6.37	6.19	8.53	12.47	…..	…..

Source: Chittagong Stock Exchange Profile

*All share price index is calculated on General Share Price Index (excluding 'Z' group) by withdrawing weighted average method from 9 December, 2003. The index base was 1000 for CSE from the year 2000. Previously it was 100.

7.4 Market Concentration

It can be measured by looking at the share of market capitalization accounted for by the large stocks or large sectors. These large stocks are seen as the leading 3 to 5 firms in the market (Maunder et al. 1991). In many economies only a few companies dominate the stock market (Bundoo 1999). High concentration is not desirable as it can adversely affect liquidity, and it is common to find a negative correlation between concentration and liquidity.

To measure the degree of market concentration, we compute the share of market capitalization by largest 5 sectors, turnover by the largest 4 sectors pharmacy, energy, cement, leasing and insurance in case of CSE and by the largest banking sector. We can show it by the following Table-11

It is also same for CSE which is also shown in the following table.

Table-11: CSE Share of Market Capitalization (%)

	Banking	**Other 4 largest sectors**	**Total**
2006	52.7	32.53	85.23
2007	56.94	29.68	86.62
2008	43.14	38.15	81.29
2010	33.14	28.95	62.09

Source: Portfolio, Chittagong Stock Exchange.

From the below table it is observed that in CSE turnover by the largest 5 sectors decreased from 83.59 % in 2006 to 67.18 % in 2010 whereas, the turnover by the banking sector decreased from 46.88 % in 2006 to 33.56 % in 2010. Overall, the Bangladesh

stock market remains highly concentrated to the banking sector in terms of market capitalization and turnover but it is decreasing. Following table represented this market concentration.

Table -12: Market Concentration: turnover by largest 5 sectors and largest sector in the CSE.

Concentration measures	2006	2007	2008	2010
Turn over by the largest 5 sectors (%)	83.59	78.78	72.02	67.18
Turnover by the largest sector (%)	46.88	50.41	19.84	33.56

Source: Portfolio, Chittagong Stock Exchange.

7.5 Index in Stock Market Performance

Index is a statistical measure of the state of the stock market, based on the performance of stocks. So, stock index is a parameter for judging stock market performance. It reflects the changes in prices of securities as well as value of securities.

Indices of Chittagong Stock Exchange (CSE)

Chittagong Stock Exchange (CSE) determines three stock indices- CSE All Share Price Index, CSE-30 Index, CSCX Index.

The table below shows the quarterly changes in all share price index of Chittagong Stock Exchange (CSE) in the year 2010.

Table -13: Quarterly changes of CSE All Share Price Index: 2010

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
CSE All Share Price Index	16193.99	18116.05	20729.79	23448.99
Growth Rate (%)	22.85	11.87	14.43	13.12
Mean	**19622.20**			
SD	**3156.59**			
Range	**7255.00**			
Coefficient of Variation	**16.09%**			
Maximum	**23448.99**			
Minimum	**16193.99**			

Source: SEC Quarterly Review, 2010.

From the above Table-13 it is observed that CSE all share price index was 16193.99 in the first quarter of the year 2010 but it has increased to 23448.99 at the end of last quarter. Again, its growth rate decreased to 13.12 percent in the last quarter from 22.85 percent in the first quarter of the year 2010.

Table - 14: Changes in CSE-30: 2010

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
CSE-30 Index	11017.18	14963.63	16602.88	20998.17
Growth Rate (%)		35.82	10.95	26.47
Mean	**15895.47**			
SD	**4131.34**			
Range	**9980.99**			
Coefficient of Variation	**25.99 %**			
Maximum	**20998.17**			

Minimum	11017.18

Source: Portfolio, Chittagong Stock Exchange.

In the above Table-14 it is observed that in the first quarter CSE-30 index was 11017.18 and 20998.17 at the end of the last quarter of the year 2010. Growth rate of CSE-30 index decreased to 26.47percent at the end of quarter four and it was 35.82 percent at the end of quarter two.

Table -15: Changes in CSCX: 2010

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
CSCX Index	10600.93	11694.38	13335.95	15156.37
Growth Rate (%)		10.31	14.04	13.65
Mean	12696.91			
SD	1987.92			
Range	4555.44			
Coefficient of Variation	15.66%			
Maximum	15156.37			
Minimum	10600.93			

Source: Portfolio, Chittagong Stock Exchange.

In the above Table-15 it has been showed that CSCX index was 10600.93 in the first quarter which is increased to 15156.37 in the last quarter of the year 2010. Its growth rate was 10.31percent in the second quarter which is increased to 13.65percent in the last quarter of that year.

Again from the above table13, 14, 15, it has been found that stock index of Chittagong Stock Exchange (CSE) has changed quarterly at varying degrees, including ups and downs in share prices and securities over the periods. The changes in stock index over the period have been found inconsistent.

8. Analysis and Discussion

The study on performance of stock market in Bangladesh conducted on the basis market capitalization, market liquidity, market concentration, number of listings, market turnover, and market index for the last 10 years from 2001 to 2010.

On the basis of performance factors we have found descriptive statistics of individual factors which are discussed in earlier. On the other hand we have found combined effects of different variable on descriptive and bi-variate correlation.

Table -16 report descriptive statistics of Chittagong Stock Exchange (CSE) key development indicators of Bangladesh stock market.

Table -16: Descriptive Statistics

	Mean	Std. Deviation	N
Listed Companies	209.30	20.194	10
Turnover	61462.7199	74326.8495	10
Market Capitalization	604044.73	726452.2989	10
Turnover to Capitalization	11.8660	6.92529	10
Turnover to GDP	1.1300	1.04259	10

Descriptive statistics of CSE's key development indicators is shown in the Table -20 where mean and standard deviation of listed companies are 209.30 and 20.194, 61462.7199 and 74326.8495 of turnover, 604044.73 and 726452.2989 of market

capitalization, 11.8660 and 6.92529 of turnover to capitalization, 11300 and 1.04259 of turnover to GDP, for all factors the number of samples are 10.

Table -17 reports correlation matrix among key development indicators of Bangladesh stock market

Table -17: Correlations Matrix Among Key Indicators of Stock Market Development

		Listed Companies	Turnover	Market Capitalization	Turnover to Capitalization	Turnover to GDP
Listed Companies	Pearson Correlation	1	.660*	.683*	-.599	.657*
	Sig. (2-tailed)		.038	.030	.067	.039
Turnover	Pearson Correlation	.660*	1	.989**	-.138	.993**
	Sig. (2-tailed)	.038		.000	.705	.000
Market Capitalization	Pearson Correlation	.683*	.989**	1	-.226	.970**
	Sig. (2-tailed)	.030	.000		.531	.000
Turnover to Capitalization	Pearson Correlation	-.599	-.138	-.226	1	-.081
	Sig. (2-tailed)	.067	.705	.531		.823
Turnover to GDP	Pearson Correlation	.657*	.993**	.970**	-.081	1
	Sig. (2-tailed)	.039	.000	.000	.823	

*. Correlation is significant at the 0.05 level (2-tailed).

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

N=10

We have found that, listed companies is significantly correlated at 0.05 level (2-tailed) with turnover, market capitalization, turnover to GDP, and negatively correlated with turnover to capitalization. Turnover is significantly correlated at 0.01 level (2-tailed) with market capitalization, turnover to GDP, and significantly correlated at 0.05 level (2-tailed) with listed companies and negatively correlated with turnover to capitalization. Market capitalization is significantly correlated at 0.01 level (2-tailed) with turnover, turnover to GDP, and significantly correlated at 0.05 level with listed companies and negatively correlated with turnover to capitalization. Turnover to capitalization is negatively correlated with listed companies, turnover, market capitalization, and turnover to GDP. Turnover to GDP is significantly correlated at 0.01 level (2-tailed) with turnover, market capitalization and significantly correlated at o.05 level (2-tailed) with listed companies, and negatively correlated with turnover to capitalization.

From the study of evaluating the growth and performance of Bangladesh stock market over the last ten years in terms of some commonly used indicators of stock market development our analysis reveals that the Bangladesh's stock market is growing in terms of market capitalization to GDP, turnover ratio, turnover to GDP and turnover to capitalization showed market is not still stable enough.

9. Conclusion

From the study of evaluating the growth and performance of Bangladesh stock market over the last ten years in terms of some commonly used indicators of stock market development. Our analysis reveals that the Bangladesh's stock market is growing in terms of market capitalization to GDP, turn over ratio, turnover to GDP and turnover to capitalization showed market is not still stable enough.   But there is a chance to develop our stock market stable and contribute to economic development of the country. Our stock market is not stable enough because of the following reasons:

- Frequent changes in regulation of stock exchange by SEC;
- Unusual behavior of the money market;
- Lack of investment opportunity in the industrial sectors;
- Limited number of stock of Govt. owned company;
- Demand of the share is higher than the available supply;
- Lack of awareness about stock market behavior of small investors;
- Profit making motives of institutional investors.
- Lack of govt. initiative to control unusual transaction in CSE.

Our stock market will grow overtime but the stability is the important issues to the govt., investor, and different groups who have stake on the stock market. So the people those are involved in policy making level have to consider different factors that may influence to the performance of the CSE as well as total stock market of the Bangladesh. Investors have to have rational decision about investment, regulation will not frequently change, govt. should have proper initiative to control and ensure stable market growth.

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JOB ANXIETY, PERSONALITY AND COPING BEHAVIOUR:

A STUDY ON WOMEN IN SERVICE SECTOR

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ABSTRACT

Keeping in mind the growing importance of women professional, this study aims to investigate the nature of association, if any between workplace anxiety, stress coping behaviour and personality attributes of working women. Data had been collected from women involved in six categories of services in the state of West Bengal in India. The sectors were Finance, Health, Information Technology, Media, Retail and Education. After several round of pilot survey the final structured questionnaires were administered on 480 respondents i.e. 80 women taken from each of the six service sectors. Stratified sampling technique was adopted during data collection where each sector being treated as a stratum and within each stratum quota sampling was applied. Various psychometric instruments were used for preparing the structured questionnaire. Final data analysis and interpretation was done with the help of SPSS package. Results of the investigation revealed that though majority of the women are suffering from moderate level of job anxiety but there were marked differences in the perception of anxiety level and coping behaviour among the respondents in different sectors. Further association of personality attributes of the

respondents with level of perception of occupational anxiety and their coping strategies were established by Pearson Chi square test

1. INTRODUCTION

In modern times everyone experiences stress and anxiety irrespective of the gender knowingly or unknowingly. But the study of job anxiety on women professional deserve special mention because of growing importance woman employees in the service sector than in the past. Though the general trend in India is that still many women are forced to make a choice between having a family and having a career but today's corporate world expects the women executives to be more agile and to accept more responsibilities moving beyond the comfort zone.

Job anxiety is described as a fear associated with emotions of terror, panic and fright at work place. The feelings of uncertainty and helplessness are the main causes of work place anxiety. There may be multiple causes of job-anxiety especially for women at workplace, which may take the form of severe job-burnout. A lot of women are still fulfilling multiple roles such as caregiver, employee, spouse as well as homemaker, without realizing that they are assuming a greater burden than necessary.

"Women work on the assumption of no-choice", says Desai (2003). A study conducted in Estonia, indicated that among the multiple causes of job-anxiety, working time management problem is particularly widely noted amongst women. According to a national study, women, family and work, the vast majority of women emphasized that fixed working schedules were the main problem in coping with family and work. However, for most of the women, working fewer hours or giving up their job was not an option because the households could not afford a drop in income (Hansson, 2001).   Again shift work imposes another layer of burden on women who are already oppressed by the double shift of work at the work place and then at home. The psychological impacts on the family, social relationship and individual susceptibility related to shift work are of importance to this study (Harker, 2006). The psychological factors caused by the impact of shift work on women employees in technical; retail and health sectors are also predominant. This may be in the form of role conflict on the job and between work and home, a perceived lack of rewards, negative impacts on family and distorted social relationships. Inflexible work arrangements are another workplace constraint, which has been found to cause more family conflict than flexible work schedules. A lack of flexibility in working time makes it difficult to align working hours with childcare and school opening hours. According to Vonydanoff (1988), the work role characteristics most strongly related to work-family conflict are the number of hours and job demands, having too much work to do and being required to work hard and fast.

The stress experienced at work place by the employed female may be amplified when she returns home and has to engage in housework and childcare responsibilities. Research indicates that husbands were reported as spending less time on housework and childcare the results being greater work-family conflict (Burke, 1996). Dunahoo et al. (1996) note than in addition to the role of spouse and parent, it is the women who usually take on additional family related roles and responsibilities. Management typically portrays the work place as gender neutral, but there is ample evidence that gender bias exists on both overt and subtler levels. These biases contribute to special stressors

facing working women. First there are limited appreciable promotions available for women to higher organizational ranks (Cowan 1989) and secondly though opportunities for and the acceptance of women in the workplace are improving, the glass ceiling effect remains. Women are still not well integrated in many organizational systems. Even when women work in traditionally female professions, such as health care, nursing, teaching, housekeeping and food service, the management is mainly male dominated. In some instances a "men's club" mentality has resulted to outright discrimination and sexual harassment. The tendency is for managers to underrate and under-reward women in comparison to men with identical credentials (Bhatnagar, 1988; Lott, 1985; Stephan and Rosenfield , 1978 as cited in Schabracq et al., 1996). Even with the same job, in the same occupation, women's earnings are typically lower than those of men. This compensation gap increases as women ascend the corporate ladder into the ranks of executives (Schabracq et al., 1996). Thus, in most of the cases for working women all of the above stressors and frustrations are carried over to the family life.

It has been convincingly shown that perceived stress and anxiety is positively related to burnout (Poulin and Walter, 1993 as cited in Schaufeli and Buunk, 1996). Role problems, more specifically role ambiguity and role conflict, are positively related to job anxiety and burnout, in members of many professions. Recently, the negative effects of role conflict and role ambiguity on burnout have been confirmed in a longitudinal study amongst service professionals. Research suggests that for married, employed women often overload and distress may occur resulting in work-family conflict. According to Posig and Kickul (2004) there were several studies that specifically examined the relationship between work-family conflict and job anxiety and burnout. Researchers established that they were positively related. Burke (1998) found that work-family conflict was positively related with psychological burnout for women police officers.

Bacharach et al. (1991, as cited in Posig and Kickul 2004) found that work family conflict has a significant relationship with emotional exhaustion for nurses and women in technical job or engineers. More recently, supporting Burke's (1998) finding, Kinnunen and Mauno (1998) found that the causes of occupational burnout of women increase with the increase in work-family conflicts. There is a clear relationship between work-life imbalance, work-family conflict and exhaustion particularly in case of women. Several studies have indicated that exhaustion is one of the psychological consequences of negative interference between work and home (Burke, 1988; Kinnunen and Mauno, 1998; Koekemoer and Mostert 2006; Netemeyer et al., 1996). Various studies have indicated that job demands are related to exhaustion. A number of studies have also indicated that a lack of resources is associated with exhaustion (Demerouti et al., 2004; Jansen et al., 2004; Peeters et al., 2005 as cited in Mostert, 2008). The above scenario causes working women not to be very supportive to their family members or hamper the relationship with their spouses and children, which badly affect their performance level at work place.

Due to severe form of job anxiety and burnout many of them suffer from deep frustrations and depression. The common features of **depression** include changes in emotional states, motivation, functioning, motor behaviour and cognitive states. Changes in emotional states are characterized by persistent periods of feeling down, depressed, sad or blue, tearfulness or crying, and increased irritability, jumpiness or loss of temper (Nevid et al., 2005). Such symptoms cause family members to easily drift away from such individuals. Due to depression changes in functioning and motor behaviour include moving about or talking more slowly than usual, changes in sleeping

habits (sleeping too much or too little), changes in weight (gaining or losing weight), functioning less effectively than usual at work (Nevid et al., 2005). These disturbances result in bad moods causing malfunctioning in social roles and familial disruption. Cognitive changes are characterized by difficulty concentrating or thinking clearly, thinking negatively about oneself and one's future, feeling guilty and remorseful about the past misdeeds, lack of self-esteem or feeling of inadequacy, thinking of death or suicide (Nevid et al., 2005). In case of female worker, sometimes they may become depressed which is the result of having no control over working conditions and environment. In case of shift work, which may cause marital dysfunction and lots of problems in children due to the absence of their mothers and feeling of immense depression may cause women to become emotionally inaccessible to their families sometimes resulting in severe form of work-family conflict and depression.

Again according to Speilberger (1979), personality trait-anxiety refers to people's disposition or tendency to perceive a wide range of situations as threatening and to respond to these situations with differential elevations in state of anxiety. Thus personality trait-anxiety plays an important role in the experience of stress and reactions to it. Individual personality attributes are a combination of different traits and combination of these traits determine the type of stress coping behaviours i.e. how the person is facing the situation and what kind of stress coping strategies are selected by them according to the contingency situation. Type A, Type B and Type C are the various personality attributes that determine an individual's perception and control over the stressful situations in both work places and in day to day life. Further the hormone oxytocin makes individuals less anxious and more sociable. The effects of oxytocin is decreased by male hormones and increased by female hormones. This is one of the reasons why men are more likely to develop stress related disorders. This hormone may also have an influence on the coping strategies typically adopted by men and women. Taylor et al. (2000) argued that men are more likely to adopt a 'fight or flight' response to stress whereas women adopt a 'tend-and-befriend' response which is more positive and one that creates support from within.

So in this study an attempt has been made to investigate the interrelationship between various personality attributes, job anxiety level and the stress coping behaviors among women working in six different services. The study was exclusively done among selected women respondents in West Bengal. Most of the women in service sector are coming from middle class to lower middle class background, not only from Kolkata but also from hinterland areas of West Bengal, particularly from some of the district towns of Howrah, Hoogly, North 24-Parganas, South 24-Parganas, Midnapore, Burdwan etc. Some of their work places are quite far from their place of residence and they have to undergo tremendous hardships to travel every day by train and/or road transport for reaching their workplaces. While majority of women are Bengali Hindus, a significant percentage is of Muslim. Minority women from other religions are negligible. Today the attitude of the middle class Bengali families has been changed significantly towards working daughters, daughters – in – laws and mothers. Family objections to married women or young mothers working outside their homes are diminishing but the fundamental gender bias and inequity still exists, when it comes to, carrying out domestic duties, childcare and caring of the elders.

Thus working women are facing lot of job anxiety in the form of role ambiguity, role conflict, bad interpersonal relationships, gender discrimination problem of "glass ceiling" and "glass walls" and sexual harassments at work place and domestic violence. Women are having fewer acceptances as a boss or due to persistence stereotypical

roles as a caregiver. Compared to men the promotional opportunities are very few especially at strategic level and those who managed to get the top most position often suffers from high level of job burnout. Women managers with children are often taken as less favourable than those without children in terms of organization commitment. Again in Indian families a woman's career is influenced by other people's (mostly parents and spouse) opinion rather than her own. It is generally seen that lower level of tolerance as well as patience among both the gender gives rise to higher level of anxiety. Individuals with lower level of self-esteem also experience higher level of job anxiety. Several factors like age, gender, health, status, experience and socio-cultural background, social support of the women also influence their level of occupational stress, job anxiety level and coping behaviour.

2.   LITERATURE REVIEW

Though interest in the processes by which people cope with stress and anxiety has grown dramatically over the years **(cf.Moos, 1986)** but the starting point for much of this research is the conceptual analysis of stress and coping done by   **Lazarous (1966), Lazarous and Folkman(1984).** Again **Folkman** and **Lazarous (1980, 1985), Folkman et al., (1986)** had repeatedly emphasized that coping should be thought of as a dynamic process that shifts in nature from stage to stage of a stressful transaction. Such a view suggest that development of coping style would at best be counterproductive, because it locks the person into one mode of responding rather than allowing the person the freedom and flexibility to change responses with changing circumstances. A study conducted by **Osipow et al.   (1985)** using occupational stress inventory revealed that gender was not found to be a major contributor to differentiation. **Mukhopadhyay (1989)** compared a group of working mothers with their non-working counterparts, in Kolkata, with respect to stress levels measured in terms of their anxiety score and the result showed that anxiety and health score of the two groups of women are similar. Again according to **Cooper and Bright (2001)** although men are four times more likely to die of coronary heart disease, five times more likely to die of alcohol related diseases and have life expectancy eight years shorter than women, studies shows that women showed more strain symptoms and health related behaviours such as visits to doctors and psychologists. Symptoms such as depression are more likely to diagnosed in women than men in stress, strain and coping where as age appeared to be an important contributor.   **Srivastava et al. (2003)** studied the measurement of Big Five personality traits (Conscientiousness, Agreeableness, Neuroticism, Openness, Extraversion) in a large sample of adult population and concluded that Conscientiousness and Agreeableness increased throughout early and middle adulthood at varying rates whereas Neuroticism declined among women but did not change among men. **Aujla et al. (2004**) studied the impact of sociological and environmental factors causing anxiety and different stress management technique used by 75 working and non-working women of Ludhiana. Results showed that working women are significantly more stressed. All the respondents of both groups agreed that husband's stress and children's future are the major stressors. Majority of respondents in both the categories were using various stress management techniques. Amongst them planning and relaxation were most preferred techniques whereas medical and natural therapy were the least preferred one. **Gopal (2005)** analyzed the main factors that culminates in stress among women with the introduction of MNC culture and also depicted the techniques of stress prevention. **Aleem and Danish (2008)** studied marital satisfaction and anxiety among single and dual career women. Altogether 60

single and dual career women whose age group ranges from 25 to 45 years were randomly selected using purposive method of sampling from Delhi. It has been found that pressures and hassles of jobs not only affect marital life but also proved to be a major source of job anxiety particularly among women. Marital satisfaction among working women hardly get disturbed due to their multiple roles but the thought processes seems to get disturbed that is manifested in the higher job anxiety among them. **Berkel (2009)** in his thesis explored the relationship between personality, coping style and psychological distress among 201 students from the University of Canterbury. The study showed that participants with high harm avoidance and low self-directedness reported increased stress, anxiety and depression, while low harm avoidance and high self-directedness appeared to be a protective factor against the development of distress. Avoidance coping was shown to be most maladaptive coping style, as it was associated with increased stress, anxiety and depression, while problem focused coping appeared to reduce depressive symptoms. This study suggests that our personality and the coping styles we employ may influence whether we experience stress, anxiety and depressive symptoms. Further more association between personality and coping styles suggest that individual with maladaptive personalities (high harm avoidance) are at a greater risk for experiencing psychological distress as they are more likely to used maladaptive coping style like avoidance coping. **Reddy (2010)** focused on work- family conflict among females occupying lower level jobs

3.   OBJECTIVES OF THE STUDY

❑   To make an inter-sector comparison of job anxiety level and coping strategies of the respondents across six service sectors and across various demographic profile of the respondents.

❑   To examine the variations of personality attributes or attitudinal changes due to stress on employed women on different age group of respondents in the overall sample.

❑   To analyze the association between different personality attributes, job anxiety and coping strategies of the respondents in the overall sample.

4.   RESEARCH METHODOLOGY

The study was empirical and exploratory in nature. Data had been collected exclusively on women in West Bengal working in six service sectors viz. **Finance, Health, Information Technology (IT), Media, Retail and Education.** The study was based mainly on the information available through a structured questionnaire put across the selected women respondents in West Bengal. In order to collect the primary data, the questionnaire was framed with the help of various psychometric instruments and after several rounds of pilot survey; the final draft of the questionnaire was finalized.

Most of the respondents were either contacted personally in their work places after making prior appointments or collected by sending mailed questionnaire to respondents in far away places.   A total of 622 questionnaires were distributed to the women working in different services, out of which 480 completed questionnaires were selected finally for the purpose of this study. Equal number of respondents i.e. 80 completed questionnaires from each of the

6-service sector has been considered for comparison. **Stratified sampling technique** was adopted with each sector being treated as a stratum. Further **quota sampling** was applied in each stratum for data collection through structured questionnaire. Moreover, available information on this context published in different journals, books, magazines, dailies and websites has also been taken into consideration for the study as secondary source.

Psychometric instruments had been used for data analysis. For analyzing, job Anxiety standard job anxiety scale of **Srivastava (1985)** but some of the question patterns had been changed to suit the anxiety symptoms of women respondents. For analyzing coping strategies **Lazarous and Folkman (1985)** ways of coping checklist were used. 35 items were taken from the standard coping checklist i.e. Ways of Coping Checklist (WCCL) and some of the items have been reworded or edited in the context of the research and they were grouped into three factors i.e. (a) Problem focused Coping (17 items), (b) Avoidance Focused coping (10 items), (c) Emotion Focused Coping (8 items).

The total time taken for the whole process of data collection was nearly two year from July, 2010 to December, 2012. For the interpretation of the collected data using different statistical tools SPSS package was used.

5.   DATA ANALYSIS AND FINDINGS

i) Demographic Profile of Respondents

480 female respondents (80 from each sector) working in six different service sectors like Finance, Health, Information Technology, Media, Retail and Education **are taken for the study. All the respondents belong to three types of organizations and these are under (1) private ownership (2) public/ semi-government/ quasi-government/state government /central government and (3) multi-national companies/ companies with foreign collaboration**

Table 1: Distribution of Respondents from Different Sectors

Table 2:
Profile of the

Demographic
Respondents

Sector	No. of Respondents	Percentage
Finance	80	16.67
Health	80	16.67
Information Technology	80	16.67
Media	80	16.67
Retail	80	16.67
Education	80	16.67
Total	**480**	**100**

Demographic Characteristics	Class	Frequency	Percentage
Age (Years)	21-25	96	20.0
	26-30	126	26.2
	31-35	104	21.6
	36-40	82	17.1
	41-45	36	7.5
	46-50	18	3.8
	50 & Above	18	3.8
	Total	**480**	**100.0**
Marital Status	Married	268	55.8
	Unmarried	212	44.2
	Total	**480**	**100.0**
No. of Children	Married with no children	38	7.9
	Married with 1 Child	142	29.6
	Married with 2 Children	82	17.1
	Married with 3 or more Children	6	1.3
	Unmarried	212	44.2
	Total	**480**	**100.0**
Educational	Graduate	256	53.3

Qualification	Post Graduate	190	39.6
	Other higher Professional Qualifications, Ph.D etc.	34	7.1
	Total	**480**	**100.0**
Type of Organization	Public	146	30.4
	Private	312	65.0
	Foreign	22	4.6
	Total	**480**	**100.0**
Income Level (Rs)	Up to 10,000	132	27.5
	10,001-20,000	206	42.9
	20,001-30,000	108	22.5
	30,001-40,000	20	4.2
	40,001-50,000	4	0.8
	50,001-75,000	4	0.8
	75,000-1,00,000	0	0
	More than 1,00,000	6	1.3
	Total	**480**	**100.0**
Type of Family	Nuclear	300	62.5
	Joint	144	30.0
	Extended	36	7.5
	Total	**480**	**100.0**
Job Experience (Years)	Less than 1	4	0.83
	1-5	236	49.2
	6-10	158	33
	11-15	37	7.8
	16-20	18	3.7
	21-25	11	2.1
	26-30	12	2.5
	31-35	4	0.87
		480	**100.0**

The sample respondents are selected such that the minimum age is 21 years and the minimum educational qualification is graduation.

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ii) Personality Profile of the Respondents

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The mean value of all the personality attributes are between 3-4 in the bipolar scale which reveal that among the respondents moderate B type of attributes are more predominant than the A type of personality characteristics.

The personality attributes of the sample respondents have been measured with the help of a bipolar scale (1-2-3-4-5), where 1 signifies extreme Type A personality and 5 signifies extreme Type B personality. Altogether there are 21 personality attributes, like: intolerant-tolerant, rigid-flexible, emotional-practical etc. which are depicted from extreme A type to extreme B type of personality from left to right of the scale.

In Table 3 below the score '1 - 2' indicates extreme type A personality, score "2 – 3" means moderate type A personality, score "3- 4" means moderate type B personality and score "4 –5" reveals extreme type B personality.

Table 3: Descriptive Statistics of Personality Attributes of the Respondents

Attributes (in a bipolar scale)	Frequency (%)					Mean	S.D.	Skew	Kurt
	1	2	3	4	5				
Tolerance level	2 (.4)	32 (6.7)	190 (39.6)	164 (34.2)	92 (19.2)	3.65	0.878	.001	-.607
Patience	4 (.8)	42 (8.8)	106 (22.1)	160 (33.3)	168 (35.0)	3.93	0.996	-.595	-.497
Rigidity	4 (.8)	76 (15.8)	128 (26.7)	138 (28.8)	134 (27.9)	3.67	1.072	-.255	-1.028
Self Esteem	8 (1.7)	34 (7.1)	116 (24.2)	206 (42.9)	116 (24.2)	3.81	0.939	-.612	.094
Anxiety Level	12 (2.5)	96 (20.0)	110 (22.9)	126 (26.3)	136 (28.3)	3.58	1.168	-.271	-1.087
Level of intra Psychic Conflict	10 (2.1)	96 (20.0)	160 (33.3)	90 (18.8)	124 (25.8)	3.46	1.137	-.001	-1.104
Extent of emotion	8 (1.7)	42 (8.8)	156 (32.5)	128 (26.7)	146 (30.4)	3.75	1.035	-.334	-.695
Dependency	14 (2.9)	52 (10.8)	128 (26.7)	152 (31.7)	134 (27.9)	3.71	1.077	-.488	-.497
Sensitivity	48 (10.0)	116 (24.2)	126 (26.3)	92 (19.2)	98 (20.4)	3.16	1.276	.004	-1.086

Level of imagination	14 (2.9)	48 (10.0)	132 (27.5)	156 (32.5)	130 (27.1)	3.71	1.061	-.492	-.419
Level of Competitiveness	22 (4.6)	52 (10.8)	132 (27.5)	150 (31.3)	124 (25.8)	3.81	1.004	-.738	.003
Capacity to take risk	10 (2.1)	50 (10.4)	84 (17.5)	210 (43.8)	126 (25.8)	3.63	1.115	-.499	-.453
Energy level	10 (2.1)	38 7.9	114 (23.8)	166 (34.6)	152 (31.7)	3.86	1.020	-.638	-.205
Aggressiveness	14 (2.9)	82 (17.1)	144 (30.0)	118 (24.6)	122 (25.4)	3.53	1.130	-.193	-.936
Rapidity of doing activities like walking eating and talking	26 (5.4)	110 22.9	136 (28.3)	108 (22.5)	100 (20.8)	3.30	1.189	-.052	-1.007
Being in Hurry	38 (7.9)	82 (17.1)	154 (32.1)	134 (27.9)	72 (15.0)	3.25	1.143	-.251	-.677
Doing things at a time	30 (6.3)	94 (19.6)	168 (35.0)	102 (21.3)	86 (17.9)	3.25	1.147	-.033	-.773
Relaxing the leisure time	28 (5.8)	76 (15.8)	176 (36.7)	130 (27.1)	70 (14.6)	3.29	1.080	-.172	-.510
Introvert	14 (2.9)	92 (19.2)	136 (28.5)	142 (29.6)	96 (19.8)	3.44	1.097	-.170	-.866
Level of listening to others	4 (0.8)	34 (7.1)	156 (32.5)	148 (30.8)	138 (28.8)	3.80	0.965	-.282	-.700
Level of being conceived by others	20 (4.2)	70 (14.6)	190 (39.6)	108 (22.5)	92 (19.2)	3.38	1.078	-.076	-.597

Table 4 : Personality Type of the Respondents

Type of Personality	Frequency	Percentage
Extreme type A	0	0
Moderate type A	70	14.6
Moderate type B	284	59.2
Extreme type B	126	26.3
Total	**480**	**100.0**

Majority of the surveyed women belong to more or less stable personality (moderate B type which constitutes 59.2% of the sample surveyed. Extreme A type of personality is non-existence and 26.3% belongs to extreme B type of personality and the rest 14.6% is of moderate A type.

iii) Level of Job Anxiety

In the structured questionnaire, there are total 15 attributes, which are considered for the variable job anxiety**.** Some of the job anxiety attributes are like under - performance of work, job-insecurity, gender discrimination at the time of promotions, unwelcome sexual abuses/ harassment at work place, uncomfortable interference by superiors, teasing from male collogues, tangled with unnecessary arguments with boss, heavy workload during menstrual cycle, worry about children leading to work-life imbalance, insecurity during night shift etc.

Reliability of the items for Job Anxiety Scale- Cronbach's alpha coefficient confirms the internal consistency of the set of items of a given scale. The present data set for the study shows Cronbach's alpha for the items under job anxiety is 0.815. In general, Cronbach's alpha value greater than 0.50 is desirable.

Table 5: Descriptive Statistics of Attributes of Job Anxiety of Respondents

1-1-1-1- Attributes of Job Anxiety	Frequency (%)					Mean	S.D.	Skew	Kurt
	1	**2**	**3**	**4**	**5**				
1. I feel that I am unable to perform my work as efficiently as I can.	98 (20.4)	172 (35.8)	180 (37.5)	20 (4.2)	10 (2.1)	2.32	0.914	.321	.059
2. I often get worried what will happen to my family if I am dismissed from my job	52 (10.8)	132 (27.5)	187 (39.0)	75 (15.6)	34 (7.1)	2.81	1.055	.201	-.374
3. My boss and co-workers misunderstand me.	76 (15.8)	152 (31.7)	148 (30.8)	72 (15.0)	32 (6.7)	2.65	1.117	.325	-.560
4. I often feel that being a woman my performance is not properly appraised and given due importance	86 (17.9)	154 (32.1)	146 (30.4)	56 (11.7)	38 (7.9)	2.60	1.145	.434	-.472

5. I am afraid of any unwelcome sexual abuses from my superiors and co-workers	68 (14.2)	136 (38.3)	158 (32.9)	70 (14.6)	48 (10.0)	2.78	1.162	.277	-.635
6. I observe that my male colleagues do not express real happiness on my promotion or success or achievements	62 (12.9)	98 (20.4)	188 (39.2)	92 (19.2)	40 (8.3)	2.90	1.112	.006	-.555
7. Whenever my boss monitors my activities acutely, I undergo a state of fear and insecurity in my mind.	76 (15.8)	124 (25.8)	176 (36.7)	68 (14.2)	36 (7.5)	2.72	1.112	.218	-.529
8. Being a female sometimes I have to face lot of teasing and harassing from my male colleagues, which disturb my work performance.	94 (19.6)	72 (15.0)	172 (35.8)	86 (17.9)	56 (11.7)	2.86	1.246	.002	-.870
9. Most of the time I find there is no person among my colleagues whom I can trust	64 (13.3)	106 (22.1)	142 (29.6)	120 (25.0)	48 (10.0)	2.96	1.186	-.048	-.872
10. Arguments with my boss make me anxious.	32 (6.7)	120 (25.0)	192 (40.0)	108 (22.5)	28 (5.8)	2.96	0.988	.031	-.384
11. During the days of menstruation excessive workload creates uncomfortable and anxiety in mind.	25 (5.2)	130 (27.1)	178 (37.2)	107 (22.2)	40 (8.3)	3.00	1.037	.076	-.361
12. During the days of pregnancy anxiety in my mind disturbed the normal level of my work performance.	32 (13.9)	60 (26)	67 (29.2)	69 (29.9)	2 (1.00)	2.95*	1.193	-.157	-.806

13. Too much worry about my children's career and family matter make me careless, which results in lot of mistakes in my work areas.	52 (22.6)	76 (33.06)	86 (37.4)	8 (3.47)	8 (3.47)	1.11*	1.343	.041	-.371
14. Sometimes I am having a feeling of insecurity at work place during the night-shift.	15 (7.65)	63 (32.8)	53 (27.4)	44 (22.5)	19 (9.48)	2.97*	1.129	.149	-.801
15. Being a woman I am not given enough promotional and development opportunities at my office, which make me frustrated.	74 (15.4)	90 (18.8)	196 (40.8)	70 (14.6)	50 (10.4)	2.86	1.162	.086	-.578

Maximum frequencies of the respondents for each of attributes of job-anxieties are showing moderate values in the Likert scale. Among the job anxiety attributes 40% of the respondents have depicted moderate level of job anxiety due to bad interpersonal relationship with immediate superior and another 40.8% of the respondents clarified that lack of enough promotional scope can be one of the main reason for of job anxiety. 39% of the respondents are also facing moderate level of job anxiety due to fear of dismissal of service or ego clashes or upheavals with male colleague. Except 7.65% of the respondents almost all respondents are having a feeling of insecurity when they are working under night shift.   Again job anxiety is very prone for the respondents during pregnancy or childbearing stage. Acute female problems like excessive bleeding during menstruation or bad interpersonal relationship with boss are showing highest mean value than other symptoms.

Table 6:   Frequency Distribution of the Respondents on Job Anxiety Level

Level of Job Anxiety	Frequency	Percentage
Low	67	13.9
Moderate	290	60.4
High	115	24.0
Very High	8	1.7
Total	**480**	**100**

Among the 480 respondents maximum i.e. 60.4% are suffering from moderate level of job anxiety and very high level of job anxiety in the form of job burnout is noticed only among 1.7% of the respondents.

Table 7: Comparison of Job Anxiety among Married with and Without Children and Unmarried Respondents

Job Anxiety	Married with children (N=230)		Unmarried (N=212)		Married without children (N=38)	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
	2.709	.615	2.642	.625	2.599	.443
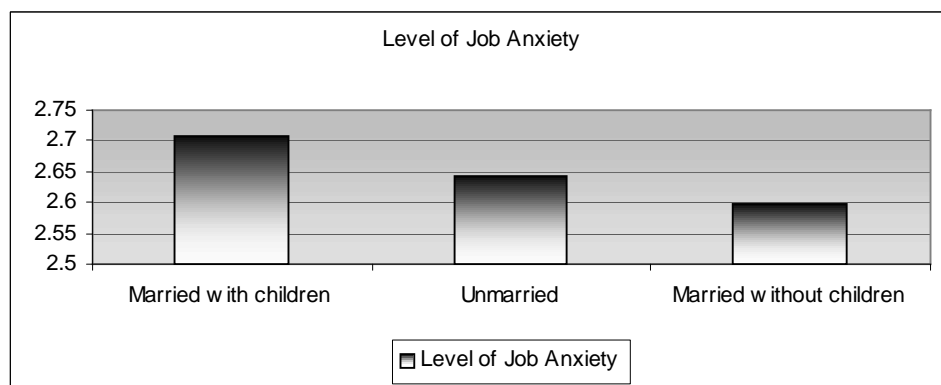
Figure-**1**

Again among the three groups of respondent job anxiety level is slightly higher among married respondents with children than the other two groups i.e. married without child and unmarried respondents.

Table 8: Comparison of the Job Anxiety Level across Six Service Sectors

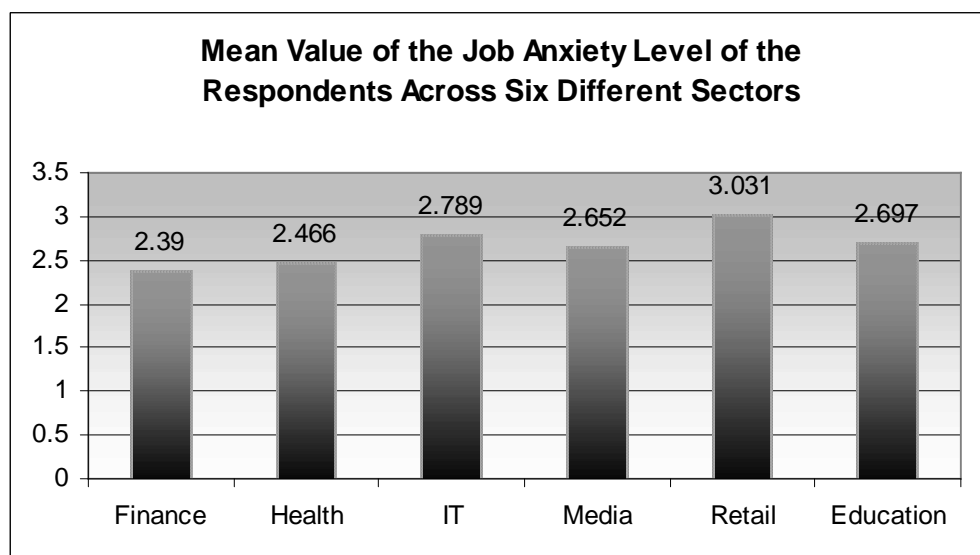| Type of Sector	Mean	S.D.
FINANCE	**2.390**	**.528**
HEALTH	**2.466**	**.631**
IT	**2.789**	**.537**
MEDIA	**2.652**	**.480**
RETAIL	**3.031**	**.553**
EDUCATION	2.697	.685

Figure-2

Comparison of the job-anxiety level across six different sectors shows that respondents working in retail (mean value = 3.031) are having higher job anxiety level than other sectors. This is followed by IT sector (mean value = 2.789) and education sector (mean value = 2.697). Least job anxiety is noticed for respondents working in health (mean value = 2.466) and financial sector (mean value = 2.390) in the sample.

Table 9: Dependency of the Job Anxiety on Demographic Profile of the Respondents

Demographic Profile	F- value	P - value
Age	0.996	0.427
Marital Status	0.920	0.338
Educational Qualification	2.130	0.119
Monthly Income	1.299	0.256
Type of Organization	3.564	0.029**
Job Experience	1.640	0.026**
Type of family	1.967	0.141
No. of family members	2.004	0 .026**

The variation of the job anxiety across age, marital status, educational qualification, monthly income, type of organization, job experience, type of family and number of family members have been studied. The F and p value of the one way ANOVA table reveals that Job anxiety is highly dependent on the type of organization (F value= 3.564, p value= .029), number of family members (F value= 2.004, p value= .026) and job experiences of the respondents (F value= 1.640, p value= .026). Other factors are showing moderate to low dependency.

iv) Stress Coping Behaviour of Women in Services

Women tend to use two important positive coping methods more often than men do: **maintaining healthy eating patterns,** and **maintaining positive attitudes**. Women see diet as a factor that increases their resilience. Positive attitudes promote the use of transformational coping, or seeing problems as challenges rather than threats.

But today's women executives are particularly vulnerable to two negative coping methods: **smoking** and **emotion-focused coping**. Working Women's smoking rate like in call center, IT/ITES sector in metro cities are catching up with men's. Women are also more likely to use **emotion focused coping methods** such as venting and avoidance. Women do far better than men in terms of one negative coping method - they are less likely to use alcohol consumption to cope than men. Thus there are gender differences in coping that may affect executive women. Women seem to use smoking to cope, and exercise less than men. However, they eat healthier food and benefit from the use of family support. Women's access to support at work may be limited, but it is nonetheless important. In addition, the higher the woman's occupational status, the more likely she will have access to resources to help her manage stress. Developing personal resilience by changing her perceptions or alternatively, executive women can change their perceptions of stressors, which is also effective. Optimism and positive self-talk can transform a

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threat into a challenge that can be overcome.

Here in this research 35 items are taken from the standard Ways of Coping Checklist (WCCL) of Lazarous and Folkman (1984) and some of the items are reworded or edited in the context of the research and they are grouped into three factors i.e. (a) Problem Focused Coping (17 items), (b) Avoidance Focused Coping (10 items), (c) Emotion Focused Coping (8 items)**.**

Some of the items of Problem Solving Coping (PROBCOP) **strategies are – seeking all types of information in order to resolve problems, taking advice from others in order to resolve problems, trying to compare one's situation with others who had already faced such problems. Some of the items of** Avoidance Focused Coping (EMOCOP) **are accepting that there was nothing one could do to change the situation and physically withdraw from it, doing regular exercise, trying to come out of the state by involving oneself in recreational or pleasure activities, trying to divert one's mind off the problems or avoid situations are upsetting. Some of the items of** Emotion Focused Coping (AVDCOP) **are trying to adjust and take life as it comes, sharing problems with spouse, friends and relatives, blaming one for the problems, seeking reassurances and moral support from friends and family members etc.**

Reliability of the items under the coping Checklist: Cronbach's alpha coefficient confirms the internal consistency of the set of items of a given scale. The present data set for the study shows Cronbach's alpha for the coping checklist under three heads i.e. problem focused coping, emotion focused coping and avoidance focused coping scale are equal to 0.806, 0.686 and 0.766 which are all more than 0.50. So the data set for coping strategies are reliable.

The levels of coping are measured in a 5-point Likert summated scale. **1** denotes never, **2** denote rarely, **3** denotes Sometimes, **4** denotes Quite Often and **5** denotes- Almost always**.** Scores are computed from average ratings or scale-values of the individual items under respective variables. In the subsequent tables score: **1-2** indicates lower level of coping, score: above **2-3** indicates moderate level of coping, score above **3-4** shows high level of coping and score: above **4-5** reveals very high level of coping.

Table 10: Distribution of Coping Strategies among the Respondents

Coping	Level Adopted

Strategies	Low		Moderate		High		Very High	
	Freq	%	Freq	%	Freq	%	Freq	%
PROBCOP	18	3.8	202	42.1	242	50.4	18	3.8
EMOCOP	30	6.3	202	42.1	222	46.3	26	5.4
AVDCOP	28	5.8	244	50.8	180	37.5	28	5.8

Frequency distribution of the three types of coping strategies in the overall sample respondents (N=480) shows that all the three coping strategies problem solving coping strategies (PROBCOP), emotion focused coping (EMOCOP) and avoidance focused coping (AVDCOP) are present among the respondents ranging from moderate to high level. Almost more than half of the respondents prefer moderate to high level of coping depending upon the stressful conditions. Very low to very high level of coping strategies, are insignificantly low among the respondents.

Table 11: Dependency of Coping Strategies of the Respondents on Demographic Profile

Demographic Profile	Types of Coping					
	PROBCOP		EMOCOP		AVDCOP	
	F-value	p-value	F-value	p-value	F-value	p-value
Age	4.791	0.000**	6.050	0.000**	6.707	0.000**
Marital Status	0.262	0.609	0.365	0.546	0.209	0.648
Education	13.050	0.000**	11.115	0.000**	21.358	0.000**
Income	4.026	0.001**	2.744	0.012	5.999	0.000**
Experience	2.527	0.000**	4.565	0.000**	4.683	0.000**

From the F value and p value of one-way ANOVA table in the overall sample (N=480) problem solving coping, emotion focused coping and avoidance focused coping are highly varying across the age, education and experience of the respondents. But types of coping are independent of marital status of the respondents. Again problem solving coping (PROBCOP) and avoidance focused coping (AVDCOP) are highly dependent upon the income level of the women rather than the emotion focused coping which is not dependent on income level of the respondents.

Table 12: Intersector Comparison of the Coping Strategies of the Respondents

Sector	AVDCOP	PROBCOP	EMOCOP

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	Mean	S.D.	Mean	S.D.	Mean	S.D.
FINANCE	2.83	0.48	3.06	0.37	3.13	0.37
HEALTH	2.83	0.53	2.94	0.52	2.87	0.60
IT	3.00	0.75	3.12	0.60	3.16	0.58
MEDIA	2.99	0.47	3.02	0.47	3.2	0.55
RETAIL	3.15	0.67	3.16	0.60	3.33	0.65
EDUCATION	2.97	0.77	3.11	0.63	2.85	0.70
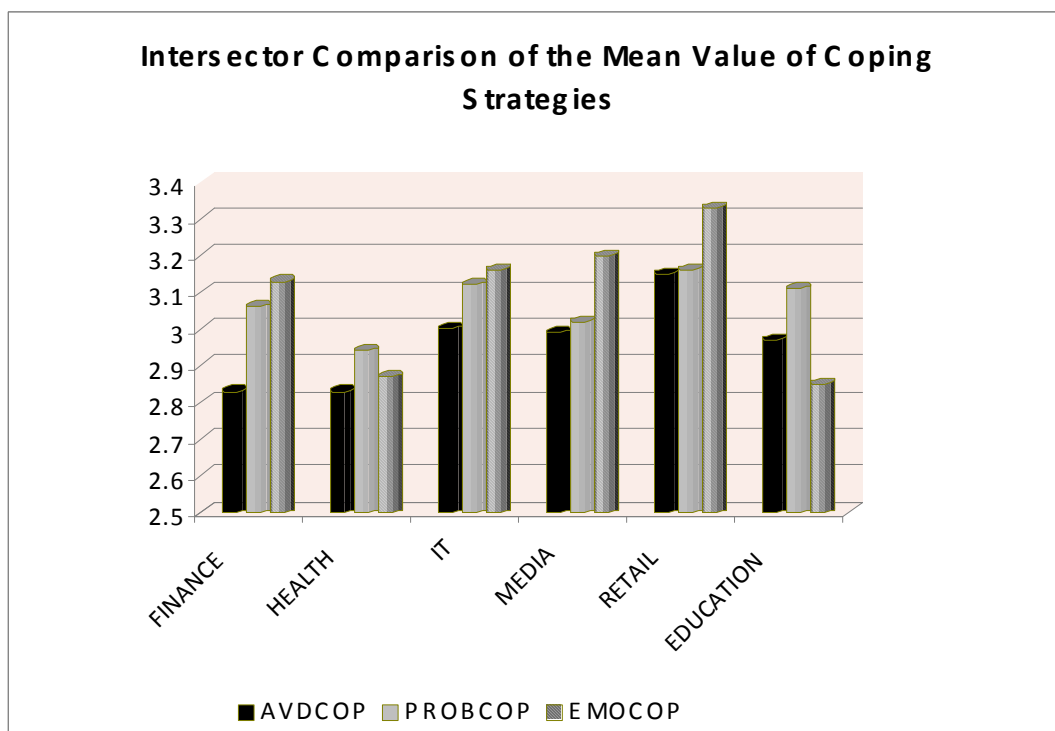
Figure-3

From the above summary table on coping strategies the mean values of the three types of coping behaviours of working women are compared across six different services. Except retail, avoidance focused coping is used in a moderate level by the respondents in all other sector. Except health sector, majority of the respondents in all other sector are showing high level of problem focussed coping. Respondents in health sector are showing moderate level of problem focused coping. High level of emotion focussed coping are noticed for women professional in financial sector, IT, media and retail sector. Moderate level of emotion focussed coping are noticed for respondents in health and education sector. An important finding is that all three coping behaviours are showing highest mean value for respondents working in retail sector.

From Table 8 it has been revealed that mean value for job anxiety for working women is higher than other sectors. Again from Table 12 all the three coping strategies are showing higher values for respondents engaged in retail job. So higher job anxiety manifested into high level of coping behaviour for women in retail jobs. Personal interviews with many of them revealed that majority of them resort to emotion focused coping like seeking advice or moral support from friends and family members than other two strategies. Thus, types of sector or job profile can be one of the determining factors to develop different

coping mechanism.

Table 13: Variation of the Coping Behaviours across Different Age Groups

Age Group (Years)	AVDCOP		PROBCOP		EMOCOP	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
21-25 (N=96)	2.92	0.67	2.97	0.62	2.96	0.68
26-30 (N=126)	3.12	0.58	3.17	0.56	3.17	0.61
31-35 (N=104)	2.94	0.64	3.10	0.50	3.20	0.50
36-40 (N=82)	3.00	0.64	3.17	0.50	3.14	0.50
41-45 (N=36)	2.95	0.71	2.89	0.48	3.15	0.73
46-50 (N=18)	2.82	0.65	3.04	0.35	2.95	0.66
Above 50 (N=18)	2.17	0.59	2.61	0.36	2.40	0.64

Coping behaviours for different age group of Respondents
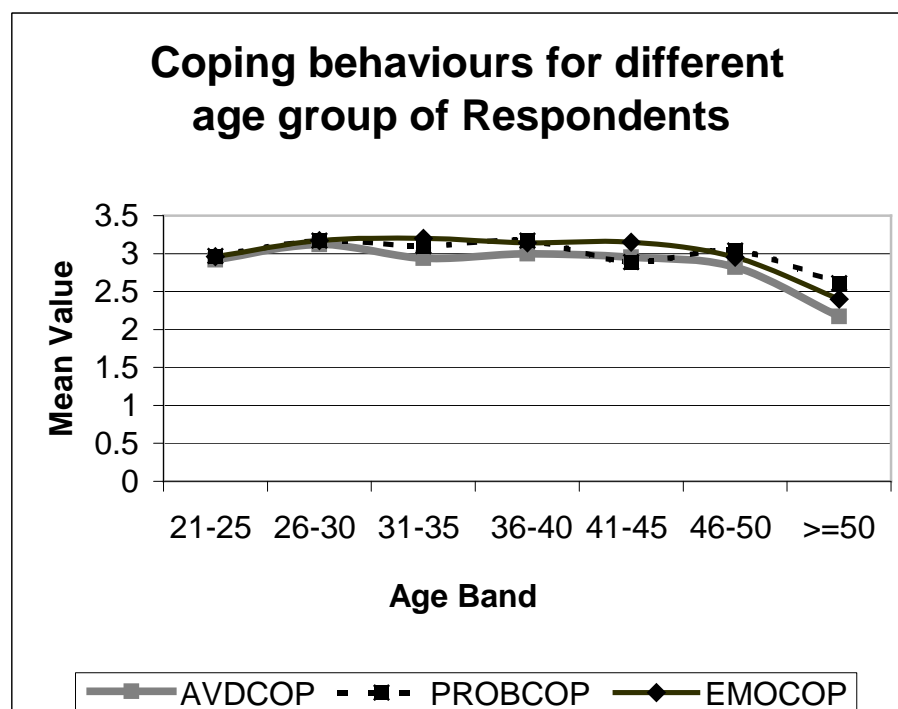
Figure-4

Three types of coping behaviour are compared on different age group of the women in the overall sample. The least age of the respondents is 21 years and there are seven age groups. Not much difference in mean values of coping behaviour are noticed among the respondents of different age group upto 45 years. But for age group 46 to 50 years and above 50 years there is an abrupt decrease in the mean values of all three coping strategies.

Table 14: Association of the Stress Coping Strategies, Personality and Job Anxiety level of the Respondents

	Coping Strategies	Pearson Chi-square value	p-value
Personality x Coping Strategies	Avoidance Coping	109.434	0.000**
	Problem Solving Coping	88.342	0.000**
	Emotion Focused	73.958	0.000**
Job Anxiety x Coping Strategies	Avoidance Coping	96.946	0.000**
	Problem Solving Coping	90.980	0.000**
	Emotion Focused	113.965	0.000**
Personality x Job Anxiety		75.537	0.000**

In order to find out any relationship between personality attributes, job anxiety with coping strategies and stress symptoms inventory Chi-square test is conducted. Three null hypotheses are framed on the basis of the four variables i.e. personality, job anxiety, coping strategies and stress symptoms inventory as follows:

H_{01}: There is no relationship between personality attributes and coping strategies of the respondents.

H_{02}: There is no relationship between job anxiety and coping strtaegies of the respondents

H_{03} : There is no relationship between personality attributes and job Anxiety of the respondents

From Table14 in each case the Pearson Chi-square (χ^2) value and the p-value are significant. In other words the null hypothesis in each case is not substantiated. It shows that the variables i.e. personality, job anxiety are significantly related with different types of coping strategies of the respondents and are also associated with each other. In other way, level of perception of job anxiety also depends upon the type of personality attributes of the respondents which again determine the coping behaviour.

CONCLUSION

- ❑ Almost more than half of the working women in the sample (59.2%) are possessing moderate type B personality. Extreme type A of personality is non-existence and 26.3% belongs to extreme type B personality.

- ❑ **Among the three groups of respondents job anxiety level is higher among married respondents with children than the other two groups i.e. married without children and unmarried respondents.**

❑ **Among the overall respondents 60.4% are suffering from moderate level of job anxiety and very high level of job anxiety in the form of job burnout is noticed only among 1.7% of the respondents.**

❑ Intersector comparison shows that highest mean value of job anxiety is noticed among the respondents in retail sector followed by women working in IT/ ITES and education sector.

❑ Personal interview with the women working in retail sector revealed that many of them work in garments, sewing industry, food processing, grocery and daily consumable items, jewellery showrooms to consumer durables. Many women also work in garden/flower centers, cash counter and customer service jobs which require longer shift or odd hours or may be working alone at night or in early morning hours in isolated areas or as a result of being responsible for handling money or valuables like jewellery, such as closing the cash register(s) and depositing the money after work or being in charge of opening and closing the store. Many of them are facing high level of burnout due to long working hours and work-family troubles. They don't have even time to socialize because they themselves work in a very stressful condition and there is no such job enrichment or promotion compared to IT and other sector. Women in this sector are mostly contingent and casual workers and having less skill and education and very poor pay package compared to other sector.

❑ In the Information Technology and BPO sectors, women are facing high job anxiety due to role expectation conflict, role overload and role integration. Role erosion is a very common problem in technical jobs for both men and women in the mid-career. For women many of them used to give priorities to their family and denied promotion in far off places from their home and thus their careers are blocked forever or many of them leave their jobs or search for new avenues.

❑ Workload or job performances can be a potential source of job anxiety in case of underperformance or inability to do the task. In depth interview with some of the women in medical profession revealed that very few women are going for general medicines or surgery in the health sector because in most cases, the married women's career progress is severely blocked by children and other family responsibilities.

❑ Women in teaching profession are showing moderate level of job anxiety. Data collection in education sector comprises of teachers from primary and higher secondary schools as well college teachers and professors. According to some college teachers causes of job anxiety cropped up due to personal inadequacy and also constant changes in teaching curriculum, which includes course content, style of teaching and teaching beyond content areas and introduction of technology in teaching.

❑ Women working in Media and Communication are more sincere worker. Interview with women in media revealed that they enter this profession at a very young age like mid 20's but after marriage and birth of children, they are not able to do justice to a profession like journalism because of long irregular time schedules. Many of them leave their jobs for the sake of their families in the mid of their career and they often suffer from job anxiety due to high level of role erosion

❑ In health sector women doctors and nurses are required to perform night duties which may be more than twice in a week, as a result of which they are unable to balance their familial and organizational roles. Hence moderate job anxiety are also noticed due to role overload, role isolation and lack of support from family members and from coworkers.

❑ Dependency of the job anxiety with various demographic characteristics shows that job anxiety of the respondents are highly dependent on type of organization, job experience, number of family members where as with other factors it is showing moderate to low dependency.

❑ Almost more than half of the respondents prefer moderate to high level of coping strategies depending upon the stressful conditions. Very low and very high level of coping strategies is absent among the respondents.

❑ Pearson Chi-square value and corresponding p-value (=.000) shows that personality and job anxiety are significantly related with different types of coping strategies of the respondents and are highly associated with each other. In other words level of perception of job anxiety also depends upon the type of personality attributes of the respondents which again determine the coping strategies.This is supported by the fact that changes in personality attributes are noticed in various researches from stable to impulsive nature or from low anxiety level to high anxiety level out of occupational stress frequently among working women. For example, many women in IT/ITES, BPO, health care, media and retail quit their job at mid career being unable to tackle the daily stressors and giving priorities to family and children.

❑ Apart from maternity, long absenteeism may occur due to one or more of the reasons like job anxiety and dissatisfaction. During the period of baby blues (new born baby), health deterioration may occur in working mothers. This can have negative impact on their performances and increases their anxiety level during work. They may resort to frequent absenteeism. Cost of stress due to frequent or long absenteeism proof dearer to many companies in terms of loss of working hours, productivity loss, loss of valuable customers specially where women engaged in offshore Call-Centres, sales job in retail outlet, patient care in hospitals etc.

❑ Abdrupt decrease in mean values of all three coping strategies is observed among women of age group 46 to 50 years and above 50 years . Normally with higher age both men and women do not want to take too much work load and responsibilities.Thus we can conclude that with higher age, capacity to cope with stress and anxiety decreases among the respondents, though no such medical evidences had been found out till date which proof that there is a direct relationship of women's coping behaviour with behavioural changes during perimenopause or menopausal phase.

❑ In the overall sample, the job anxiety is highly associated with coping strategies and again all the three coping strategies are showing highest mean value for retail sector. As it has already been established that overall job anxiety for women in retail sector is highest than other sector, they are also are showing high level of stress coping behaviour giving preference to more emotion focused coping.

❑ **A woman's perception of her job anxiety and work-life problems out of daily hassles often determine her coping behaviour i.e. whether she will choose the strategies of problem solving approach, emotion focussed approach or avoidance strategies. Again choice of coping strategies are highly dependent on demographic characteristics of the respondents like age, experiences, income and education level.**

❑ **However in the sample respondents, three types of coping strategies are independent of the marital status of the respondents.**

❑ **Working women with better educational qualification, job experiences, better income and social status through promotion and job enrichment can cope with stress or job anxiety better than non-working counterpart. Many literature reviews had also supported the above findings.**

NOTES:

* In table 5 the frequency of the respondents and the mean value for attributes no.12 and 13 is calculated for n=230 and attribute no.14 is calculated for n=194. In all other cases the frequency, mean value for job anxiety attributes are calculated on the total respondents i.e. n=480.

** Indicates significance at 0.05 level of significance

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A Model for Predicting Intention towards Sustainable Entrepreneurship

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Abstract

Sustainable entrepreneurship is considered a new discipline in entrepreneurship as a result of increasing awareness of sustainable development. It has been popularized as a resolution of environmental degradation caused by business activities. It emphasizes on entrepreneurs' contribution towards sustainable development through entrepreneurial activities. However, the participation of business practitioners on sustainable entrepreneurship is still low. As such, understanding of the entrepreneurs' motivation, such as their intention towards sustainable entrepreneurship is crucial. Intention has been proven as a reliable predictor of behavior. This study suggested a model to delineate the factors that are associated to intention towards sustainable entrepreneurship. Specifically, it proposed that intention towards sustainable entrepreneurship is indirectly influenced by personal, situational and cultural factors through perceptions. In addition, research hypotheses have also been developed in this paper. This paper also discussed the possible theoretical and practical implications of the model. It is expected that the framework could provide insight into factors that directly and indirectly drive sustainable entrepreneurship. Therefore, suitable efforts could be exerted to promote sustainable entrepreneurship.

Keywords: Entrepreneurship; Intention; Sustainability;

1. Introduction

The term "sustainable development" has become a buzz word since 1980s (Tilley & Young, 2009). World Commission on Environment and Development (WECD) (1987: 8) defined sustainable development as "development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs." Since then, the issue of sustainable development has been addressed by both academicians and industrial players for decades. The rise of anti-globalization could be considered as a consequence of sustainable development awareness, due to the negative impacts brought by extensive business activities.

Business activities not only contributed positively to a nation growth, but it also produced various negative impacts. For instance, environmental degradation can be regarded as a problem caused by commercial activities due to market imperfections (Cohen & Winn, 2007). Entrepreneurs are then urged

to resolve environmental problems caused by them (Dean & McMullen, 2007). This has caused the enterprises to have more complex roles in addressing the issues of being economical and sustainable (Palazzi & Starcher, 2006). As such, sustainable entrepreneurship which links sustainability management to business can be deemed as a possible way to alleviate the problem (Keijzers, 2002).

The benefits of practicing sustainable management could be evidenced through Taiwan, a region which emphasizes on sustainable management, particularly the recycling system. The region has generated economic and social benefits as well as developed an efficient national paradigm through sustainable practices (Chen *et al*., 2009). Back to Malaysia, although various efforts have been exerted to promote sustainability management, the embarkation of entrepreneurs on it is still less embracing. Report showed that environmental information was revealed by merely 28% of the non-financial listed companies (Environmental Resources Management Malaysia, ERMM, 2002; Buniamin *et al*., 2011). Furthermore, as found by Omar and Samuel (2011), the participation of small manufacturing firms in sustainable management were less embracing than their larger counterparts due to many reasons. The low participation of business firms in sustainable management can cause our country to be left behind in the torrent of sustainable development and further worsening the environmental condition.

Without any doubt, encouraging businesses to engage in sustainable management is a great challenge which requires many efforts. One possible strategy could be focusing on understanding the motivation of business practitioners towards sustainable entrepreneurship. However, as sustainable entrepreneurship is still considered as new, there are scant studies found in the literature (Cohen & Winn, 2007; Gibbs, 2009; Hockerts & Wüstenhagen, 2010; Shepherd & Patzelt, 2011). In addition, as Hall *et al*. (2010) asserted, there remains limited studies focusing on addressing the entrepreneurs' likelihood in developing sustainable economies. Thus, the need to understand the influence of psychological aspects on entrepreneurial activities is important (Shepherd & Patzelt, 2011).

The above situations have raised several questions which requires careful investigation, for examples "are business practitioners intended to engage in sustainable entrepreneurship?" and "what affect their motivation towards sustainable entrepreneurship?" By considering the above gaps, this paper proposes a model for assessing the intention towards sustainable entrepreneurship, especially among the business practitioners.

2. Literature Review
2.1 Sustainable Entrepreneurship

Sustainable entrepreneurship can be considered as part and parcel of entrepreneurship. However, defining the term could be a challenging task. Throughout the years, researchers have used the terms "sustainable entrepreneurship", "ecopreneruship", "green entrepreneurship" and "environmental entrepreneurship" interchangeably. Although it seems alright to do so, it actually causes confusion because these terms are overlapping (Gibbs, 2009) and ambiguous (Hall *et al*., 2010). Therefore, it is crucial to define the term carefully in this paper.

In 1994, John Elkington coined the concept of triple of bottom line (TBL or 3BL). The concept emphasizes on reconciling the three aspects of economic health, social equity and environmental resilience. TBL has been widely accepted by researchers in explaining the concept of sustainable development (Chick, 2009). Furthermore, it has also been widely adapted by researchers in explaining sustainable entrepreneurship (e.g.: Schlange, 2006; Dixon & Clifford, 2007; Tilley & Young, 2009;

Hockerts & Wüstenhagen, 2010). Based on TBL, it can be said that sustainable entrepreneurship is a concept which links entrepreneurship to the trinity of economic, social and environment.

Although many studies have used TBL to explain sustainable entrepreneurship, some researchers found that several important aspects were left out in TBL (O'Neill *et al*., 2009). As such, Majid and Koe (2012) have suggested a revised model to explain sustainable entrepreneurship, which stressed that entrepreneurs should have equal concentration on the development of economic, social, environmental and cultural.

2.2 Intention-based Models

Entrepreneurship requires potential entrepreneurs (Krueger and Brazeal, 1994). It is an event triggered by both positive and negative factors (Shapero & Sokol, 1982). Many studies tried to relate entrepreneurial actions to personal characteristics or traits; unfortunately it was rather fruitless in doing so. It is because personality theory has proven to be a flawed theory in explaining individual behavior (Down, 2010) and personality variables did not help to predict entrepreneurial intention (Gird & Bagraim, 2008; Chuluunbaatar *et al*, 2011). Most importantly, trait theory does not explain entrepreneurship as an event of emergence (Woolley, 2011). Moreover, the trait- and demographic-line of research have reached a saturation point, they are not going to be the focus in future research concerning entrepreneurial intention (Gird & Bagraim, 2008; Autio *et al*., 2001). Thus, some researchers shifted the focus to determine the effects of psychological factors on entrepreneurship and found that intention was an influential factor. As Krueger *et al*. (2000) mentioned, entrepreneurship is intentional and a planned behavior, it is also hardly an accidental incident (Autio *et al*., 2001). The above argument is applicable to sustainable entrepreneurship because it is considered as a sub-field of entrepreneurship. Thus, intention plays a substantial role in explaining why people perform a particular behavior such as being sustainable.

Intention, as explained by Ajzen (1991), refers to the level of trying and putting in effort to perform a behavior and it is a powerful predictor of behavior. Intention models have been consistently evidenced as sufficient in both explanatory power and predictive validity (Krueger, 2005). Over the years, various theories and models have been developed to investigate entrepreneurial intention. However, the two most popular and widely used models are entrepreneurial event model (EEM) and theory of planned behavior (TPB) (Izquierdo & Buelens, 2008; Krueger *et al*., 2000; Liñán *et al*., 2005; Brännback *et al*., 2007). EEM was established by Shapero and Sokol (1982), it could be considered as an early model in explaining why individuals take up entrepreneurship. The model delineates that entrepreneurial event, such as venture creation, is a result of individual's perceptions on desirability and feasibility. Such perceptions are influenced by certain precipitating events such as negative displacements and positive pulls. Many researchers have also empirically utilized EEM to study entrepreneurial intention (e.g.: Audet, 2004; Fitzsimmons & Douglas, 2011; Krueger *et al*., 2000). Meanwhile, TPB was developed by Ajzen (1991) to explain individual's behavior. The theory explains that human behavior is a cause of intention, in which the intention is influenced by personal attitude, subjective norm and perceived behavioral control. The theory has been widely adapted by researchers in studying entrepreneurial intention (e.g.: Brännback *et al*., 2007; Engle *et al*., 2010; Koe *et al*., 2012; Liñán & Chen, 2009; Moriano *et al*., 2012; Shook & Bratianu, 2010; van Gelderen *et al*., 2008) and predicting personal pro-environmental intention behavior (e.g.: Kaiser & Gutscher, 2003; Kaiser *et al.*, 2005).

It can be said that these two theories are classical but they are still applicable in today's academic world. Even so, they are not without any limitation. For instance, the two perceptions in EEM are not

sufficient in predicting intention (Elfving *et al*., 2009). As for TPB, researchers found that there are many other factors influencing individual's intention; thus, it requires a reformulation (Liñán & Santos, 2007) and additional variables have to be included (Conner & Armitage, 1998; Oreg & Katz-Gerro, 2006; Fielding *et al*., 2008). Furthermore, both theories have been widely used in predicting entrepreneurial intention, but their predictability on intention towards sustainable entrepreneurship has not been fully explored. As such, both models need to be expanded and respecified (Krueger *et al*., 2000). In short, this study attempts to integrate, adapt and modify the above two models to develop a model for explaining intention towards sustainable entrepreneurship. The model is discussed in the following section.

2.3 Drivers of Sustainable Entrepreneurship

Past literatures have showed that businesses engaged in sustainable practices due to various drivers. Quite a number of researchers have categorized the drivers into merely two groups; for instance, proactive and reactive (Yoon & Tello, 2009), public and private (Isaak, 2002) or simply just external and internal (Schlange, 2006; Rasi *et al*., 2010; Worthington & Patton, 2005). Classification of sustainability drivers has been continued by Kassim and Nor (2008) who recognized three factors, Montalvo (2008) identified seven factors, Kirkwood and Walton (2010) found five common drivers and Bekiroğlu *et al*. (2011) acknowledged six factors. The above studies have undoubtedly shed lights on understanding of drivers for sustainable practices among businesses. However, some of them are just too simple and general. Furthermore, developing a proper cluster of sustainable drivers from a mix of various factors has not been done by the researchers. As such, identifying the sustainable practices drivers in a more robust manner is indeed required.

Intention resides within a person. It is therefore affected by the person's internal or personal factors. Personal factors such as values and beliefs were considered as important antecedents to entrepreneurial intentions (McGee *et al*., 2009). In terms of sustainable practices, they also played a crucial role in affecting sustainable entrepreneurs' environmental considerations (Schlange, 2006) and caused people's engagement in sustainable practices (Spence *et al*., 2011). Among the personal factors, sustainable values were considered as a trigger for sustainable attachment (Gagnon, 2012). Sustainability related values were also important in driving business practitioners towards sustainable entrepreneurship (Tilley, 1999). Similarly, Vives (2006) also found that personal values were positive on influencing sustainability engagement among entrepreneurs in Latin America. In short, sustainability-driven values could be regarded as a stimulant which brought entrepreneurs towards green or environmental practices in business (Kearins *et al*., 2010; Kirkwood & Walton, 2010; Parrish, 2010). As such, the following hypothesis was developed:

H1: Sustainability value positively influences intention towards sustainable entrepreneurship.

Apart from values, attitude was another element which influences intention (Fishbein & Ajzen, 1975; Ajzen, 1991). Many extant entrepreneurship studies found that attitude positively and significantly affected entrepreneurial intention (for examples, do Paço *et al*., 2011; Fini *et al*., 2009; Moriano *et al*., 2012; Schwarz *et al*., 2009; van Gelderen *et al*., 2008, just to name a few). In addition, researchers such as Stern (2000), Tonglet *et al.* (2004) and Bamberg and Möser (2007) have found that attitude also influenced one's pro-environmental behavioral intention. Specifically, Chen *et al.* (2011) concluded that people's positive or negative attitude could affect their intention to adopt sustainable practices. Braun

(2010) also supported that attitude drove people towards environmental behavior. Thus, it was hypothesized that:

H2: Sustainability attitude positively influences intention towards sustainable entrepreneurship.

Behavioral intention is also stimulated by situational factors, or also known as contextual factors (Spence *et al.*, 2011) or external stimuli (Yoon & Tello, 2009). One of the situational factors that should not be left out in predicting intention is social factor or social norm (Fishbein & Ajzen, 1975; Ajzen, 1991). Past studies have shown contrasting findings on the influence of social norm on entrepreneurial intention. For instance, some studies have confirmed the significant effect of social norm on intention towards entrepreneurship (Moriano *et al.*, 2012; van Gelderen *et al.*, 2008; Kautonen *et al.*, 2009); while several studies have denied such relationship (do Paço *et al.*, 2011; Shook & Bratianu, 2010; Fini *et al.*, 2009; Sommer & Haug, 2011). As for the influence of social norm on sustainable practices, Vermeir and Verbeke (2008) found that social pressures were significant in affecting sustainable behavioral intention. Similarly, Meek (2010) and Yaacob (2010) have also showed that entrepreneurs' environmental actions were the results of influences from others. Therefore, the hypothesis below was suggested:

H3: Social norm positively influences intention towards sustainable entrepreneurship.

In addition to social pressures, governmental rules and regulations also played a crucial part in encouraging entrepreneurs to behave sustainably (Moorthy *et al.*, 2012; Rasi *et al.*, 2010) and stimulating firms to adopt environmental management (Jennings & Zandbergen, 1995). Schlange (2006) highlighted the roles of sustainability policy as a guideline for entrepreneurs to balance up the objectives of business and environmental concern. Indeed, appropriate environmental legislations could act as a powerful driver for business to response to environmental issues (Worthington & Patton, 2005) and establishment of green entrepreneurship (Ndubisi & Nair, 2009). They pushed businesses towards sustainable entrepreneurship (Klein-Woolthuis, 2010). Perhaps, influence from governmental agencies was the most apparent factor for encouragement of environmental practices among businesses (Delmas & Toffel, 2004). Governmental policies not only drove businesses to behave environmentally, but also facilitated the development of sustainable entrepreneurship (Rattanawong *et al.*, 2011). Hence, it posited that:

H4: Government legislation positively influences intention towards sustainable entrepreneurship.

Varying cultural values and beliefs have brought about different entrepreneurial behaviors (Mueller & Thomas, 2000). Specifically, Lee (1999) and McGrath *et al.* (1992) pointed out that cultural factors have differentiated entrepreneurs from non-entrepreneurs in many regions. Pressures from culture have been identified as an influential element in attempts to start-up new business and entrepreneurial intention (Liñán & Chen, 2009). For instance, Koe and Zaher (2013) pointed out that dimensions in culture did play a role in influencing entrepreneurial intention. The effects of cultural pressures were not limited to entrepreneurial intention; managerial decisions of a firm were also greatly influenced by cultural pressures (Delmas & Toffel, 2004). Base on the above argument, the decisions of firms to embark on sustainable practices are considered affected by cultural factors. As Bhalachandran (2011) stressed, cultural settings moved individuals towards sustainable development in a society. Sustainable

management requires long term effort from the people. As such, how people react to sustainable management could be a result of their orientation on time. One of the cultural dimensions which explains people's time horizon is long-term versus short-term orientation (LTO). People who are having long-term orientation attach more importance to the future (Hofstede, 2001; 2010). Trompenaar (1993) has also identified a similar dimension, which he named it as "future orientated". It is widely known that this dimension has been tested in studies related to decision making. However, attempts to investigate its effect on sustainable practices intention has not been done so far. As such, the following hypothesis was suggested:

H5: Time orientation positively influences intention towards sustainable entrepreneurship.

In agreement with Trompenaar (1993), exploitation of natural resources is determined by the human-nature relationship orientation. Unfortunately, discussions about the relationship between this dimension and business practices still remain scarce. The concept which is closest to human-nature relationship orientation is sustainability orientation. It has been evidenced by Kuckertz and Wagner (2010) and Wagner (2011) as a factor of entrepreneurial intention at the individual level. Moreover, sustainable orientation has also been posited as a motivator for SMEs business practitioners to engage in sustainable development (Spence *et al.*, 2008). Therefore, it was hypothesized that:

H6: Sustainable orientation positively influences intention towards sustainable entrepreneurship.

2.4 The Mediating Role of Perceptions

Shapero and Sokol (1982) suggested that entrepreneurial events were the results of a person's perception on desirability and feasibility. They described perceived desirability as attractiveness of initiating a venture at the individual level, while perceived feasibility as the degree of individual capability to initiate a business. In some studies, perceived feasibility was used interchangeably with "self-efficacy" (e.g.: Fitzsimmons & Douglas, 2011; Guerrero *et al.*, 2008; Liñán *et al.*, 2005 etc.), which referred to a person's own sense of competence (Bandura, 2002). As such, this study also regarded perceived feasibility as synonymous to self-efficacy.

In regards to the influence of these two perceptions on entrepreneurship behavior, Krueger *et al.* (2000) found that the increased in both perceptions encouraged the new venture creations. Liñán *et al.* (2005) also proposed that perceived desirability and perceived feasibility affected individual's actions on certain events. Chuluunbaatar *et al.* (2011) grouped the two perceptions into cognitive characteristics and found that they recorded a strong and significant relationship with entrepreneurial intention. Indeed, the two perceptions above have been proven as strong and significant predictor of behavioral intention in many entrepreneurship studies. For instance, Brännback *et al.* (2007), Audet (2004), Krueger (2005), Krueger *et al.*, (2000) and Elfving *et al.* (2009) have unanimously supported the above views.

One apparent shortcoming in the above studies was that they only examined the direct relationship between perceptions and intention. As Shepherd and Krueger (2002: 179) stated, the "exogenous factors influence intentions (and behavior) only indirectly by influencing desirability and/or feasibility". The statement has thus explained the need to treat "perceived desirability" and "perceived feasibility" as mediating variables. Indeed, Liñán and Santos (2007) argued that the inconsistent results found regarding the influence of social factors on intention suggested that social factors could only affect individual's

intention through perceived desirability and perceived feasibility. Krueger (2005) explained that intention relied on important antecedents such as perceived desirability and perceived feasibility, whereby these antecedents were influenced by factors like personal and situational. Furthermore, the mediating role of individual's perceptions on behavioral intention has also been evidenced in some existing studies (Izquierdo & Buelens, 2008; Liñán *et al*., 2005). In sustainable management literature, López-Gamero *et al*. (2010) found that perceptions mediated the relationship between voluntary pro-environmental actions and environmental management. However, to our greatest knowledge, the ability of the above two perceptions as mediating factors of intention towards sustainable entrepreneurship has not been examined. Therefore, this paper hypothesized that:

H7a: Perception mediates the relationship between sustainability attitude and intention towards sustainable entrepreneurship.

H7b: Perception mediates the relationship between sustainability value and intention towards sustainable entrepreneurship.

H7c: Perception mediates the relationship between social norm and intention towards sustainable entrepreneurship.

H7d: Perception mediates the relationship between government legislation and intention towards sustainable entrepreneurship.

H7e: Perception mediates the relationship between time orientation and intention towards sustainable entrepreneurship.

H7f: Perception mediates the relationship between sustainability orientation and intention towards sustainable entrepreneurship.

2.5 Research Model

Based on the above discussion, the following model (Fig. 1) was suggested. The independent variables consisted of: (i) Personal factors, inclusive of sustainable attitude and sustainable value; (ii) Situational factors, consisted of social norm and legislations and; Cultural factors, comprised time orientation and sustainability orientation. The mediator in this model was perceptions, which formed by perceived desirability and perceived feasibility. Intention towards sustainable entrepreneurship was regarded as the dependent variable.
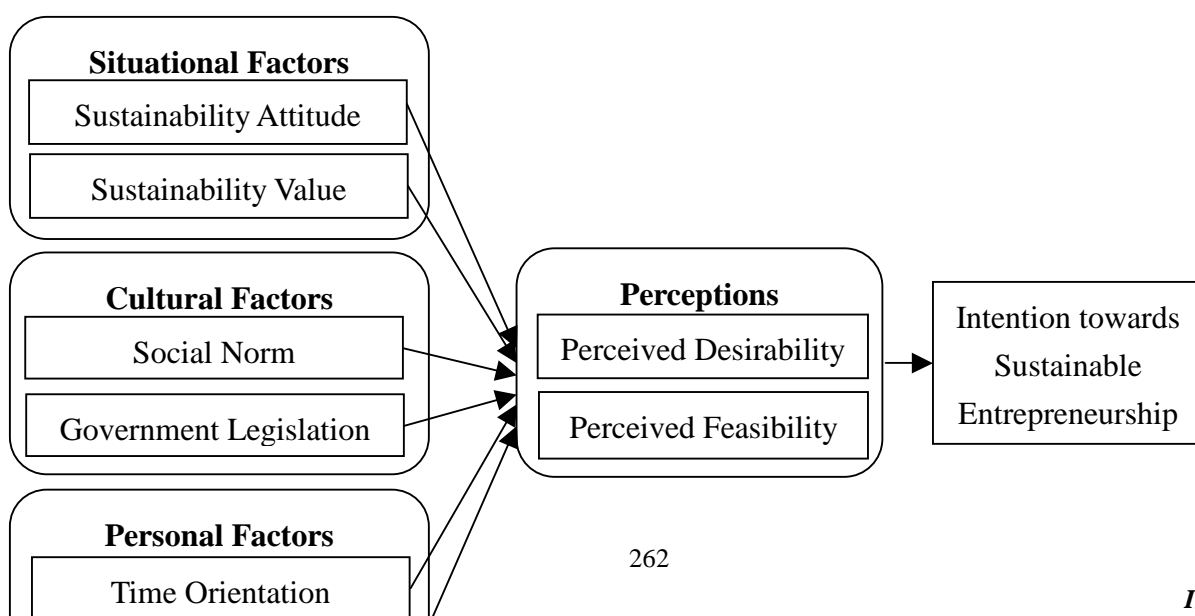
Fig. 1. Suggested Model

3.   Conclusion and Implication

Sustainable entrepreneurship has been recommended as a resolution for environmental degradation brought by business activities. However, the low participation of businesses on sustainable practices could jeopardize the effort. Therefore, understanding the cognitive process that drives business practitioners towards sustainable practices is crucial. The purpose of this paper was to develop a model for predicting intention towards sustainable entrepreneurship. The model suggested that business practitioners' intention to embark on sustainable entrepreneurship was triggered by their perceptions on desirability and feasibility. These two perceptions were influenced by personal, situational and cultural factors. The model expected that perceptions would record a mediating effect between personal, situational, cultural factors and intention.

The conceptual model suggested in this study serves both theoretical and practical purposes. Theoretically, it enriches the literature on sustainable entrepreneurship. Furthermore, it can be used as a framework for explaining the cognitive process which drives entrepreneurs towards sustainable entrepreneurship. Practically, it is important to understand the way entrepreneurs perceive sustainable entrepreneurship before exerting any further efforts to prevent waste of resources. Moreover, it can also help in developing sustainable businesses which supports the government's agenda in building a green- or sustainable society.

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