10th International Trade & Academic Research Conference (ITARC)
5th International Conference on Institutional Leadership, Learning & Teaching (ICILLT)

14-15th October 2019
Holiday Inn London- Kensington
Wrights Lane, Kensington, London W8 5SP

Co-hosted by the
Centre for Business & Economic Research (CBER), UK
&
Centre for Innovative Leadership Navigation

Conference Proceedings

Method - Integrity - Camaraderie

www.cberuk.com
The Business and Management Review

Volume 10 Number 4 October 2019

The Conference proceedings is approved for listing in ProQuest of Refereed Publications
Mission Statement
Centre for Business & Economic Research (CBER)

The Centre for Business and Economic Research (CBER) works assiduously to contribute to progress and prosperity through research and managerial excellence. CBER strives to be an important knowledge conduit via its academic journals, international conferences and bespoke consultancy and training services.
ITARC/ILLT-2019 CONFERENCE COMMITTEE MEMBERS

Conference Chairs
Dr. P. R. Datta, Centre for Business & Economic Research (CBER), London, United Kingdom
Mark T Jones, Centre for Innovative Leadership Navigation (CILN), London, United Kingdom

Conference Committee
Prof. Srinivasan Sampalli, Dalhousie University, Canada
Prof. Lothar Auchter, University of Applied Science, Kaiserslautern, Germany
Prof. Deepraj Mukherjee, Kent State University, USA
Prof. David Graves, DG Anti-Fraud Consultants Ltd, UK
Prof. Gairik Das – Review Editor, IISWBM, Kolkata, India
Prof. Evelyn Chiloane-Tsoka - Review Editor, University of South Africa, South Africa
Prof. Eman Abdelsalam, Arab Academy of Science, Technology & Maritime Transport, Alexandria, Egypt
Dr Justin H. Beneke, University of Winchester, UK
Dr B.R. Chakraborty – Centre for Business & Economic Research (CBER), UK
Dr Wallace Ford, Medgar Evers College of the City University of New York, USA

ITARC/ILLT-2019 EDITORIAL ADVISORY BOARD

Prof. Slava Shavshukoff, Saint Petersburg State University, Russia
Prof. Malgorzata Magdalena Hybka, Poznań University of Economics and Business, Poland
Prof. Anthony Wood, The University of the West Indies, Barbados
Prof. Jennifer Bowerman, MacEwan University, Canada
Prof. Noha Bendary, The British University in Egypt
Prof. JP Spencer, Cape Peninsula University of Technology, Cape Town, South Africa
Dr. Evangelia Fragouli, University of Dundee, UK
Prof. Salil K Sen, NIDA Business School, Bangkok, Thailand
Professor David Borker, Manhattanville College, New York, USA
Prof. Fabrizio Pezzani, Bocconi University, Milano, Italy
Prof. Juan Carlos Botello, Universidad Popular Autónoma del Estado de Puebla, Mexico
Khaled Rouassi, National School of Statistics and Applied Economics, Algeria
Lobna Ali Al-Khalifa, National Authority for Qualifications & Quality Assurance of Education & Training (QQA), Bahrain
Rahul Gupta Choudhury, IFIM Business School, Bangalore, India
Stephen P. Magee, University of Texas at Austin, USA
Prof. Imbarine Bujang, Universiti Teknologi MARA, Malaysia
Dr Yongmei Bentley, University of Bedfordshire, UK
Dr. Sudaporn Sawmon, King Mongkut's Institute of Technology Ladkrabang, Thailand
Dr. Rachael English, De Montfort University, UK
Dr. Eleni Aravopoulou, St Mary’s University, UK
Centre for Business & Economic Research (CBER) seeks to contribute to progress and prosperity through research and managerial excellence. It publishes prominent academic journals each year, as well as organizing international academic conferences and delivering high impact training. CBER is committed to advancing research, education, theory and practice in the field of management. Its various journals provide a respected vehicle for theoretical insights and developments in the field of business, management and economic development. CBER is committed to working to uphold the highest standards of probity and academic rigor in all that its endeavours.

The Centre for Innovative Leadership Navigation (CILN), London was established in response to a growing recognition of the challenge faced by those in leadership roles. The world post the 2008 economic crisis has seen those in leadership and management roles coming under increasing scrutiny and pressure and thus it was decided that a conscious effort should be made to focus on the dynamics of leadership. As well as offering highly innovative and bespoke training CILN brings together leading practitioners who share experience, insight and a desire to assist others move forward with purpose. Though-leadership is an equally important part of what CILN does and in this regard, it actively works with companies and institutions that recognize the paramount importance of effective leadership. All leaders are called upon to handle a range of challenging situations and their ability to read the ‘landscape’ and ‘weather’ of their particular domain will determine success or failure. The ability to navigate is not a skill we are born with and thus all leaders can benefit from timely preparation and interaction with those who have comparable challenges.
A statement about open access

The official conference proceedings of the Centre for Business & Economic Research (CBER) is an open access publication which means that all content is freely available without charge to the user or his/her institution. Users are allowed to read, download, copy, distribute, print, search, or link to the full texts/abstracts of the articles in this proceeding without asking prior permission from the publisher or the author. CBER is committed to publish all full text articles/abstracts accepted for the conference online for immediate open access to readers and there is no charge to download articles and editorial comments for their own scholarly use.
<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Creation of Employment in Mexico derived from Foreign Direct Investment from 2005 to 2018</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Globalisation, internationalisation and export opportunities for South Africa</td>
<td>12</td>
</tr>
<tr>
<td>3.</td>
<td>Uncovering the big five model personality traits and organization identification</td>
<td>23</td>
</tr>
<tr>
<td>4.</td>
<td>Analysing the impact of cloud-based accounting on business performance of SMEs</td>
<td>37</td>
</tr>
<tr>
<td>5.</td>
<td>Investor’s awareness, preference and pattern of investment in various financial assets</td>
<td>45</td>
</tr>
</tbody>
</table>
Creation of Employment in Mexico derived from Foreign Direct Investment from 2005 to 2018

Martín Dávila
Juan Carlos Botello
Carla Antonia Ahuatl
Universidad Popular Autónoma del Estado de Puebla, México
Business School, Mexico

Keywords
Active Public Policy, foreign direct investment, employment, productive sectors, Mexico.

Abstract
Globalization and the liberalization of trade throughout the world have brought about various changes, mainly at the economic level, but also at the level of public policies, since they have been adapted to both the needs of the government and those of the companies. Therefore, the changes are intended to offer benefits to the productive sectors to facilitate their development.

Thus, one of the main elements for development is national and foreign investment. Regarding foreign direct investment (FDI), each country designs its own public policy to attract investment flows in order to meet different national goals.

While there are some countries that decide to make many efforts to attract capital from abroad and fulfill their government plans, others decide to assess the economic impact of foreign capital. That is, the difference in economic development lies on the design of passive public policies or active public policies to attract FDI. The purpose of this research paper is to demonstrate how foreign direct investment policies impacted on the creation of employment in Mexico from 2014 to 2018 in primary, secondary and tertiary sectors.

1 Introduction
One of the major concerns of governments worldwide today is the generation of jobs. These are created by public and private investment. Within the private investment, the foreign direct investment that is generated by the multinational companies that are attracted by the passive public policies of each government stands out.

However, one of the primary objectives of the attraction of FDI by the government is the evaluation of the impact that these capitals have on the national economy. Active public policy is responsible for measuring these impacts.

This research is divided as follows. In second part, a literature review is offered. Several research papers were analyzed to describe the importance of the creation of employment for countries, key factors of FDI and gross national product (GNP). Section three includes the data and variables used to explain the model for creation of employment in Mexico based on FDI flows and GNP. Descriptive statistics is offered in chapter four. Section five explains the methodology applied for this research and in the last section results and conclusions are shown.

Literature review
Employment is a subject of current economic policy. From the point of view of workers in developed countries, FDI is often a threat to traditional jobs in the industry that suffer from being relocated abroad. On the other hand, the increase in employment in these countries is seen as a better contribution to poverty reduction and the fulfillment of the millennium goals. However, the impact of FDI on the labor market remains a matter of debate (Jenkins, 2006).

The implementation of new technologies, processes and standards, forms of organization, intra and inter-company links, intra and inter-industry trade, as well as the integration into and of an economic and social network, can lead to impacts that are not necessarily seen from a macroeconomic perspective. The potential effects on the learning process, economies of scale and economies of scope have been highlighted.
by multiple authors (Caves, 1971; Fajnzylber, 1983; Graham and Krugman, 1991; Storper, 1997; UNCTAD 1999). It is relevant to note that foreign investment cannot only be considered from the perspective of the receiving economic units. On the contrary, these flows also reflect the strategic interests of transnational enterprises and other companies in search of access to markets and greater competitiveness of their global production and distribution networks, among other reasons (UNCTAD, 1998).

In this context, in 2018 the inflows of foreign direct investment (FDI) in the world were 13% lower than those of 2017 and reached a value of 1.3 billion dollars, similar to that recorded in 2010, the first year of recovery after of the global financial crisis of 2008. This decrease was more pronounced in developed economies (27%), mainly in Europe, as a result of the impact of the tax reform in the United States, which promoted greater flows of repatriation of profits from Europe to that country (which had negative FDI outflows during the year), while there was a slight increase (2%) in developing economies, where stable levels have been maintained in recent years. On the other hand, the expansion of China’s investments outside of Asia slowed down, mainly in the case of those directed to the United States and the European Union (ECLAC, 2019). The following chart shows selected countries with the highest inflow of FDI.

Chart 1: Latin America and the Caribbean (selected regions and countries): entry flows of foreign direct investment (FDI), 2017-2018 (US billions of dollars).

Figure 2 shows the behavior of foreign direct investment that Mexico had from 1999 to 2018. We highlight that in 2001 and 2013 the greatest investment flows are captured in recent years.

Figure 2: Foreign Direct Investment in Mexico 1999 – 2018

Source: Ministry of Economy, México.
The international context and global perspectives of investment flows show the importance that FDI can acquire as a factor that contributes to building local capacities, fostering sustainable development and modifying the productive structure of Latin America and the Caribbean. As noted in previous reports, high FDI flows do not guarantee by themselves a contribution to the productive diversification of the region and long-term growth (ECLAC, 2019).

There is a divergence of opinions on the effect of FDI on domestic employment. The unions maintain that there is a loss of real or potential jobs when companies invest abroad, as well as when exports fall or imports rise (Chiatchoua, Castillo and Santibáñez, 2016). Most of the analyzes of the effects of this type of investment in the labor market identify both positive and negative aspects.

In the positive ones, when FDI complements national investment, it implies the creation of new companies and the demand for work tends to increase (Chiatchoua, Castillo and Santibáñez, 2016). The percentage of highly qualified employees in companies with FDI is, on average, 17% compared to 9.8% in domestic companies (Fedesarrollo, 2007).

On the other hand, FDI can displace local investment, so the net effect on employment is less than the number of people directly employed by foreign subsidiaries. According to Jenkins (2006), FDI tends to focus on capital-intensive industries, so jobs created per dollar invested are low. In addition, links with local companies can be weak if most of the inputs used by foreign subsidiaries are imported and only constitute an enclave within the local economy. If there are no obstacles to investment and you can easily move to alternative locations, the jobs that are created are likely to be unstable, that is, highly elastic to international competitiveness (Chiatchoua, Castillo and Santibáñez, 2016). Likewise, as the population satisfies basic material needs, it allocates a greater proportion of its income to the demand for services, so the rapid relative deindustrialization is also explained, implying the growth of the tertiary sector (Godbout, 1993).

In an international context of reduction of FDI flows and strong competition for investments, policies should not be aimed at recovering the amount of FDI flows, but should increasingly aim to attract the type of FDI that contributes to form knowledge capital and advance in the shift towards sustainable production, energy and consumption patterns. The growing incorporation of a sustainable development approach in the strategic decisions of the world’s main transnationals is an opportunity to design policies that accompany this paradigm shift (CEPAL, 2019).

In recent years, foreign direct investment flows increased more than world production or trade (Romero, 2012). For many developing countries, it has become an important source of external financing. During the years 2000 and 2001, Mexico was one of the countries with the highest reception of FDI in Latin America and one of the four largest in the world, registering entries for 18.3 and 29.9 billion dollars (mmd) in those years. The sale of Bancomer contributed to that figure (UNCTAD, 2006).

FDI has also had a differentiated investment in economic activities in each of the states. In the area of the Federal District (DF), State of Mexico and Puebla, FDI has been directed to manufacturing, financial services, commerce, mass media, among others (Chiatchoua, Castillo and Santibáñez, 2016). For the area composed of the border states, this investment has been concentrated in manufacturing, with significant investments in mining in Sonora and Coahuila; In the cases of Baja California Sur and Quintana Roo, it has been used for construction, real estate services and accommodation services, a situation that reflects the tourist bonanza in these entities (Ramírez, 2013).

FDI is in net increase in Mexico, despite difficult times such as the events of September 11, 2001, the financial crisis in the United States (US) and insecurity in the country. The main investors in Mexico are: United States of America, Holland, Spain, Germany, United Kingdom and Canada. The economic sector that receives the highest FDI is the industrial sector, it participates with 57.4%, the services sector with 42.1% and the agricultural sector with 0.5% (Chiatchoua, Castillo and Santibáñez, 2016).

2 Objectives, Variables, Hypotheses and Data

Objectives
The objective of this research is to find out if the attraction of foreign direct investment in Mexico during the period of 2005 to 2018 has created jobs, but also in which sectors were created.
Variables
The dependent variable used in this research is:
emp (number of jobs in Mexico from 2005 to 2018).
The independent variables in their different modalities that will be considered for the theoretical model are:
3.2.3 fdi (foreign direct investment from 2005 to 2018).
3.2.4 gnp (gross national product from 2005 to 2018).

Hypotheses
For main model, the hypothesis is the following:
H1: The arrival of capital coming from abroad creates jobs in México.
The secondary hypotheses are:
H2: The arrival of capital coming from abroad creates job in México in the primary sector.
H3: The arrival of capital coming from abroad creates job in México in the secondary sector.
H4: The arrival of capital coming from abroad creates job in México in the third sector.

Data
Three databases were worked for this project. The first one, was about the inflows that Mexico received from 2005 to 2018. The second database was developed under the concept of the kind of jobs that were created through the Foreign Direct Investment during the period of 2005-2018. Those jobs were classified into primary, secondary and tertiary sector. The third and last one is about the GDP of the primary, secondary and third sector.

4. Descriptive statistics
For the case of flows of the Foreign Direct Investment (FDI), the Mexican Gross National Product (GNP) and the Employment (Emp) in México, we show the most relevant descriptive statistics for this research per the period of 2005 until 2018, as follows. First, we show in the Table 4.1 the variables for Mexico in relation with the flows of FDI, GNP and Employment, from 2005 until 2018.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>emp</td>
<td>47,800,000</td>
<td>3,511,877</td>
<td>41,400,000</td>
<td>54,200,000</td>
</tr>
<tr>
<td>fdi</td>
<td>7,329</td>
<td>3,255</td>
<td>2,351</td>
<td>21,015</td>
</tr>
<tr>
<td>gnp</td>
<td>763,579</td>
<td>197,378</td>
<td>451,735</td>
<td>1,158,439</td>
</tr>
</tbody>
</table>

In Figure 4.1 we show the Employment (Emp) quarterly for the period 2005 to 2018.
As we can see, the Employment has a slight upward trend, year by year during the whole period of study. In Figure 4.2 we show the flows of Foreign Direct Investment (FDI) quarterly for the period 2005 to 2018.

As we can see, the flows of Foreign Direct Investment exhibits a erratic behavior during the whole period. The highest value for incoming capitals was in the second quarter of 2013, in the same way the lowest value was in the third quarter of 2006.

In the Figure 4.3 we show the Mexican Gross National Product (GNP) quarterly for the period 2005 to 2018.

Similarly with respect to the Employment figure, the Gross National Product, has a slight upward trend, year by year during the whole period of study.

5. Methodology, Models and Results
5.1 Methodology
It is important to state out that in this research we divided the data base in three different activities in México (employment, FDI and gross national product), however were carried out several models of time series data and the results for these models indicates the nature of each of the variables used, and the relationship they have with the dependent variable and its statistical significance.
5.2 Models
The following equations are the proposal models to prove the hypotheses postulated earlier:

Main model is:

\[
\text{emp}_t = \beta_0 + \beta_1 \text{fdi}_t + \beta_2 \text{gnp}_t + u_t
\]

6 Results
Due to the models that we show are handled through time series, we verified that the variables have a stationary stochastic process in the models proposed. As the variables presented a nonstationary process, the models are not useful to find reliable results by the method of ordinary least squares (OLS), in accordance with Engle and Granger (1987) that conducted a cointegration study. Then, we made a linear combination of two series, each of which is integrated of any kind of order, additionally checked and corrected the errors through the Granger causality (Granger, 1969 and Granger and Newbold, 1974) to verify that indeed the time series used are stationary, the following model show this test and the results are in Table A1 for Mexico:

\[
\text{emp}_t = \beta_0 + \beta_1 \text{emp}_{t-1} + \beta_2 \text{emp}_{t-2} + \beta_3 \text{fdi}_{t-1} + \beta_4 \text{fdi}_{t-2} + \beta_5 \text{gnp}_{t-1} + \beta_6 \text{gnp}_{t-2} + u_t
\]

In addition, was revised collinearity of the variables through a model of vector autoregressive (VAR), where it was found that indeed the variables presented a high collinearity and that has to be corrected for the variables are stationary, besides we use the Wald test (Wald, 1940) to prove if the model has an asymptotic chi-square distribution, the model was as follows and the results are in Table A2:

\[
\text{emp}_t = \delta_0 + \alpha_1 \text{emp}_{t-1} + u_t
\]

Once we have corrected the errors that could be present in the time series, and we are sure that the variables shown a Stationary Stochastic Process we proceeded to find the corresponding relations with each of the proposed variables.

As can be seen in Table A3, Foreign Direct Investment (FDI) doesn’t have an adequate statistical significance, for this reason we proceed to make a correction through a run on the data with regard only with this variable to see if there is a relationship or not with employment. In accordance with the above can be seen in Table A4, that Foreign Direct Investment (FDI) again does not present an adequate statistical significance, however, comes to present a very slight correction to the significance of this variable, even so, we think that there is a correct explanation of this variable toward employment.

Due to the above, it took the initiative to make an econometric prove to the same model but for different economic sectors in Mexico in order to find out if any of the economic sectors created jobs during 2005 - 2018.

Table A5 shows us only data for primary sector, presenting the same problem that in Table A3, in the sense that Foreign Direct Investment (FDI) has no statistical significance. A correction was applied, however in this case, there is no improvement in the statistical significance, as shown in Table A6. It is concluded that there is not a significant relationship between Foreign Direct Investment (FDI) and employment generation at least in the primary sector for the Mexican economy.

For the secondary sector, the data presented the same problem, as shown in Table A7, finding similar results than in the primary sector and in the main model (Foreign Direct Investment has no statistical significance). However, the correction and isolate only the effect of Foreign Direct Investment (FDI) with respect to employment, it is observed that it is corrected in a considerable way. That makes us conclude that the secondary sector has a very good correlation between employment and Foreign Direct Investment (FDI).

Finally, the econometric proves for the tertiary sector were carried out as shown in Table A9. Again, presented the same situation as in previous cases, Foreign Direct Investment (FDI) has no statistical significance. A correction was made for this sector but presented a better condition rather than the primary sector (Table A10).
7 Conclusion.

Based on the results presented in the previous section, it can be concluded that apparently Foreign Direct Investment (FDI) does not have any effect on employment in Mexico during the period of study (2005-2018). Although the effect of Gross Domestic Product (GDP) is significant and positive. The exception that can be seen is for the secondary sector in which both Foreign Direct Investment (FDI) and Gross Domestic Product (GDP) contribute significantly to employment generation in Mexico for the period under study (2005-2018).

Although the tertiary sector does not present significant results, it does not mean that there are not interesting results. We find out that, comparing tables A9 and A10, the data reveals that there is an improvement in the creation of jobs in this sector, which means that in Mexico, both the secondary and tertiary sectors are the ones that create more jobs. It is well-known that Mexico is a modern and manufacturing country but in the past years captured FDI flows to tertiary sector. An example of this, is the acquisition of domestic banks by international banks when the Foreign Investment law was modified and improved to get capital from abroad. The energy sector as well as aeronautical and telecommunications are also the most favored ones.

References
Comisión Económica para América Latina y el Caribe (CEPAL), La Inversión Extranjera Directa en América Latina y el Caribe, 2019 (LC/PUB.2019/16-P), Santiago, 2019.
Fedesarrollo (2007), Impacto de la Inversión Extranjera en Colombia: Situación Actual y Perspectivas, Fundación para la Educación Superior y el Desarrollo, Colombia.
### Appendix

**Table A1. Econometric results for the Vector Autoregressive (VAR) models, to prove collinearity.**

|     | Coef.  | Std. Err. | z     | P>|z|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| emp | L1     | 0.721750  | 0.146182 | 4.94 | 0.000 | 0.435239             |
|     | L2     | -0.081789 | 0.141762 | -0.58 | 0.564 | -0.359638             |
| fdi | L1     | -6.180372 | 18.062310 | -0.34 | 0.732 | -41.581860            |
|     | L2     | 14.160940 | 17.859970 | 0.79  | 0.428 | -20.843960            |
| gnp | L1     | -10.201740| 4.021305  | 2.54  | 0.011 | -18.083350            |
|     | L2     | 16.737800 | 3.851098  | 4.35  | 0.000 | 9.189784              |
| _cons|       | 12600000  | 4431584   | 2.84  | 0.005 | 3902797               |

|     | Coef.  | Std. Err. | z     | P>|z|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | emp    | -0.001091 | 0.001074 | -1.0  | 0.310 | -0.003196             |
|     | L2     | 0.002061  | 0.001041 | 1.98  | 0.048 | 0.000021              |
| gnp | emp    | 0.058407  | 0.132680 | -0.44 | 0.660 | -0.201640             |
|     | L2     | -0.269247 | 0.131193 | -2.05 | 0.040 | -0.526381             |
| _cons|       | -2754.297 | 32552.90 | -0.85 | 0.397 | -91345.48             |

|     | Coef.  | Std. Err. | z     | P>|z|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| gnp | emp    | 0.008120  | 0.005948 | 1.37  | 0.172 | -0.003539             |
|     | L2     | -0.003547 | 0.005768 | -6.61 | 0.539 | -0.014853             |
| fdi | emp    | -1.185938 | 0.734972 | -1.61 | 0.107 | -2.626456             |
|     | L2     | 0.959938  | 0.726738 | 1.32  | 0.187 | -0.464443             |
| gnp | emp    | 0.463769  | 0.163631 | 2.83  | 0.005 | 0.143059              |
|     | L2     | 0.476733  | 0.156705 | 3.04  | 0.002 | 0.169597              |
| _cons|       | -153521.30| 180325.10 | -0.85 | 0.40  | -506952.10            |

**Table A2. Econometric results for find the Granger causality Wald tests.**

<table>
<thead>
<tr>
<th>Equation</th>
<th>Excluded</th>
<th>chi2</th>
<th>df</th>
<th>Prob &gt; chi2</th>
</tr>
</thead>
<tbody>
<tr>
<td>emp</td>
<td>fdi</td>
<td>0.76328</td>
<td>2</td>
<td>0.683</td>
</tr>
<tr>
<td>emp</td>
<td>gnp</td>
<td>22.602</td>
<td>2</td>
<td>0.000</td>
</tr>
<tr>
<td>emp</td>
<td>ALL</td>
<td>25.059</td>
<td>4</td>
<td>0.000</td>
</tr>
<tr>
<td>fdi</td>
<td>emp</td>
<td>3.9615</td>
<td>2</td>
<td>0.138</td>
</tr>
<tr>
<td>fdi</td>
<td>gnp</td>
<td>2.4483</td>
<td>2</td>
<td>0.294</td>
</tr>
<tr>
<td>fdi</td>
<td>ALL</td>
<td>8.8483</td>
<td>4</td>
<td>0.065</td>
</tr>
<tr>
<td>gnp</td>
<td>emp</td>
<td>1.9256</td>
<td>2</td>
<td>0.382</td>
</tr>
<tr>
<td>gnp</td>
<td>fdi</td>
<td>4.4847</td>
<td>2</td>
<td>0.106</td>
</tr>
<tr>
<td>gnp</td>
<td>ALL</td>
<td>7.1877</td>
<td>4</td>
<td>0.126</td>
</tr>
</tbody>
</table>
Table A3. Econometric results to prove the complete model for whole the data.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | 5.3852 | 21.0402   | 0.26  | 0.799| -36.8161 47.5866    |
| gnp | 17.6021| 0.3469    | 50.74 | 0.000| 16.9062 18.2979    |
| _cons | 34300000 | 288826.3 | 118.76| 0.000| 33700000 34900000 |

Table A4. Econometric results for the efficiency for the complete model for the whole data.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | 201.2059| 144.2669  | 1.39  | 0.169| -88.0318 490.4435    |
| _cons | 46300000 | 1155227  | 40.08 | 0.000| 44000000 48600000 |

Table A5. Econometric results to prove the model for the primary economic activities.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | 166.4068| 884.2374  | 0.19  | 0.851| -1607.1490 1939.9620 |
| gnp | 27.7860 | 3.1706    | 8.76  | 0.000| 21.4266 34.1454    |
| _cons | 5733731 | 89661.82  | 63.95 | 0.000| 5553892 5913570   |

Table A6. Econometric results for the efficiency for the model for the primary economic activities.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | 803.1824| 1366.2850 | 0.59  | 0.559| -1936.0540 3542.4190 |
| _cons | 6452750 | 56067.47  | 115.09| 0.000| 6340342 6565159   |

Table A7. Econometric results to prove the model for the secondary economic activities.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | -4.3423| 25.9565   | -0.17 | 0.868| -56.4044 47.7199   |
| gnp | 16.0481| 1.3095    | 12.26 | 0.000| 13.4216 18.6746    |
| _cons | 7865737 | 318923.6  | 24.66 | 0.000| 7226058 8505417   |

Table A8. Econometric results for the efficiency for the model for the secondary economic activities.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | 90.2581| 48.0720   | 1.88  | 0.066| -6.1205 186.6368    |
| _cons | 11400000 | 259007.2 | 44.07 | 0.000| 10900000 11900000 |

Table A9. Econometric results to prove the model for the tertiary economic activities.

| emp | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|-----|--------|-----------|-------|------|----------------------|
| fdi | -37.3776| 52.5501   | -0.71 | 0.480| -142.7797 68.0245   |
| gnp | 18.8708 | 0.7708    | 24.48 | 0.000| 17.3249 20.4168    |
| _cons | 20700000 | 396701    | 52.23 | 0.000| 19900000 21500000 |
Table A10. Econometric results for the efficiency for the model for the tertiary economic activities.

|    | Coef.   | Std. Err. | t     | P>|t|   | 95% Conf. Interval |
|----|---------|-----------|-------|-------|-------------------|
| fdi| -157.9863| 181.8565  | -0.87 | 0.389 | -522.5866 206.6141 |
| _cons| 29600000 | 568971.8  | 51.96 | 0.000 | 28400000 30700000 |
Globalisation, internationalisation and export opportunities for South Africa

Seugnet Bronkhorst
University of Johannesburg
Department of Business Management, South Africa

Cecile Nieuwenhuizen
University of Johannesburg
Department of Business Management

DHET-NRF South African Research Chair Entrepreneurship Education (SARChI)

Abstract
The economic resources of capital, technology, and data as well as the exchange of goods and funds and the agriculture supply sector all become part of the ‘border-less world’. The Government and private organisations are ardently demanding factors to stimulate growth in the South African economy through various strategies and comprehend export development as a priority. The Department of Trade and Industry grow the export base and increase exports from South Africa as well as develop an approach to export expansion supported by strategic export promotion in line with global best practice resulting in the Integrated National Export Strategy (INES) or ‘Export 2030’.

Within the demand for wood, South Africa has the opportunity to increase its wood supply into world markets in the future to various countries and indications are of countries and regions which might be future potential markets with this research main aim towards entering the European Union market.

South Africa may enter the EU markets without any tariff barriers because it falls under the Generalised System of Preferences (GSP). However, South African produce still have to meet certain requirements to enter the EU market, for example, the provision of an evidence of origin to EU customs in the form of a Certificate of Origin. There are a number of non-tariff measures (NTMs) for wood products, more complex than tariffs and more difficult to gauge the impact with an even greater trade-restricting effect.

1. Introduction
South Africa is a productive and industrialised economy and, regardless of the negative GDP through all four quarters of 2018 indicating a recession, still is in the position to compete globally. Agriculture, forestry and fishery contributes 2.5% to the country’s GDP albeit forestry in a decline. According to Guttal (2017:523) globalisation is the integration of multi-facets of different organisations internationally. The author elaborates indicating that globalisation is the process of interaction and integration among people, companies, and governments worldwide. Luis (2012) applies the complex and multifaceted phenomenon which entails the integration of local and national economies into a global, unregulated market economy. However, Luis (2012) reiterates that conflicts and diplomacy are extremely important in globalisation.

Throughout the years of trading, strong economic arguments support unrestricted free trade, although governments have been unwilling to individually lower their trade barriers. The problem of a dead-lock reached is overcome if participative countries negotiate a set of rules to govern cross-border trade (Hill & Hurt, 2019:208). To ensure a uniform set of standards and operating procedures within which a nation can function in this global market, a treaty will be formed where all the requirements is known and met.
The wood industry is the production of wood and related services to wood within the economy of South Africa. The wood industry is an economic force in the South African economy. The long-term growth prospects of the industry are assessed to be excellent and current and potential exports are possible avenues to pursue. According to the World Bank, (www.worldbank.org) the formal wood industry in Africa alone, employs more than 13.2 million people and produces more than 5,000 types of wood-based products while generating a gross value added of more than $600 billion each year. However, the wood sector’s economic contribution is much larger as the sector is mainly informal and therefore a significant portion of the value unreported. When the informal sector is included in the calculations of the GDP, it could double the contribution of the wood sector and exponentially increase the number of related full-time jobs. Primary wood processing and secondary furniture production are industry branches of strategic importance for generating GDP. The wood fuel industry creates jobs for millions of households in the form of small-scale wood collection, charcoal production, transportation, and retail (www.worldbank.org).

2. Globalisation

“Globalisation is both a result and a force of modernisation and capitalist expansion, entailing the integration of all economic activity (local, national, and regional) into a ‘global’ market place: that is, a market place that transcends geo-political borders and is not subject to regulation by nation states” according to Guttal (2007:523). The economic resources of capital, technology, and data as well as the exchange of goods and funds and the agriculture supply sector all become part of the ‘border-less world’ according to Carson and Robinson (2015). The global dimensions gave rise to a uniform experience of global brands consumed through the interconnectedness in terms of products and services although eliminating the domestic selling, locally manufactured goods (Carson & Robinson, 2015). The falling of the barriers to cross-border trade and therefore the merging of historically distinct and separate markets into a huge marketplace is known as the globalisation of markets (Hill and Hult, 2019:6).

The sourcing of goods and services from around the world, or the globalisation of production, is mainly done to take advantage of the national differences in the cost and quality of the factors of productions (Hill & Hult, 2019:8). Carson and Robinson (2015) further elaborate on this global consumerism as it focusses on ‘cultural images, symbols and signs’ of which agriculture uses labels such as ‘fresh’, ‘green’ and ‘organic’. Geringer, McNett, Minor and Ball (2016:17) state important arguments supporting globalisation. The first advantage is that free trade enhances socioeconomic development as data has shown a clear and definitive link between the “liberalisation of trade and economic growth”. The second benefit of the expanding trade is linked to more and better job opportunities. Changes in technology may result in the loss of work opportunities, but with globalisation new jobs may become available (Geringer, McNett, Minor & Ball, 2016:18). Asongu (2017) also ornate on the advantages of globalisation, specifically in Africa, as globalisation promote good governance. Asongu (2017), through his findings, established that:

- institutional reforms in Africa have been driven by globalisation;
- globalisation reduces corruption;
- trade openness improves the quality of institutions.

Many fundamentally oppose the globalisation process and outcomes on ideological grounds but three primary concerns have crystallised over the years:

- globalisation has produced uneven results across nations and people;
- globalisation had deleterious effects on labour and labour standards;
- globalisation contributed to a decline in environmental and health conditions (Geringer, McNett, Minor & Ball, 2016:19).

2.1. Drivers of globalisation

The primary factors driving globalisation of business markets as identified by Cavusgil, et al. (2014:68) are:

- The worldwide reduction of barriers to trade and investment;
- Market liberalisation and adoption of free markets;
- Industrialisation, economic development and modernisation;
• Integration of financial markets;
• Advances in technology.

Apprehending the opportunities offered by these drivers in markets, will require strategic organisational changes as well as managing the risks in geopolitical and volatile environments. Although these drivers are indicative of globalisation, Omilola and Akanbi (2014) suggested it may be a slow growth and market saturation in traditional high-income countries resulting in the attractive potential of emerging markets economically benefit from these drivers. South Africa’s importance as an emerging economy is leaning more towards international markets through the unique trend of marketplace globalisation.

In exploring the relationships that exist between financial development, globalisation and level of inequality, Omilola and Akanbi (2014) found South Africa has high-income inequality as well as other social dimensions of inequality such as access to education and land ownership, resulting in structural constraints to economic growth and development. The “globalization processes have largely been responsible for the increasing income inequality in the developing world” (Omilola & Akanbi 2014), therefore will have a negative impact on both economic and social inequalities, although marginally.

Dio (2012), identified culture as a unique driver of globalisation. Dio (2012) elaborate by stating that cultures are not static and may change or disappear over time, but still show thousand-year cultural patterns such as the Chinese. Increased incomes and the emergence of a new middle class can be associated with a higher demand for imported products, perceived as safe and of high quality (Dio, 2012).

Carlos Oya (2011) did a survey on contract-farming in Sub-Saharan Africa on Contract Farming (CF). This seems to be a growing phenomenon worldwide where the production and marketing of agricultural commodities in developing countries are delivered to the global market. According to Oya (2011), the contract farming activities are covering over 110 developing and transition economies, with a wide range of commodities and a big share of output. Through this study Oya (2011) indicated the linkages “between (private) agribusiness, specific global value chains and agricultural producers in Africa”. Oya (2011) concludes that market requirements, global tendencies and political stability in Africa the major global drivers are.

The world population grew during the second half of the 20th century more than it had in the preceding four million years with the global economy expanding even faster than the population (Dauvergne, 2010). It is anticipated that the global middle class will triple by 2030, resulting in a group able to afford items such as cars and home appliances. By 2050 the world population is set to exceed 9 billion, with over 95 % of the people in developing countries such as Indonesia, India and China (Dauvergne, 2010). The growing consumer demand is seen as a global driver. But, as Dauvergne (2010) stated, “changing the environmental choices of enough consumers fast enough to make a global difference is very hard.” Yet, the world market, or global consumer is growing.

Therefore, the economic globalisation will be driven by new technologies, more environmentally friendly markets where fewer trade barriers exist to reach consumers faster more efficient and even globalise their culture.

3. Internationalisation

Cavusgil, et al (2014:38) defines internationalisation as “the tendency of companies to systematically increase the international dimension of their business activities”. The international business is the international trade, international investment or foreign direct investment. The trade will include both products and services exchanged either through importing or exporting to or from customers from South Africa or a foreign country also known as inbound and outbound activity. International investment refers to organisations securing ownership of assets situated in a foreign country. Foreign Direct Investment is a long-term decision as the investment will transfer the ownership of an organisation abroad. This is typically manufacturing, service or agriculture activities (Cavusgil, et al, 2014:40). Nowak (2018) elaborates on internationalisation by referring to the liberalisation that takes place in the process of removing officially imposed restrictions on movements of resources between countries. Further to this is the process of diffusing numerous products and new experiences to people at all parts of earth, also
known as universalisation. Nowak (2018) added a specific type of universalisation, Westernisation, where the social structures of Western civilisations are spread universally.

3.1. Internationalisation in South Africa

South Africa participates in regional initiatives such as the Tripartite Free Trade Area (TFTA), and the Continental Free Trade Area (CFTA) process under the African Union’s Agenda 2063 and is a member of SADC and SACU blocks in Southern Africa (African Development Bank, 2018). South Africa also participates in bilateral agreements such as the African Growth and Opportunity Act (AGOA), and the European Union/SADC Economic Partnership Agreement, where South Africa, Botswana, Lesotho, Namibia, Mozambique and Swaziland, agreed with the European Union (EU) on the 15th July 2014. There are further existing trade agreements such as the European Free Trade Area/SACU (Botswana, Lesotho, Namibia, South Africa and Swaziland) (May 2008) and EU-South Africa (January 2000). (www.afdb.org)

According to the EU/SACU agreement, the five countries deposit their customs and excise collections into one revenue pool. Botswana, Lesotho, Namibia and Swaziland get a significant share of their revenue from the customs which are dependent on the business cycles in SACU’s major trading partners, and on the performance of the South African economy. The fiscal outturns in these countries, with the exception of Botswana, therefore, largely reflect the path of the South African economy. (www.afdb.org).

As part of the South African economy’s pursuit to promote economic growth, regional integration is important. The widely acknowledged agreement that high level of regional integration also causes improvement in economic growth, was proven correct by the African Development Bank (www.afdb.org). “When using the number of export partners as a measure of regional integration it was found that causation runs from regional integration to growth and not the other way around, implying that (higher) regional integration is strong predictor of (higher) GDP per capita”.

The main trade corridors in South Africa are: the Cape Town- Gauteng and Durban–Gauteng corridors, the main ports therefore connected to the economic heart of the country, Gauteng province, and part of the North-South corridor, which is a multimodal (road, rail and ports) transcontinental interconnector linking South Africa, Botswana, Mozambique, Zambia, Zimbabwe, Tanzania and Malawi and finally connecting Cape Town to Cairo. Durban has been identified as the busiest port in South Africa and also as the 3rd busiest container port in the Southern Hemisphere. (www.afdb.org).

Because of the importance it plays, the regional market offers an important platform for the internationalisation of South African brands. This include a number of companies identified as major investors in varied sectors such as: natural resources extraction, basic industries and utilities, manufacturing, retail and other services. (www.afdb.org)

However, the African Development Bank (www.afdb.org) identifies challenges South Africa faces that constrain its potential to fully utilise the opportunities from regional integration, the hard and soft constraints.

The hard constraints relate to the infrastructure deficits which include rail, roads and port developments, energy generation and transmission and development of shared watercourses for the benefit of the regional member countries. (www.afdb.org).

The soft constraints include prevalence of non-tariff barriers and trade facilitation bottlenecks, such as lengthy border procedures at key regional transit points (for example Beit Bridge where it takes an average of 4 days for trucks to cross the border). (www.afdb.org)

South Africa is reasonably thriving integrated in the regional and global value chains (www.afdb.org) where: 34% of total exports constituting intermediate goods, 26% raw materials, 24% consumer goods and 15% capital goods are exported. According to the World Economic Forum’s (WEF) Global Competitiveness Index (2018) (www.wef.com), South Africa performs well ranking 47th (out of 138 countries) in the 2016/17 WEF Global Competitiveness Index, slightly better than 49th and 56th in the previous years. The best indicators are ‘Financial market development’ and ‘Market size’, while performance in terms of ‘Infrastructure’, ‘Innovation’, and ‘Labour market efficiency’ is not as favourable according to WEF. A favourable indication is that South Africa’s internationalisation has improved.
although the “local competitiveness remains limited as the economy remains fairly concentrated, with anti-competitive behaviour widespread in key sectors of the economy and significant.

4. Export South Africa

Cavusgil, (2014:393) define exporting as: “the entry strategy responsible for the massive inflow and outflows that constitute global trade”. This strategy results in the exporter being able to both enter and withdraw from markets fairly easy with minimum risk and expenses. The volume of world exports grown enormously, to such an extent that various industries depend on international trade, (Cavusgil, 2014:393) and the overall export from South Africa shows an annual rate of change of 4,5% in December 2018. From November 2018 to December 2018 exported commodities decreased by 0,3% (www.statssa.co.za).

Organisations will consider exporting due to opportunities that may exist as well possible profit growth and ROI for investors. Akinwale and Grobler (2019) indicate that the South African economy supports the export led growth strategy adopted by the government. Improvement in trade openness from export is one of the most important ingredients to economic growth in emerging countries such as South Africa. Further to this, Akinwale and Grobler (2019) argue that an increase in real income, ceteris paribus, leads to increase in government spending and export-oriented items. Economic growth results in a higher proportion of national income spent on improving the manufacturing base of export related products. Akinwale and Grobler (2019) concluded that trade openness from export are vital and not negotiable to bring about strengthening local capabilities which positively affects economic growth and development.

Government and private organisations are arduously demanding factors to stimulate growth in the South African economy through various strategies and comprehend export development as a priority (www.dti.gov).

4.1. Integrated National Export Strategy

The Department of Trade and Industry mandated Trade and Investment South Africa (TISA) to grow the export base and increase exports from South Africa (www.thedti.gov.za). TISA develop an approach to export expansion supported by strategic export promotion in line with global best practice resulting in the Integrated National Export Strategy (INES) or ‘Export 2030’ (www.dti.gov).

According to INES, the most important areas of concern are the creation of an enabling environment with easy entry to new markets and the development of new products for export. It should be possible for existing, potential, aspiring, and even past exporters to export.

The INES focusses on two broad focus areas:
1. The business focus that inter alia includes:
   - Ensuring the long-term international competitiveness of local industry (manufacturing, agriculture and services);
   - Developing new export capabilities and competencies; and

2. The socio-economic development focus. (www.dti.gov)

4.1.1. Improving Export Infrastructure and reducing trade-related costs

INES identified the development of infrastructure to support increased exports an essential element of economic development plans (medium- to long-term) of countries and used as reference countries such as the Philippines and Uganda, as well as Jamaica and Malaysia. (www.dti.gov) Even though South Africa do have an extensive road, railway and ports network, the importance of further improvements in infrastructure and addressing infrastructure backlogs, is drastically needed. The National Development Plan, the New Growth Path and the Industrial Policy Action Plan outline several initiatives that are required to improve the export infrastructure (www.dti.gov).

The need to improve the effectiveness of ports and port infrastructure, lower port tariffs, and improve the borders with other African countries prove to be one of the big concerns. A Global Pricing Comparator Study, highlights total port costs in South Africa (including terminal handling charges) for container owners at 190% above the global average in 2014/15 (www.dti.gov). The Department of Trade and Industry is collaborating with the South African Revenue Service (SARS) to improve the turnaround
time at ports of exit. The emphasis is placed on the completion of documentation and compliance being undertaken ‘pre-border’. (www.dti.gov)

INES is currently focused on the Tripartite Free Trade Area including Southern African Development Countries (SADC), Common Market for Eastern and Southern Africa (COMESA) and Eastern African Countries (EAC) (www.gcis.gov) The agreement addresses the trans-border infrastructure linking these African countries and improving the border post blockages between them.

4.1.2 **Strengthening the Linkages between Exports and Foreign Investment**

As in any other country, Foreign Direct investment (FDI) play an important role in South Africa’s exports. One advantage is that FDI create an improved domestic environment that will enable companies to better compete in global markets, this will include:

- Access to efficient service providers.
- Access to credit and other financing for local exporters.
- Access to global supply chains.
- Access to technology and know-how.
- Outward FDI as alternative sources of supply (www.ines.co.za)

4.2. **Increasing demand for South African goods and services**

The financial crisis of 2008 resulted in world exports contracting by a significant 23% in 2009. This was followed by a pronounced recovery of 22% in 2010. This recovery was sustained in 2011 with growth in world exports of almost 19%. World trade however slowed during 2014. Developing economies exports, including South Africa’s, followed this post financial crisis pattern, although with a consistently better performance than exports from developed economies, South Africa’s annual rate of change in export for December 2018 was an increase of 4.5% (www.statssa.co.za).

INES prioritise high growth emerging markets, especially those in Africa, Asia, BRICS, Latin America and the Middle East. Export promotion mechanisms such as National Pavilions, Trade Missions, Investment and Trade Initiatives, and unconventional interventions are used as levers to create visibility and market access for South African exporters. The aims are to provide the right exposure to South Africa’s exporters and for South Africa’s products by increasing the visibility of South Africa as a supplier of choice. (www.dti.gov).

4.3. **Exporting wood products from South Africa**

Although there are many suitable and cost-competitive substitutes for wood, made for example from fossil fuels, becoming increasing more available, woods major advantage is still the fact that it is environmentally friendly. However, significant forecast felling aids environmental degeneration by contributing to the increase in atmospheric emissions of carbon dioxide (www.fao.org). The World Forestry Organisation predicts that timber consumption and demand will increase in the West over the short term (www.fao.org). This, together with the growth in the developing world, and an expected increase in energy generation from biomass, will increase global timber consumption to levels not experienced before. (www.fao.org).

A European Commission investigating South Africa Forestry, (European Commission Report: October 2013) found that South Africa has been able to create a well-developed and competitive wood industry, linked to a well-managed estate of tree plantations, the largest in Africa. According to Vukmirović, Petrović and Kostić-Stanković (2017), the dynamics of the wood industry development is not homogenous due to the significant differences regarding the level of technological development, implementation of innovation, investment into development and research activities, as well as the application of knowledge and internationalisation. This information can lead to a conclusion that domestic wood industry enterprises should focus on producing products with high added value rather than on export of raw materials (Vukmirović, Petrović & Kostić-Stanković, 2017).

An efficient and competitive forest-based industry can only develop successfully as long as there is a strong link between the industry’s production system and a reliable and sustainable raw material base (European Commission Report, 2013). This is achieved through a set of activities in the timber industry performed in order to deliver a valuable product to the market. Within the primary sector the wood
products industry consists of companies engaged in operating timber, sawmills, seeding, reforestation and harvesting timber (www.sadctrade.org). The industry also includes related services, such as cutting, logging, transporting, estimating and other forest management services. There are 147 processing plants currently operating of which one is exclusively for the production of matches and two for Veneer products (www.forestry.co.za).

Therefore, possibilities of exporting wood and wood products from South Africa will increase and important aspects to deliberate when considering exporting will be: South Africa’s GDP growth is expected to continue at close to two percent in 2019 and 2020. (www.worldbank.com)

Pulppwood from the harder pulpwood species (hardwood) is expected to increase slightly as the capacities of the chipping plants allow. This will result in a higher supply and export opportunities. The demand for pulp wood from the softer species is expected to decrease. The price will be driven by the South African inflation rate and the R/$ exchange rate. (www.fao.org).

Mining timber is expected to decrease in line with the decrease in demand from mines. The export opportunities will also decline in line with the world trend. Price increases are expected to be marginal if at all. (www.fao.org).

The possibilities of production for treated poles is expected to remain at current levels with the main opportunities on the export market. Price increases are expected to be in line with the national inflation rate. (www.fore.co.za)

The prime overdraft rate is expected to remain at 10% in 2019, to increase to 10.25% towards the end of 2019 and to further increase to 10.5% in 2020. (www.resbank.co.za)

The R/$ exchange rate is at R14.45 (April 2019) and is expected to trade between R14.50 and R14.80 in the short term. The forecast for 2019 is an average of R14.80 and for 2020 it could be at R15.39. (www.resbank.co.za)

The inflation rate is likely to increase from the current 4.4% to 5.4% in 2020. (www.resbank.co.za)

Sawmilling companies that are vertically integrated where the timber plantations are owned or managed, are in a better position to expand and develop their sawmilling operations.

5. Export opportunities to the rest of the world from South Africa

During 2015 the global lumber currency-driven price decreased drastically but both market demand and prices improved in 2016 with a very small improvement in 2017. Although the overall global demand improved in 2017, the supply disruptions and changing dynamics in the market created an unpredictable market. (www.fore.co.za). All markets appeared to be stable in 2017, this included the U.S., Canada, most of Europe, Japan, China and much of Asia. Only one market region remained unsettled, the Middle East/North Africa (MENA), Egypt and Algeria, specifically, along with some areas of the Middle East. Although the US had a growth market in 2017, supply dislocations such as forest fires and hurricanes, resulted in surging prices throughout the year. (www.usaf.com). With a total amount of R28.9 bn exported as pulp, paper and solid wood and other products, the South African industry is largely exposed to the international markets and trends (www.forestry.co.za)

South Africa is officially in recession after being in a downward spiral for more than ten years. Sawmilling is driven primarily by the construction industry, where, if the construction sector slows down, the sawmilling industry follows. However, according to Forestry SA this is not the only challenge faced by the wood industry. The land area planted under sawlog organisations is more or less finite with no significant expansion possible in South Africa under current regulations and political situation. This hinders the supply and therefore the entering or growing of markets in foreign countries. (www.forestry.co.za) This expected increase in demand for timber on the world market will coincide with long term forecasts of decreasing supply levels which will definitely have an effect on global timber prices, which in turn will be to the benefit of timber farmers. (www.forestry.co.za)

5.1. Supply and demand

The South Africa Forestry reported on the Global Forestry Index 2018: (www.forestry.co.za)

Global Timber Markets

In early 2018, the Global Sawlog Price Index (GSPI) reached $80.73/m3, its highest level since 2014. Sawlog prices generally increased in local currencies during 2018, but with a stronger US dollar, the dollar
denominated GSPI index fell by about five percent during the year. Mixed price movements in Europe resulted in fairly small changes in the European Sawlog Price Index (ESPI-€). In the fourth quarter of 2018, the index was up 1.8% quarter on quarter, but was practically unchanged from the fourth quarter in 2017. (www.forestry.co.za)

**Global Pulpwood Prices**

Prices for softwood pulp logs and softwood chips rose in most markets worldwide in the fourth quarter of 2018. The biggest increases occurred in Chile, Brazil, New Zealand and Australia, while prices fell the most in France, Japan and Germany.

World Resources Institute's Softwood Fiber Price Index (SFPI) moved up by 0.5% from the third quarter in 2018 to the fourth quarter in 2018. The Hardwood Fiber Price Index (HFPI) increased 1.9% quarter on quarter in the fourth quarter of 2018, driven mainly by higher costs for hardwood pulp logs in the US South, Brazil and Indonesia. Hardwood fiber prices fell in Europe in both the local currencies and in US dollars. (www.forestry.co.za)

**Global Pulp Markets**

NBSK (Northern Bleached Softwood Kraft is the paper industry's benchmark grade of pulp) and HBKP (Hardwood Bleached Kraft Paper) prices fell in all major regions in the fourth quarter of 2018 and early 2019. The biggest price declines were in pulp destined for China.

The NBSK price in Europe has fallen from a record high of $1300/ton in October last year to $1180/ton in early 2019. (www.forestry.co.za)

**Global Lumber Markets**

In 2018, global trade of lumber fell for the first time in five years, with total trade down seven percent year on year to an estimated 115 million m3.

US lumber prices have gone through a historical roller-coaster ride over the past 12 months. Average prices for pine in the US South were at about $420/m3 in January 2018, peaked at $554/m3 in June and fell to $372/m3 in early 2019.

Softwood lumber exports from Canada were down 5% year on year in 2018, with the biggest decline being in shipments to China.

Sawmills in the Nordic countries had a very good second half of 2018, with lumber prices in the local currencies in the second half reaching their highest levels since 2007.

Lumber imports to China fell for two consecutive quarters to reach 5.9 million m3 in the fourth quarter of 2018.

Russia's share of total imports to China has moved up from 55% in the fourth quarter of 2017 to 63% in the fourth quarter of 2018 as the sawmilling sectors in Siberia and the Far East continue to expand and deliver competitively priced lumber.

Despite substantial declines in the gross margins for sawmills in the US South, profits were still above the ten-year average in the fourth quarter of 2018. (www.forestry.co.za).

**Global Biomass Markets**

Global trade of wood pellets jumped almost 18% year on year in 2018 when a new record of over 20 million tons was shipped.

Pellet prices in Austria and Germany reached their highest prices in five years in the first quarter of 2019. (www.forestry.co.za)

The traditional analysis of wood supply and demand centred on wood removals from forests and wood input to industries is inadequate. This was already determined more than a decade ago suggesting a more complex approach, based on comprehensive wood resource balances, requiring original research and data gathering, is necessary: (www.unece.org). Taking this in consideration with the figures made available from the GFI, wood supply needs to be increased to successfully participate in the export market.

In order to increase wood supply:

Wood supply from new sources should be expanded, expansion of the area used to grow wood
Wood supply from existing sources (forest and non-forest) should be expanded, e.g. through higher wood removals.

Energy efficiency will have to be radically improved

Improvements in the efficiency of use of wood flows (www.unece.org).

6. Export opportunities to Europe

Within the forecast demand for wood, South Africa has the opportunity to increase its wood supply into world markets in the future. However, as previously mentioned, the main suppliers of wood in the future will be the Northern Hemisphere countries, followed by Asia and South America. Notwithstanding is South Africa exporting to various countries and indications are of countries and regions which might be future potential markets. As the research main aim is towards entering the European Union market, most reference is towards the EU.

As anticipated, the market for newsprint paper shows a consistent decline since 2011, the major market for newsprint paper 33 tons (in rolls of sheets) exports from South Africa to Europe was European Union, with no competition from other European regions in 2015. A peak was attained in 2009 at an export quantity of approximately 425 tons. The major market, in the EU, for newsprint paper (in rolls of sheets) exports from South Africa to Europe was United Kingdom followed by France and then Belgium. However, this changed totally, and only Belgium is still a major newsprint paper importer from South Africa, 17 tons per year. (www.nda.agric.za)

Fuel wood (saw dust) exports in logs from South Africa to Europe was the European Union, followed by very low or intermittent levels of exports to Southern Europe. The exports of fuel wood (saw dust) in logs from South Africa to the European Union in export volumes is approximately 56 000 tons. (www.nda.agric.za) Hoop wood (split poles) exports from South Africa to Europe used to be at a high of 2 739 tons per year in 2009 but since declined to only approximately 25 tons per year in 2015. The major export market for wood charcoal from South Africa to Europe was the European Union, followed by very low export volumes of wood charcoal to Western Europe. However, since 2010 there were no exports of wood charcoal to the European Union. There are no export volumes of wood in the rough (treated with paint) from South Africa to Europe. (www.nda.agric.za).

6.1. Trade Agreements and restrictions

South Africa may enter the EU markets without any tariff barriers because it falls under the Generalised System of Preferences (GSP), a programme designed to promote economic growth in the developing world by providing preferential, duty-free entry for products are part of the African Caribbean and Pacific (ACP) countries. However, South African produce still have to meet certain requirements to enter the EU market, for example, they have to provide evidence of origin to EU customs in the form of a Certificate of Origin and the wood or articles therefore must be transported directly to the EU from the country of origin. (www.thedti.gov.za)

6.1.1. Non-Tariff Measures

There are several non-tariff measures (NTMs) for wood products. These measures are often less visible than tariffs and include quantitative restrictions, such as:

* import quotas,
* technical standards
* plant health (sanitary and phytosanitary) standards,
* export restrictions and sometimes cumbersome import licensing,
* customs procedures and domestic policies.

The NTMs are also more complex than tariffs and it can be harder to gauge their impact and are thought to have a greater trade-restricting effect than tariffs. (www.stdfb.wto.org) One of these measure is the use of import quotas for forest products is declining, resulting in difficulties. However, the use of export restrictions, particularly on logs, has been increasing, and had a major impact on trade in forest products. (www.wto.org)

When complying with import licensing and customs procedures, it adds costs to foreign suppliers, something domestic producers do not endure. Certain domestic policies, including subsidies and tax concessions, affect the competitiveness of foreign producers further by reducing domestic producers’ costs. (www.trade-info.cec.eu)
As far as wood products are concerned, safety regulations usually revolve around strength characteristics and suitability for use in construction. This will be more applicable with logs and sawn wood than higher value-added processed wood products, which are not often used for structural purposes. The same is applicable for health and phytosanitary standards. Value-added products containing dried timber reduce phytosanitary risks. The EU could regard health and phytosanitary regulations more important for trade in non-wood forest products (NWFPs), since these are often used in food and environmental contexts. There may be, for example, restrictions on wood-based panels containing formaldehyde glue, controls designed to discourage companies from using chlorine to bleach pulp, and regulations regarding the recycling and recovery of wastepaper and packaging. (www.trade-info.cec.eu)

Two agreements from the World Trade Organisation (WTO) were part of the Uruguay Round that may lead to a reduction of the impact of NTMs. The Agreement on Technical Barriers to Trade (TBT) limits the use of technical regulations to legitimate safety, health and environmental protection purposes, while the Agreement on the Application of Sanitary and Phytosanitary Measures may improve quarantine and inspection conditions. (www.wto.org)

Most trade restrictions are motivated by concerns about the environment. This is even more so in the forestry sector where bans and boycotts are aimed at encouraging sustainable forest management. The NTMs include bans on the use of timber from forests which are not sustainably managed and have been imposed by local authorities as well as retailers and traders. However, the main target is the tropical timber, due to concerns about tropical deforestation. The certification of forest products, to assure consumers that the wood in the products are from a sustainably managed source, is one way of abiding to these NTMs. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) uses degrees of trade restrictions to regulate trade in endangered species. (www.stdfdb.wto.org)

“Anti-dumping” measures have recently been used by countries such as the US as a barrier to defend their local wood products industry, which came under pressure from cheap imports from, for example, China. (www.wto.org)

7. Conclusion

The world has become a ‘border-less’ society where the sourcing of goods and services is done according to competitive advantage. There are various advantages for and against globalisation resulting in the instituting of the World Trade Organisation, International Monetary Fund, the World Bank, United Nations and the G20 to help manage and regulate the global marketplace. The ‘World Globalization Report’ is released on a regular basis indicating according the KOF index, the world’s most important economies benefitting the most from globalisation. South Africa is currently 34th on the list of 42 countries.

Organisation will consider foreign trading partners if there is a possibility and it will benefit the profitability and return on investment. South Africa increased their international footprint remarkably after various trade agreements for venturing abroad after adoption of a distinctive strategy to minimize cost and optimise local responsiveness. To systematically approach and assess potential foreign markets, organising the business, acquiring the necessary skills and finally implement the operation is exporting. The Department of Trade and Industry is assisting the business environment in exporting strategies, infrastructure and even trade-related costs.

Import opportunities for wood products to Europe proved to be very opportune. The wood market in many of the European countries existed up to 2011, even peaked in 2009, but since then deteriorated to non-existing in 2017. Trade agreements also prove to be favourable towards South Africa opening new possibilities for the hard wood industry.

References

Agreement on Technical Barriers to Trade: www.wto.org
Agreement on Technical Barriers to Trade in the EU: www.trade-info.cec.eu.


Department of Agriculture: https://www.nda.agric.za/


The World Trade Organization. www.wto.org

Trade Agreements. www.thedti.gov.za


Uncovering the big five model personality traits and organization identification

Ghadeer Mohamed Badr ElDin Aboul-Ela
Faculty of Commerce and Business Administration
Future University in Egypt

Keywords
Big five model, organization identification, personality traits, personality differences, identification

Abstract
Personality differences affect employees’ tendencies to act, react and identify with the organization. This research study aims at exploring and analyzing the effect of personality traits using the Big five model on organization identification. Review and analysis of extant literature was conducted to identify the research gap and problem. The research hypothesis was developed through qualitative approach (focus groups), and a pilot study. It was assumed that personality traits of the Big five model will have an effect on organization identification. A number of 900 questionnaires were distributed through a specialized organization in data collection among multi-sectorial domains (industrial, services, governmental, educational and healthcare). Sound and reliable published research measures were adopted considering common method bias. Statistical analysis and results revealed an effect between both constructs. Discussion and research recommendations were proposed.

Introduction
Who am I? Do I belong to this place? Can I tie my inner self with this organization? How one feels within an organization? Striking questions that arise in one’s mind to explore and search for answers. Organizations seek hiring employees who would be retained inside the workplace. The opportunity to retain employees is reluctant on their abilities to identify with the organizational values, norms, and overall governing rules (Miler et.al, 2000). The notion of organization identification is a pivotal construct in the area of organizational behaviour research. Hongvichit (2015) defines organization identification as one’s interdependence on the organization that involves psychological, cognitive and emotional attachment as a driver of belongingness to the organization. It is a key psychological bond that ties employees to their organizations. Organization identification also reflects on how employees behave inside the workplace. Identification is crucial as organizational goals become personal goals and hence employees develop their identity ties to the organization.

Personality is expressed as distinguishing traits that differentiates one individual from another in terms of thoughts, ideas, and emotions, as well as hidden and apparent behavioural practices (Caspi, 1998; McCare & Costa, 2008; Hutteman, 2014). These set of traits personalize each individual and are significant indicators of personal, interpersonal and institutional outcomes (Booth-Kewley and Vickers, 1994; Soldz and Vaillant, 1999). The Big Five model is a model that was developed to spot five significant personality traits (extraversion, conscientiousness, neuroticism, openness to experience, and agreeableness). Research on the Big five personality model has been viewed as an effectual model for traits description (Digman, 1990; Goldberg, 1993).

Employees classify people around them, and act based on these classifications in terms of attachment or detachment with the environment (Footes, 1951). In a similar manner, Brown (1969) discussed identification in organizations as a set of stated attraction forces that shape the employee – organization relationship in a social context. Reade (2001) stated that organization identification is more of psychological bond between the organization and the employee that is initiated; when the employee is capable of matching and engraving himself with the organization. Sammara and Biggiero (2001) acknowledge that organization identification is composed of cognitive and psychological mechanisms. Referring to the definition of (Mael & Ashforth, 1995) ‘people who identify may see themselves as personifying the organization’. In addition to, Jenkins (2005) who emphasized that the formation of
identity is a dynamic process that requires an individual to contend the similarities and differences with organizational objects and members. Furthermore, employees tend to initiate and identify with others who support their inner self. The degree of organization identification is reluctant on the tenure with the organization as well as the personality of the employee who interacts (Basar & Basin, 2015). Besides, Edwards (2005) thinks that organization identification is initiated and developed when symbolic links between employees and groups are created based on one’s traits.

Personality differences among individuals shape their adaptability within the organization. This is due to their acting, interacting and reacting styles to the surrounding environment. Consequently, and as a result of the literature analysis, employees would tend to identify themselves based on their personality traits within the organization. Employees join organizations coming from different backgrounds and holding various personalities as well as values and beliefs. The ability to personify and adapt with workplace dynamics varies from one personality to another. Personality mental and physical attributes are complex and impact the identification process. It shapes values, interests and the dynamic development of relationships within the workplace. Generally, employees will be holding various temperaments which create distinguishing readiness to identify with the organizational values and norms.

Personality is one of the significant determinants of individual behavioural consequences. Differences among individuals are expected to create variability in how they interact, adapt, identify, and react within the organization. Analyses and review of previous literature revealed up to the best knowledge of the researcher, a literature gap in the studies that tackled analyzing and mapping the effect of personality on organization identification. This research investigates this effect with the attempt of contributing to the existing organization identification literature.

Organization Identification

The roots of identity stem from the social identity theory (Haslam & Ellemers, 2005). Several perspectives have been revolving around organization identification ranging from a broad view to a narrow one. The narrow formulation as addressed by (Ashforth & Male, 1989; Bergami & Bagozzi, 2000) includes two necessary components for organizational identification namely; cognitive and evaluative. The cognitive perspective explores the sense of awareness of membership and the evaluative perspective is tied to the value implication. On the other hand, the broad formulation as addressed by Edwards (2005) encompasses the emotional investment that is linked to awareness and evaluation. The researcher views identity as a definition of oneself that provides a clear reference to what a person is. Identity is classified into two broad categories; social identity and personal identity. Social identity as addressed by (Tajfel, 1978) whereby a section of a person’s inner self shapes and formulates his knowledge of attachment to a social group (s) alongside with the emotional intensity of that belongingness. Furthermore, personal identity as introduced by (Postmes & Jetten, 2006) looks at one’s distinct feelings towards inner self. This comprises awareness of traits, skills, abilities, and interests. Brewer and Gardner (1996) distinguished both identity constructs based on self-level (personal and social levels). Personal identity level is specific to an individual and distinguishes him from others (Turner, Oakes, Haslam & Mc Garty, 1994). Conversely, Brewer and Gardner (1996), noted social identity as mixed identities across members of a group. These mingling of identities shape a group of unique identity and are used to extricate one group from others. Social identification is expressed by (Ashforth & Mael, 1989; Turner, 1991) as the feelings of being a member of a group. Turner (1984) remarks social identification as a driving tool that gets individuals to perceive themselves as holders of same goals and values of the group rather than their own individual reference criterion. Furthermore, when one feels identified with the group this will in return affect organization identification as one grows to feel associated and circulated with the organization. The degree of emotional attachment to a group membership identifies the level through which one would tend to identify with a group (Ashforth, Harrison, Corley, 2008).

Organization identification stems from social identity theory view and is defined as “The perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the org (s) in which he or she is a member (Mael, & Ashforth, 1992). Gautam et.al, (2004) thinks that organization identification is a special type of social identification. Burke and Tully
and Riketta (2005) acknowledge that organizational identification is a live interactive process which grants a definition and the guidelines to enhance one’s behaviour. Ashforth et.al, (2010) classify organization identification on two pillars; individual identification with the organization, and the value of attachment engagement to this organization. Turner et.al, (1987) emphasize that enforcing one identity is at the expense of other identities.

Furthermore, Ashforth and Johnson (2001) endorse “social identities are discrete psychological phenomena such that as one identity becomes salient, others necessarily become less so”. Organization identification is expressed as a conclusive, critical reference to an individual role, and interest within the organization (Ashforth, Harrison, Corley, 2008). Albert and Whetten (1985) addressed organizational identity as core and distinguished construct of organization’s personality. In this respect, organization identity develops a unique set of dimensions that supports the employees’ in building their differentiating criterion of one organization compared to another. Lee (1971) remarks organization identification as a construct that addresses sense of belonging, loyalty, and shared characteristics. Dutton et.al (1994) explained organization identification from a cognitive perspective whereby “degree to which a member defines him-or- herself by the same attributes that he or she believes define the organization”.

Initially, employee attachment was investigated in relation to organization commitment (Meyer and Allen, 1997). Besides, scholars were interested in relating attachment of employees to organization identification (Ashforth & Mael, 1989; Ashforth & Corley, 2008). Ashforth and Mael (1996), point out that organization identity has origins tied to the mission statement and therefore, would directly impact the organizational strategic outlook. In this respect, employees tend to seek a validation of self-identity in what attract them to the organization.

Organization identification has been viewed from various perspectives. Brown (1969) suggested four sub-dimensions; attraction to the organization, harmony of organizational and personal goals, employee loyalty, and self/organizational reference. Brown (1969) and Patchen (1970) proposed three phenomena of organization identification; shared characteristics (interests and goals), sense of belongingness and organizational support. Moreover, Lee (1969, 1971) pointed out different set of concepts including; sense of belongingness, tenure with the organization and employee role to fulfill identification. Furthermore, Cheney and Tompkins (1987) argued that organization identification is the product of individual matching of organizational elements in the social sense (goals, knowledge, activities, core values, and family background). Conversely, Rousseau (1998) thinks that identification is a cognition link to the organization.

Some scholars dispute that organization identification is comprised of both cognitive and affective components (Abrams and de Moura, 2001; Van Dick, 2001; Rousseau, 1998). Harquail (1998) endorses that organization identification comprises the identification of our hearts as well as our emotions. Furthermore, extending on the psychodynamic and psychoanalytic perspectives of organization identification whereby organization identification is expressed as unconscious process of fantasies and illusions (Bion, 1968; Jacques, 1955).

There are several constructs that have been explored and analyzed as antecedents of organization identification. Communication was revealed as one of the significant antecedents (Disanza & Bullis, 1999; Riordan & Weatherly, 1999; Scott, 1997). Nevertheless, these studies did not explore the various topologies and types of communication. Some scholars argued that perceived external prestige is perhaps the most influential antecedent (Dutton & Dukerich, 1991; Dutton et.al., 1994; Dukerich et.al., 2002; Karabey & Iscan, 2007). Job involvement was reported to be positively related to organization identification (Riketta, 2005; Brown, 1969). Also, Psychological empowerment has a positive effect on organization identification (Chen Hao, 2016). In addition to age and job level whereby; young employees reported lower levels of identification than older employees (Chen et al, 2016). Moreover, tenure has a positive effect on organization identification (Hinrichs, 1964, Mael & Ashforth, 1992).

Additionally, affective organizational commitment, occupational and work group attachment, job satisfaction, job involvement, extra role behaviour were revealed as positive outcomes of organization identification (Adler & Adler, 1988; O’ Reily & Chatman, 1986; Riketta, 2005, Pratt, 1998, Van Dick et al., 2004). Besides, organization citizenship behaviour was reported to be positively affected by organization identification (Mael and Ashforth, 1992). Chawla and Srivastava (2016) think that organization
identification leads to a higher sense of belongingness and a formation of mutual interest between the employee and the organization. Organization identification increases cooperative behaviour (Dukerich, Golden and Shorttell, 2002) as well as extra-role behaviour (Van Dick, Wagner, Stellmacher and Christ, 2005). Conversely, organization identification was found to be negatively related to intention to leave (Riketta & Van Dick, 2005, Wan Huggins et al., 1998).

**Personality**

Personality is defined as “an individual characteristic patterns of thought, emotion, and behaviour” (Funder, 2001; Goldberg, 1993). There are several models that addressed the personality traits among which is the Big five model composed of five broad personality traits namely; extraversion (also often spelled extroversion), agreeableness, openness, conscientiousness, and neuroticism.

**Conscientiousness:** McCare and Costa (1997) express conscientiousness as individuals who enjoy adhering to disciplinary practices, act deliberately, self-directed towards achievement and inner level of self-motivation and empowerment. Employees with high level of conscientiousness are more likely to engage into activities that support their abilities for achievement. The willingness to undertake additional responsibility is highly enforced. Yong (2007) points out those individuals with conscientiousness as more obedient to rules and procedures with a tendency to promote independency.

**Neuroticism:** Individuals with neuroticism trait are more borne to anxiety disorders, impulsivity and depression (Costa & McCare, 1992). They tend to be vulnerable to work stressors and are less likely to be engaged into eustress (Marco & Suls, 1993; Suls, Green & Hills, 1998). Individuals with high level of neuroticism tend to fail in controlling and managing their negative emotions. Suffering of mood-swings and instability towards the surrounding environment is a noticeable practice among these individuals (Llewellyn & Wilson, 2003).

**Extraversion:** Extroverted individuals enjoy relatively alleviated levels of positivity and emotional activity (Costa & McCrae, 1992). Extroverts are likely to engage themselves into communicative and social activities. Extraversion is defined as “an energetic approach toward the social and material world” (italics in original, John et al, 2008, p.120). McCarthy (2003) endorses the idea of extroverts as risk-takers, with the attempts of positive locus of control.

**Agreeableness:** Agreeableness is a trait whereby individuals are seen to be good-natured and peaceful. Digman (1990) explains agreeableness as a sense of gentle cognitive outlook towards others. Employees who enjoy a high level of agreeableness are usually actively involved with activities, cooperative, and engaged with devotion towards others (Wu, Bischof, Anderson, Jakobsen & Kingstone, 2014). Moreover, Caliendo and Kritikos (2008) suggest that agreeableness as a trait allows individuals to harmonize easily with social interactions and are usually good listeners.

**Openness to Experience:** Openness to experience is expressed as a sense of curiosity and eagerness towards exploring complex tasks and social incidents at work (Woo, Chernyshenko, Stark & Conz, 2014). Furthermore, Le Pine, Collquitt and Erez (2000) emphasize that employees who are open to experience are more able to mingle and engage with the organization. Yong (2007) thinks that openness to experience grants a better opportunity to accept challenges and foster creativity. (Caspi et al., 2005; John et al, 2008) conceptualize openness to experience as an appreciation of new experiences and a person’s imagination, creativity and eccentric outlook on life.

**Research Methodology**

This section presents the research problem, hypothesis development, research measures and common method bias.

**Research Problem**

1. What is the effect of personality traits on organization identification?
2. Are there any differences in the level of organization identification among the various personality traits?

**Hypothesis Development**

This study is a novel research as it attempts to fill in a research gap which is uncovered in the previous literature. Up to the best knowledge of the researcher previous studies that considered
personality dimensions in relation to organization identification are numerous (Johnson, M. & Morgeson, F, 2005). The researcher seeks to analyze the effect of personality differences on organization identification. Building on the initial work of identity and personal identification, the link between the employee and the organization as revealed by (Ashforth et.al, 2010; Riketta, 2005), the research hypothesis was developed.

The review of extant literature relevant studies in addition to; conducting a set of interviews with five focus groups were utilized for posing the hypothesis. Each focus group was composed of ten members of different backgrounds. A live interactive discussion about personality differences and organization identification was initiated in an attempt to develop insightful responses to support the development of research hypothesis. The reason for choosing focus groups was to find an appropriate feedback through open interaction about the expected effect of personality traits on organization identification. Interviews were conducted in a private club in Cairo governorate, whereby an equipped room was rented, and all the participants were informed that the responses were recorded in pen and paper format. The following steps were followed in an attempt to assure valid responses, to reduce biasness and groupthink.

1. The purpose of the interview was clearly stated to all the participants.
2. All the participants were assured that their identities will remain anonymous to secure confidentiality.
3. Welcoming and ice-breaking techniques were followed to reduce apprehension.
4. All the participants of each group were selected taking into consideration that they share common background.
5. Focused set of questions were raised to allow participants to develop relevant answers.
6. Organization identification as well as Big five model were explored to the participants in details.

The addressed questions during the interviews were structured following the scales of the research constructs. Participants were responding freely without reservation expressing their viewpoints on their personalities and how they identify within their organizations. A summary of most of the decoded responses include: ‘I am a nervous person, I don’t identify easily’, ‘I love having lots of social connections at work, I don’t mind getting along with anything’, ‘I love exploring new experiences, I identify based on new opportunities’, ‘I am too organized and love responsibility, I like to identify within a framed set of rules and regulations’, ‘My identification depends on the stability of the surrounding environment’. Participants were then asked to fill in the questionnaire which was used as pilot testing prior to posing the research hypothesis.

Hypothesis Number One

Employees enjoying conscientiousness are rule followers and are self-directed with the tendency to support themselves by engaging in activities seeking achievement. Furthermore, they tend to promote growth and self-independency through adapting to the surrounding environment. Following a plan with self-discipline promote the employees’ abilities to identify with the organization in a structured approach. Conversely, employees with high levels of neuroticism are likely to be more anxious and nervous. They fail to adapt easily and find difficulties to interact with stress and work pressure. They are moody and easily dragged to sadness which places them in the window of loneliness and depression. Neuroticism will drag employees to become more emotionally reactive and may hinder their ability to identify with the organization. On the other hand, extroverted employees have a positive outlook on life, seek novelty and external stimuli. They engaged themselves in various social and energetic activities. They enjoy social connections and are highly adaptable. Extroverted employees promote themselves within the environment through live interaction and thrive on excitement. This enables them to identify with the organization in a more flexible outlook. Moreover, agreeableness trait; where employees enjoy warm, friendly and tactful traits. Employees generally have an optimistic view and get well along with others. Social harmony is enforced along with trust, modesty and altruism. They are likely to identify easily with the organizational context exhibiting pro-social forms of behaviour. Besides, employees with openness to experience personality trait will often venture beyond their comfort zones. They seek unconventional and unfamiliar experiences. Exotic activities and engagement with imagination are highly
practiced. In this manner, employees are likely to seek new and creative identification practices with the organization.

Building on the literature review, the literature gaps, and the results of the interviews, and the pilot study, the research hypothesis is posed as

H1: It is expected that personality traits will have an effect on organization identification

Research Measures

Big five personality traits were measured using (Goldberg, 1993) that include descriptive adjectives for each trait. Participants were asked to select from strongly disagree to strongly agree on a five-point likert scale the adjective that best suits them. Sample adjectives include (open: creative, imaginative), (consciousness: organized, practical, careless), (extraversion: talkative, energetic, shy), (Agreeableness: warm, sympathetic, rude, cooperative), and (Neuroticism: relaxed, calm, moody, envious). The adjectives included both positive as well as negative traits for each of the five dimensions in order to reduce biasness and to follow cross-check answer validity. Organization identification was measured using (Mael and Ashforth, 1992) six-item scale administered on five-point likert scale. Sample item include; I would actively support my organization even if it has no direct benefit to me and my business.

Common Method Bias

Most researchers tend to agree that common method is caused by the method used for measurement rather than the measurement tool itself (cf. Bagozzi & Yi, 1990; Campbell & O’Connell, 1982; Lindell & Whitney, 2001; Williams & Anderson, 1994). Social desirability error was expected as respondents were likely to demonstrate themselves with a favorable outlook particularly for the personality traits scale. This was treated through adopting reverse scoring as well as counterbalancing the order of the questions. Protecting respondents’ anonymity as well as reducing their apprehension was adopted as an ex-ante procedural remedy through assuring respondents that there is no right or wrong answer, and that all responses will only be used for the research purpose. Item improvement based on the results of the pilot study was adopted to assure clear understanding of the traits description.

The Study Sector

The selected technique for the study was a heterogeneous sample encompassing both product and services-oriented sectors. The heterogeneous technique was adopted to include a variety of different participants’ backgrounds to support the purpose of the research. A specialized organization in data collection was contacted to help in the gathering of data. A number of 900 questionnaires were distributed over the emails and in hand over a period of five months. A total number of 714 questionnaires were returned complete and valid for statistical analysis with a response rate of 79%. The sample included a representation of industrial organizations (35%), services organizations (20%), educational organizations (15%), governmental organizations (10%), and healthcare organizations (20%).

Statistical Analysis

This section presents the statistical results of the pilot study, the demographic characteristics of the sample as well as the research hypothesis.

Results of the Pilot Study

The pilot study was conducted on a number of 50 respondents who were the members of the focus groups to check for the validity and reliability of the research scales. These 50 participants were asked to fill in the questionnaire which, was analyzed statistically to gain an insight on the initial effect. Table (1) presents the results which show that the research measures are valid and reliable at (0.01) level of significance.
Research Variables | Alpha Cronbach Coefficient
--- | ---
Openness to Experience | 0.856
Conscientiousness | 0.805
Extraversion | 0.842
Agreeableness | 0.795
Neuroticism | 0.817
Organization Identification | 0.829

Table (1): Research Measures Validity and Reliability

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Conscientiousness</th>
<th>Neuroticism</th>
<th>Extraversion</th>
<th>Agreeableness</th>
<th>Openness to Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient $\beta_0$</td>
<td>0.661*</td>
<td>1.032**</td>
<td>0.555</td>
<td>0.666</td>
<td>0.477</td>
</tr>
<tr>
<td>Coefficient $\beta_1$</td>
<td>0.843**</td>
<td>0.745**</td>
<td>0.856**</td>
<td>0.840**</td>
<td>0.885**</td>
</tr>
<tr>
<td>F-ratio</td>
<td>96.566**</td>
<td>58.195**</td>
<td>96.459**</td>
<td>64.55**</td>
<td>98.522**</td>
</tr>
<tr>
<td>df</td>
<td>(1.48)</td>
<td>(1.48)</td>
<td>(1.48)</td>
<td>(1.48)</td>
<td>(1.48)</td>
</tr>
<tr>
<td>Significance</td>
<td>0.000***</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
</tr>
<tr>
<td>r</td>
<td>0.826</td>
<td>0.74</td>
<td>0.817</td>
<td>0.757</td>
<td>0.82</td>
</tr>
<tr>
<td>R² %</td>
<td>66.1</td>
<td>54.8</td>
<td>66.8</td>
<td>57.4</td>
<td>67.2</td>
</tr>
<tr>
<td>S.E</td>
<td>0.447</td>
<td>0.521</td>
<td>0.447</td>
<td>0.507</td>
<td>0.444</td>
</tr>
</tbody>
</table>

Table (2): Results of the pilot study
*: Denotes T-Test at 0.05 level of significance
**: Denotes the level of significance for F-Test and T-Test at 0.01 level of significance

The results as presented in Table (2) indicate that personality traits have an effect on organization identification whereby $R^2$ ranged from (54.8%-66.8%).

Demographic Characteristics of the Study
The following Table (3) shows the demographic characteristics of the research participants.

<table>
<thead>
<tr>
<th>Age Groups</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-29</td>
<td>271</td>
<td>38</td>
</tr>
<tr>
<td>30-39</td>
<td>269</td>
<td>37.7</td>
</tr>
<tr>
<td>40-49</td>
<td>134</td>
<td>18.7</td>
</tr>
<tr>
<td>50 and Above</td>
<td>40</td>
<td>5.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Managerial Level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Level</td>
<td>298</td>
<td>41.7</td>
</tr>
<tr>
<td>Middle Management</td>
<td>339</td>
<td>47.5</td>
</tr>
<tr>
<td>Top Management</td>
<td>77</td>
<td>10.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>250</td>
<td>35</td>
</tr>
<tr>
<td>Service</td>
<td>143</td>
<td>20</td>
</tr>
<tr>
<td>Educational</td>
<td>107</td>
<td>18</td>
</tr>
<tr>
<td>Governmental</td>
<td>71</td>
<td>10</td>
</tr>
<tr>
<td>Healthcare</td>
<td>143</td>
<td>20</td>
</tr>
</tbody>
</table>

Table (3): Demographic Characteristics

Statistical Results
Statistical analysis was conducted to test the effect of personality dimensions on organization identification. Table (4) shows the results of testing the hypothesis
The results as presented in Table (4) show that each of the five personality traits have an effect on organization identification whereby $R^2$ ranged from (48.7%-68.5%). Accordingly, the first hypothesis can be accepted.

The mathematical relationship between each of the traits and organization identification is shown in the following scatter diagrams, Figure (1), revealing a linear relationship.

### Table (4): Results of Statistical Tests

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Conscientiousness</th>
<th>Neuroticism</th>
<th>Extraversion</th>
<th>Agreeableness</th>
<th>Openness to Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient $\beta_0$</td>
<td>0.612*</td>
<td>0.887*</td>
<td>0.288*</td>
<td>0.492*</td>
<td>0.239*</td>
</tr>
<tr>
<td>Coefficient $\beta_1$</td>
<td>0.866*</td>
<td>0.789*</td>
<td>0.936*</td>
<td>0.896*</td>
<td>0.942*</td>
</tr>
<tr>
<td>F-ratio</td>
<td>928.203</td>
<td>676.334</td>
<td>1247.435</td>
<td>984.162</td>
<td>1549.6</td>
</tr>
<tr>
<td>df</td>
<td>(1,712)</td>
<td>(1,712)</td>
<td>(1,712)</td>
<td>(1,712)</td>
<td>(1,712)</td>
</tr>
<tr>
<td>Significance</td>
<td>0.000*</td>
<td>0.000*</td>
<td>0.000*</td>
<td>0.000*</td>
<td>0.000*</td>
</tr>
<tr>
<td>$r$</td>
<td>0.752</td>
<td>0.698</td>
<td>0.798</td>
<td>0.762</td>
<td>0.828</td>
</tr>
<tr>
<td>$R^2$ %</td>
<td>56.6</td>
<td>48.7</td>
<td>63.7</td>
<td>58</td>
<td>68.5</td>
</tr>
<tr>
<td>S.E</td>
<td>0.605</td>
<td>0.658</td>
<td>0.554</td>
<td>0.595</td>
<td>0.516</td>
</tr>
</tbody>
</table>

*: Denotes that the level of significance is 0.01

Discussion

This research study investigated the effect of personality traits using the Big Five Model on organization identification. Review and analysis of previous literature revealed up to the best knowledge of the researcher a literature gap regarding the effect of personality traits on organization identification. A mixed methodological approach including both qualitative as well as quantitative techniques was adopted to develop the research hypothesis. Five focus groups and a pilot study were conducted to identify and map the possible effect. Furthermore, questionnaires were administered on multi-sectorial domains to be able to generalize the results. Sound and reliable measures were used, in addition to...
considering common method bias. The results of the statistical analysis showed that personality traits have an effect on organization identification. The research findings suggest new avenues for both constructs of personality traits and organization identification. Interestingly, the results indicate that openness to experience had the highest effect on organization identification, followed by extraversion, agreeableness, conscientiousness, and neuroticism. The researcher interprets this result as sagacious, in terms of the intensity of effect of each trait on organization identification.

Openness to experience trait assumes that individuals are broad minded with all the willingness to investigate and include discovering new perspectives through live as well as imaginary interaction. Furthermore, the readiness to pursue unconventional experiences is usually governed through the creation of novel association of divergent thinking. Curiosity to uncover new themes and trends, enhance the engagement to the identification process. This allows for increased chances of identifying with the organizational values, norms and procedures compared to other traits. Individuals with high levels on openness to experience are flexible to adapt with the surrounding changes, which enable them to pave the way towards improved identification.

Extraversion trait is best practiced through live interaction with the surrounding environment. Individuals who enjoy extraversion are deliberately and actively participating in human interaction seeking new ways to mingle with others. This enables them to identify with the organization through maintaining open communication with others. Extroverts are empowered to gaze for rewards through positive reinforcements of engagement and identifying with others in the workplace. They seek ways to encourage social interaction and identification. Nevertheless, they might be discouraged to identify if they were unable to find open communication and live interaction. In this respect, they are empowered to identify at a slower pace when compared to individuals enjoying a higher degree of openness to experience.

Employees enjoying high degree of conscientiousness act easily within systems of high degrees of governance. The presence of well-defined rules, regulations, policies, procedures and standards enable employees with high conscientiousness to identify with the organization at an improved pace. Employees who experience conscientiousness are focused and seek reliability with their acts and interactions. However, the absence of plans and guidelines to follow will discourage these employees from identifying and adapting easily to the organization.

Neuroticism trait derives employees to experience a set of inner negative emotions rather than positive ones with the surrounding environment. This negativity drags employees into frustration and increased tendency of impulsivity. Moreover, the ability to operate and function with an emotionally stable perspective is limited due to the lower levels of psychological well-being. Some neurotic employees may exert efforts questing perfection which creates additional burden of coping with the surrounding. Neuroticism can lead an individual to focus, and dwell on the negative aspects of a situation rather than the positives. Accordingly, the ability to embody and identify with the organization is minimized and obstructed by set of negative emotions.

The results as presented aforementioned support the acceptance of the posed hypothesis which assumed that the presence of individual differences will affect the ability to identify and personify with the organization. The researcher sees personality differences as contextual aspect directly linked to organization identification. Individuals join organizations holding various personal traits with varying levels. The opportunity to identify and personify is reluctant on their interactive skills, coping abilities, willingness to change, communication skills, empathy, and genuine interest in others. Furthermore, the ability to personify and accept the organizational values and norms rely on the level of one’s mental, emotional and spiritual engagement. Closing the gap between organization identity and one’s identity will vary from one personality to another. Identification is bound to individual differences and is profound to one’s readiness to compel to work-related habits.

Research Recommendations
To the best of my knowledge, personality traits and organization identification are uncovered for the first time. Research recommendations were developed based on, the interviews that were conducted with the focus groups, the pilot study, and the results of the statistical analysis. Organizations should
consider the individual differences at early phases of recruitment and selection processes through the usage of personality tests to facilitate matching of person/organization fit, that in return enhance the ability to identify. Moreover, orientation programs used to ease the identification process could be developed with a level of customization considering individual differences. Furthermore, individual differences are pivotal dimensions that are significant to be considered when matching organizational and personal identities. In this respect, organizations may confront obstacles of finding new routes to support their employees to identify in an easier attempt. As such, the choice of communication style to suit the context of these personality differences could support a smoother identification. Mirroring the choice of language, personalized meetings for feedback and development, dealing with emotionally charged situations, opinions, cultural backgrounds diversity, roles, experiences, and beliefs should be carefully considered within the identification process. Additionally, the development of identification strategies to support employees should concede personal differences and topologies.

Research Limitations and Future Studies

The limitations of this research provide spur for future studies. This research was adopted in Cairo and Giza governorates, Egypt, on multi-sectorial random sample. Future studies should attempt to replicate the findings on different domains and geographical districts. Moreover, the study was concerned with a heterogonous sample, therefore; focusing on case studies will provide a better perspective and support providing an opportunity for in-depth analysis. Besides, exploring other traits using other personality models will enhance the comprehension of the effect of individual differences on organization identification.

Conclusion

This study explored a literature gap concerned with the effect of personality dimensions using the Big five model personality traits. The research adopted both qualitative as well as quantitative tools for the development of the hypothesis. Five Focus groups were conducted with a total number of fifty individuals to map the possible effect. The results of the focus groups as well as the pilot study were the developing parameters of the hypothesis. A total number of 900 questionnaires were distributed through a specialized data collection organization whereby 714 questionnaires were returned complete and valid. Common method bias remedies were followed to help in reducing biases. Results revealed that personality differences possess a varying level of effect on the ability to identify with the organization.

References


Bion, W. R. 1968. Experiences in groups. London: Tavistock


Analysing the impact of cloud-based accounting on business performance of SMEs

A.H.N. Kariyawasam
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura, Sri Lanka

Keywords
Cloud Computing, Cloud Accounting, SMEs, Intellectual Capital, Accounting, Finance

Abstract
This study aims at helping the SMEs to enhance their business performance through installing cloud accounting in their business systems. To achieve that aim, it is important to find out the nature of the relationship between cloud accounting and the Intellectual Capital and then the relationship between Intellectual Capital and business performance. SMEs are focused on this study as the Sri Lankan economy is largely comprised of SMEs. Cloud accounting is becoming important in the outsourcing field as well; therefore, Sri Lankan SMEs also should start adopting the new technology to benefit from that. This study was based on previous foreign studies which has been done before and comparing the findings of this study with the previous findings.

The study was designed as a quantitative study, using a deductive approach. The method which was used here was a survey method and a self-administered questionnaire was distributed to collect data from the sample. A purposive sample was chosen for this study as not many SMEs have adopted cloud accounting, and it is hard to capture companies using cloud accounting through a random sampling method. A conceptual model was built to test the relationship between the variables. Cloud Accounting was the independent variable for this study, components of Intellectual Capital; Human Capital, Relational Capital, and Structural Capital were intermediate variables and Business performance was the dependent variable. A five-point Likert Scale was used to capture and quantify the input of the respondents.

Findings suggest that cloud computing positively impact all three components of Intellectual Capital. However, the relationship was significant for relational capital and human capital. The most effective relationship was between relation capital and cloud computing. All three components of Intellectual Capital had positive relationships with business performance. Most effective relationship was between human capital and business performance. These findings were in line with most of the previous researches. However, there were some contradicting results as well.

Introduction and background to the study
The key to survive in the dynamic business environment today is the adaptability of a particular business. This will depend mainly on exploiting new commercial opportunities and investing and adapting to new technologies. This study has focused on new technology in accounting and finance in Sri Lanka which is a developing country. In the study of Burns, Ezzamel, and Scapens (1999), it has been stated that there are three drivers of change for the field of accounting and they are namely; increasing globalization, improved information technologies, and improved methods of production. This study will be focused on the second driver of change mentioned above; improved information technology.

According to the SLASSCOM report in 2013, Sri Lanka has been ranked number four in AT Kearney Global Index for Financial and Accounting Outsourcing. Many other advisory firms such as Tholons have also ranked Sri Lanka in top countries for knowledge outsourcing. More than 300 companies have commenced operations in Sri Lanka and employ over 65,000 staff. Outsourcing of Finance and Accounting of a company will play a major role for the accounting to be cloud based. Therefore, it is important to study about the impact of cloud-based accounting and finance infrastructure of Sri Lanka, in the dawn of growth in Financial and Accounting Outsourcing industry.

In the study carried out by Cleary and Quinn (2016), it has been mentioned that cloud computing is the new technological development that has the ability to even transform how businesses operate. As a
part of cloud computing. Cloud accounting will be acting as one element of this transformation. It has been suggested by Afshari (2014) that, cloud computing can impact the business organization performance and innovativeness, ultimately impacting the intellectual capital of an organization. However, Young (2010) has stated that even though cloud computing has this transformational ability and cloud accounting has the ability to transform finance and accounting functions, it still remains predominantly back office oriented.

Therefore, it is worthwhile to see the impact of cloud-based accounting to various aspects of the business performance.

Research Problem and Problem Statement

In the SLASSCOM report 2013, it is anticipated that Financial and Accounting Outsourcing sector will grow in the near future. With the growth of Outsourcing, cloud accounting will also grow. To encourage business ventures to adopt cloud accounting it is important to know the impact of cloud accounting to the business performance. This impact will not be limited to only one aspect of the organization. Cleary and Quinn have stated that the three other element of intellectual capital (human capital, relational capital, structural capital) will be strengthened through cloud accounting, which in turn will favourably influence the business performance. Therefore, a business venture adapting cloud-based accounting will need to know what aspects of the business will be impacted from cloud-based accounting and to what extent.

The problem here will be to identify the business aspects that will be impacted by adapting cloud-based accounting based on the perception of the cloud-based accounting users, and the extent to which each aspect has been impacted by cloud-based accounting.

Depending on the above problem statement, the following research question was derived

“What business functions are impacted from the adaptation of cloud-based accounting and what are the most affected business functions?”

Research objectives

Main objective of this study is to find the business aspects that will be impacted by the cloud accounting of a business organization. Aspects found in further researches will be used in this study to test whether the same aspects are being affected in Sri Lankan context as well. Main capital components of an organization’s intellectual capital will be tested here against the cloud accounting and infrastructure and the business performance as a whole will also be tested.

Another objective of this study is to rank the factors based on the significance of the influence. A business organization will be able to know what aspect of the organizational performance or intellectual capital will be impacted the most through cloud accounting. It will enable the business organizations to take more informed and effective decision on cloud accounting and any changes to be made.

It is also aimed that the findings of this research will encourage businesses to adopt cloud accounting and hence to boost Sri Lankan Financial and Accounting Outsourcing Industry. Since Sri Lanka has been identified as a growing force in this field as mentioned above, it is important that researches in this field are done to provide a support to a growing industry and through that it is anticipated to contribute to the development of Sri Lankan economy, which is focused on service industry.

Scope and Limitations

This study has only focused on the impact of cloud accounting on the human capital, structural capital, relational capital and the ultimate impact on business performance. Cloud accounting may have its impact on other aspects of the business, however, due to the time and resource constraints the three aspect of intellectual capital which was mentioned earlier were tested through this study.

This study was limited to Sri Lankan organizations and it was also limited to Small and Medium enterprises. Since the objective of the study was to support the growing industry of Financial and Accounting Outsourcing in Sri Lanka, the study was limited to Sri Lankan organization. Small and Medium businesses were chosen since 75% of the business enterprises in Sri Lanka are Small and Medium Enterprises (National policy Framework for SME).

Further research can be done in the fields of cloud computing and its impact on other business aspects.
The remainder of this paper is organized as follows; Section two will include a discussion on the previous studies and their findings on this regard, Section three will explain the design of the study and the model, Section four will analyze and discuss the findings, and section five will include concluding remarks and suggestions for future research.

Literature Review

Before conducting the actual study, existing literature on cloud accounting was analyzed critically. Detailed below is the critical discussion of findings of the previous studies including cloud computing and accounting, how the business performance of various business organization has been impacted through intellectual capital, and potential synergy between cloud computing, accounting, Intellectual Capital, and performance of small and medium enterprises.

Cloud Computing

According to Mongan (2011), cloud computing is the mass centralization of computing resources, and information, processing, software will be made available by connecting into this centralized cloud. Key drivers of the conversion to cloud computing are reduction of capital expenditure, resilience and scalability, business agility, and the green agenda. According to NIST,(2011) Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. There are three models of cloud computing; IAAS (Infrastructure as A Service), PAAS (Platform as A Service), and SAAS (Software As A Service). According to Cleary and Quinn (2016), low barriers to innovation, ability to free up scarce resources are benefits of using cloud computing in addition to the ones mentioned by Mogan (2011).

Accountants will be more focused on benefits such as data protection, privacy and reliability of data, when using cloud accounting. Du and Cong (2010) has argued that, cloud computing is safer than the other organizational systems. It is their opinion that cloud accounting is similar to outsourcing however, in traditional outsourcing the whole business process is purchased whereas in cloud accounting, the IT infrastructure is bought, in which several business processes can rely. Auditors will tend to face challenges when assessing the IT environment of cloud accounting users. There have been doubts about using cloud computing for accounting as a repository of critical data in an organization as depicted by Gill (2011). Still cloud accounting has been always supported as an enhancement to information flow within an organization.

Intellectual Capital

According to Chiucchi and Dumay (2015), Intellectual Capital is consisted of human capital, structural capital and the relational capital. These three parts of the Intellectual Capital is defined in the study of Cleary and Quinn (2016). Tacit and explicit knowledge gathered through the staff of a firm is defined as human capital. This can be the experience of the staff, education, skill level etc. Structural capital is defined as procedures, rules, norms that comprise the very center of the firm and which will facilitate the flow of organization knowledge required to enhance the efficiency and effectiveness of the organization. Knowledge gained through the external relationships that are built with key stakeholders which enables the organization to gain competitive advantage is defined as relational capital. All three elements of Intellectual capital encompass knowledge depicting the requirement of the organization to convert knowledge to saleable item such as goods and services. In the same study it has identified accounting to be a part of structural capital.

The relationship between cloud based accounting and structural capital has not been significant although positive in the study of Cleary and Quinn (2016). The reasoning behind this is the unchanged mechanics of accounting even though their delivery has been changed. This finding was supported by the study of Mehralian et. Al (2012), where they have found there is no significant relationship between the structural capital and financial performance which is depicted through accounting output. However, in the study of Novas et. Al (2012) has found a contradicting result, where the structural capital has shown a positive and a significant relationship with the accounting system.
In the study of Cleary and Quinn (2016) it was also found that there was a moderately strong positive relationship between human capital and cloud-based accounting systems. A similar relationship existed between relational capital and cloud-based accounting systems. This indicated that cloud accounting-based systems have enabled employees to perform their duties efficiently while using their knowledge in a more effective manner. The positive relationship with the relational capital reveals that the cloud-based accounting systems enable an organization to collect and analyze data to have increased and effective interactions with their stakeholders. However, in the study of Mehralian et. Al (2012), it was observed that there was no significant relationship between human capital and financial systems.

**Intellectual capital and business performance**

All three components of Intellectual Capital were found to be having a significant positive relationship with business performance in the study of Cleary and Quinn (2016). It indicates that collectively Intellectual Capital will positively impact the business performance of Small and Medium Enterprises. In the same study it was also found that 71% of business performance was explained by the Intellectual components through a regression analysis.

According Bontis (1998), the relationship between intellectual capital and business performance will not be significant if not for the interrelationship between the components of the intellectual capital. Using the partial least squares method, it was found out that the intellectual capital and business performance had a significant positive relationship.

Study of Aziz et al, (2010) has stated that the three components of Intellectual capital showed a significant relationship with business performance in par with the previous findings. Researchers have found that in light of these findings, if the Jordanian firms manage intellectual capital effectively, they can enhance their business performance. Relational capital had the most influence over business influence. Innovation and creation had the most impact on human capital, structural capital was influenced mostly by the systems and procedures, and Relations with suppliers, customers and partners influenced the relational capital the most. There are four levels to enhance intellectual capital namely, individual, group, organization, and country. In that study it is also discussed about the importance of social capital and the impact on the business performance.

**Research Methodology**

Research approach

The main objective of this research was to find out the relationship between the Intellectual capital components and cloud computing (accounting). To quantify the perception about the components of the intellectual capital, and to find out the significance of the relationship it was decided to adopt a quantitative method. As suggested in Saunders (2009) a quantitative method is more suited for a deductive study, and therefore, previous studies and the theories were considered before the analysis for this study was done. As an explanatory study, this will explain the relationship between intellectual capital, cloud computing, and business performance. A survey approach was taken for this study as have been followed by earlier researchers in similar studies such as Cleary and Quinn (2016). The most popular instrument of the survey method is questionnaires as depicted by Saunders (2009). A questionnaire was distributed in this study to collect data.

**Variables**

*Independent Variables*

As mentioned in the earlier chapters, independent variable would be cloud computing/accounting. The components of intellectual capital namely human capital, relational capital and structural capital were considered as mediator variables. Therefore, the relationship between cloud computing and the components of intellectual capital was analyzed first. The questionnaire measured the opinion about the cloud accounting and components of intellectual capital. Indicators for the independent variable and mediator variables are as shown below.
### Variable

<table>
<thead>
<tr>
<th>Cloud Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to customize finance and accounting standardization of accounting</td>
</tr>
<tr>
<td>simplification of accounting process documentation of accounting process</td>
</tr>
<tr>
<td>convenience for the staff ease of replication</td>
</tr>
<tr>
<td>ease of communication and training</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Human Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of accounting staff to collaborate with organization Management Decision making</td>
</tr>
<tr>
<td>Motivation of accounting staff Ability of non-accounting staff to use financial knowledge</td>
</tr>
<tr>
<td>Feasibility of appointing cross functional teams Retention of accounting staff</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structural Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to acquire knowledge</td>
</tr>
<tr>
<td>Ability to acquire knowledge from multiple sources</td>
</tr>
<tr>
<td>Retain relevant knowledge Upgrade accounting systems</td>
</tr>
<tr>
<td>Use accounting systems Share knowledge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relational capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire and use information about customers Acquire and use information about suppliers</td>
</tr>
<tr>
<td>Meet current customers and market needs Interact with employees</td>
</tr>
<tr>
<td>Predict future trends</td>
</tr>
</tbody>
</table>

### Dependent Variable

Components of intellectual capital are also acting as dependent variables which were explained above. The main dependent variable in this study is the business performance of a SME which assumed to be getting affected from the cloud accounting. The indicators of the dependent variables are as shown below.

<table>
<thead>
<tr>
<th>Business Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve business performance</td>
</tr>
<tr>
<td>Outperform Rivals</td>
</tr>
<tr>
<td>Attain a competitive advantage</td>
</tr>
<tr>
<td>Enhance business value</td>
</tr>
<tr>
<td>Enhance corporate reputation</td>
</tr>
</tbody>
</table>

The relationship between the independent, mediator and dependent variables can be shown in a diagram as below.

Cloud Computing

- Human Capital
- Relational Capital
- Structural Capital
- Business Performance

Conference proceedings of the Centre for Business & Economic Research (CBER)
Hypotheses

Based on the above-mentioned variables following hypotheses were built and tested in the study.
H1- There is a significant positive relationship between cloud computing and human capital
H2- There is a significant positive relationship between cloud computing and relational capital
H3- There is a significant positive relationship between cloud computing and structural capital
H4- There is a significant positive relationship between business performance and human capital
H5- There is a significant positive relationship between business performance and relational capital
H6- There is a significant positive relationship between business performance and structural capital

These hypotheses were tested through the gathered data. Through analysis it was studied whether these hypotheses can be accepted or rejected. That finding was compared with the findings of the previous studies and then findings were finalized.

Population and the sample

The population for this study is the set of SMEs which use cloud accounting in their organization. SME was chosen as 75% of the Sri Lankan business enterprises are SMEs. However, since the time and resources are limited to conduct a study for all the Sri Lankan SMEs which use cloud-based accounting, a sample of 25 companies were chosen to conduct this study through SLASSCOM data bases and snowballing effect. Since the accounting system of the companies is not publicly available information, snowballing technique was used to identify companies which use cloud-based accounting systems. Saunders (2009) has mentioned in his book that purposive or snowballing sampling is categorized under nonprobability sampling. This would have led to a non-symmetrical sample. However, since there was no readily available information about companies using cloud accounting, a purposive sampling method was chosen.

Data collection

As mentioned earlier data were collected through a self-administered questionnaire. Participating in this survey was completely voluntary and collected data were treated confidentially. Questionnaire was in English language to overcome the language difficulties. Questionnaire was consisted of three parts. First part was aimed at collecting demographic data of the company. Second part consisted of questions to collect data about the independent variable and the mediator variables. The perceptions on these variables were measured through five-point Likert scale with a range of one to five; 1 being strongly disagree and 5 being strongly agree. Third part of the questionnaire collected data on the perception of business performance which is the dependent variable through a five-point Likert Scale. Questionas for this study was inspired by the previous studies such as Cleary and Quinn (2016).

Analysis performed

SPSS was used to analyze the collected data. To analyze the sample, descriptive analysis was performed on the collected data. Mean, media, Anova and T-tests were performed under descriptive analysis. A stem and leaf diagram, Q-Q plots were used to check for outliers and removed them to ensure the symmetry of the collected data. Reliability analysis and validity tests were performed to assess the instrument in a pilot study as well as in the main study.

According to the objectives of the study it is necessary to find the nature of the relationship between the variables. To analyze the relationship between independent variables and dependent variable Persons’ Correlation test was performed. Regression test was performed to find out the variance of dependent variable which was explained by the independent variables.

Analysis and Discussion

This section will include details on the results of this study.

The validity and the reliability of the questionnaire were checked through SPSS. Reliability was checked through Chronbach’s Alpha in SPSS. The threshold of the test is 0.7 and the questionnaire for this study scored 0.83 in Chronbach’s Alpha and the validity was 0.69 which is also above the threshold of 0.5.

Despite the fact that a purposive sample was chosen data remained symmetrical and outliers were removed to ensure the symmetry of the data.
The correlation analysis was done after the descriptive analysis of the sample. The findings of the correlation analysis were as follows. It was found that cloud-based accounting impacted firms’ structural capital positively but not statistically significant as the correlation coefficient was only 0.256. The variance of structural capital was only explained by 16% through the cloud-based accounting. Since the accounting structure doesn’t change just due to the adaptation of cloud accounting, this finding could be justified. This finding supports the finding of Cleary and Quinn (2016), and Mehralian et. Al (2012). However, Novas et. Al (2012) has found a significant relationship between structural capital and cloud accounting, which contradicts with the current finding. Based on these finding H3 was rejected.

Cloud accounting has a significant positive relationship with both human capital and relational capital. Relational capital has the highest correlation with cloud accounting. This indicates that adapting cloud accounting has enabled employees of SMEs to perform their duties better, to collaborate better and generate knowledge. In the aspect of relational capital, the significant relationship can be defined as cloud accounting has enabled SME to acquire and use information about stakeholders in a more effective manner. This supports the finding of Cleary and Quinn (2016), which was mentioned earlier. However, this contradicts with the finding of Mehralian et. Al (2012), stating that there was no significant relationship between human capital and cloud accounting. 64% of the variation in human capital can be explained through cloud accounting. 49% of the variation in relational capital can be explained by cloud accounting. H1 and H2 can be accepted based on these findings.

All three components of Intellectual Capital and business performance showed positive and significant relationships between them. There was a low positive relationship between structural capital and business performance. It indicates that, structural changes in the company would not impact business performance in a larger manner. H4 Can be accepted on the grounds of these findings. Human capital and relational capital show a moderately strong but positive relationship with business performance. Positive changes in the human capital and relational capital impacted by cloud accounting will bring about improvements in business performance in Sri Lankan SMEs. Therefore, H4 and H5 could be accepted. This finding supports the findings of Cleary and Quinn (2016), and Aziz et al, (2010). 80% of the SMEs business performance can be explained by the three components of Intellectual capital.

The findings can be concluded as that cloud-based accounting has positive significant relationship with the three components of intellectual capital and the three components of intellectual capital have positive significant relationship with business performance. The next chapter will include the concluding remarks based on these findings and recommendations.

Conclusion and Recommendation

Cloud accounting will enable SMEs in Sri Lanka to achieve, superior business performance, enhanced relationships with stake holders, knowledgeable and committed work force, and cost savings. In addition to these, enhanced flow of information is also enabled by cloud accounting. It will make organizational decision making efficient, with the enhance accessibility of information. Mentioned in Cleary and Quinn (2016), is that this will result in ultimate value creation for the organization through the acquisition of unique intellectual capital resources. These advantages might not have been available to SME before the introduction of cloud computing due to the capital investment limitations.

The results of this study suggest that Sri Lankan SMEs have the ability to enhance their business performance through the implantation of cloud accounting system which will impact the accounting/finance area of their business. As the results suggest that elements of intellectual capital are positively impacted by cloud accounting, and with the continual interactions between the three elements, a SME can potentially expect the installation of cloud accounting system to positively change the business performance. The result on the value creation supports the findings of the previous researchers such as Cleary and Quinn (2016), Mehralian et. Al (2012), Aziz et al, (2010). Etc.

In the dynamic business environment, a SME will face higher competition, and cost control will also be an important aspect to consider facing the competition. To survive and for the prosperity, a SME should adopt technologies such as cloud accounting Cleary and Quinn (2016). The benefits associated with cloud accounting which was discussed above would definitely support this decision. The SMEs who
do not adopt cloud accounting will have a competitive disadvantage to the SMEs which do. Cloud computing will transform the way the businesses operate through their impact on intellectual capital.

It is expected that these findings will be used to transform the finance/accounting function of SMEs in Sri Lanka to become a key element on the organization and to play a significant role on strategic decision making. Since SLASSCOM reports suggest that outsourcing is going to become successful in the future, SMEs should embrace new technology and benefit from the technological advantages. Accountants of the SMEs should be assured and satisfied about the functions of accounting which will be converted to cloud and the resistance to change should be overcome before the system migration. If not, employees’ resistance will diminish the positive impact of the cloud accounting.

Further research could be conducted in larger business organizations and the impact caused by cloud-based accounting. Since this research was done for SMEs, it will be worthwhile to understand the impact of cloud accounting on larger organizations as well. Studies using larger sample sizes can also add new findings to the research field on this subject. Cloud accounting can impact other areas of the business as well, therefore further researches on the impacts on other business areas are also recommended. As mentioned earlier, employee perception to cloud accounting can also be researched as an addition to the current study.

References
Investor’s awareness, preference and pattern of investment in various financial assets

Apurva Chandra
Ankit Sharma
Chandragupt Institute of Management Patna
Bihar, India

Keywords
financial decision making, financial knowledge, fixed deposits, investor’s preferences, stock market

Abstract
The purpose of this study is to investigate the current level of knowledge among investors about the various financial assets. We also study the multiple factors that could affect the investment decisions and investment style of the investors. We collect data using a questionnaire from 152 investors. The survey instrument consisted of two parts. The first part of the questionnaire is used to collect data related to demographics. The second part consists of questions to gauge the level of knowledge and factors affecting the investment decision and style of investors. We use “The Statistical Package for the Social Science” (SPSS) to analyse the data. Descriptive statistics are used to determine the relationships among the variables, which are expected to influence the investment decision of the investors. We found differences in the preferences of investors based on their characteristics like gender, academic credentials, age, occupation, and annual income.

Introduction
Investment is a complex activity. It does not merely mean the activity of investing i.e., sacrificing resources today in different avenues for getting greater returns in the future, but it entails several other aspects. Investment is a function of the level of knowledge among investors about the various investment avenues, benefits and risks associated with the investment products, choosing the right kind of financial products according to the investment goal, investible funds, and risk appetite of the investor, etc.

Investment in financial assets has grown substantially in the past decade. The presence of several financial assets provides ample opportunities to invest. But it is possible only when investors have sufficient knowledge about financial assets. In a country like India with a very young demographic profile, the major investors are young professionals. To be financially independent the investors must be aware of the financial assets, various modes of investments and their associated risks. It is observed that young professionals are unaware of this basic information.

The research conducted here is an attempt to analyse the factors that affect the investment decision-making process of investors. It includes the analysis of demographic factors like gender, age, income and education in decisions taken by investors. The objectives of the study include ascertaining the awareness level of investors in different financial instruments, to know the investor’s preference of medium of investment, and to understand the investment style or pattern of investment.

The present research work will help a financial company to understand the present status of awareness of financial instruments among the people and devise the strategies to make people aware of the various investment avenues. It is necessary to spread this awareness before marketing the various products to the people. Further, such studies should be conducted at periodical intervals since investor’s behaviour, preferences or attitude change with time which ultimately changes the market scenario. At this juncture, it was felt necessary to study and understand the investors’ awareness, preference, and pattern of investment in various financial assets.

Literature Review
Velmurugan et al. (2015) emphasized that the aged and high-income investors prefer to invest only in the post office and bank deposits for a safe and secure investment avenue. Awais et al. (2016) investigate how investment experience helps to handle risky investment. They found that by an increase
in the level of knowledge about financial information and an increase in the ability to analyse that information, investors can improve the capacity to jump into more risky investments to earn higher returns by managing investment efficiently. Agrawal and Jain (2013) studied the preference of 300 investors of Mathura (a city in India) towards investment in mutual funds when other investment avenues are also available in the market. The outcome of the research suggested that Banks, LIC, Mutual Funds, Real Estate & NSC were amongst the most popular investment avenues among the investors and very few investors were aware of Commodity Market and Future & Options. Shukla (2016) studied the preference of 100 salaried personnel towards different investment avenues. By the outcome, it was evident that the majority of investors tend to invest much in Fixed Deposits, Post Office Scheme and Gold and Silver. He observed a significant impact of advice on the investors given by friends/relatives and financial advisor. Geetha and Ramesh (2011) studied the preference of 210 respondents from Kurumbalur (a city in India) towards various investment avenues. The study suggested that there is no significant relationship between the preference of investment avenues and education & occupation. The respondents were somewhat aware of various investment choices, but they were not aware of the Stock Market, Equity, and Debentures.

Deb and Chavali (2009) focused on how gender affect investment behaviour or financial decisions by analysing the data collected from 100 male and female each. The conclusion showed that there exists a significant difference between male and female investors with regards to making financial decisions. Bhushan (2014) studied the insights into awareness level and investment behaviour of salaried individuals towards financial products in Himachal Pradesh (a state in India). With the help of 516 respondents, he found that respondents are quite aware of traditional and safe financial products whereas the awareness level of new-age financial products among the population is low. Also, the majority of the respondents park their money in traditional and safe investment avenues. More people invest in mutual funds as compared to the stock market and very few people invest their money in debentures as well as the commodity market. Geetha and Ramesh (2012) studied the significance of demographic factors of the population such as gender, age, education, occupation, income, savings, and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities.

The study was made by surveying in Nagapattinam district of Tamilnadu, South India and the statistical inferences were deduced using computer software tools, statistical package for social science (SPSS), ANOVA and Chi-square test. The study reveals that the demographic factors have a significant influence over some of the investment decision elements and insignificant in other elements too. The study also discloses a general view of investor’s perceptions over various investment avenues. Liquidity is identified as a major factor that influences investment decisions. Arora and Marwaha (2016) carried an exploratory attempt to have an insight towards awareness of stock market investments and the financial literacy level of the individual stock investors. A Chi-square test has been applied to test the differences in the financial literacy regarding stock market traits across demographics of Punjab. With the help of 100 investors equity has been found as the highly aware investment. The investment in Mutual funds is amongst the moderate level of awareness.

Bonds, Derivatives/Futures/Options/ Swaps, Commodities and Debentures are among unaware investments. Ramanathan and Meenakshisundaram (2016) carried out a descriptive study on the basis of secondary data and analysed the performance on the return on investments between Gold, Gold Exchange traded funds and Nifty indices for three financial years from March 2012 to March 2015. They emphasised that for a short period of 3 years between March 2012 and March 2015, investment decision in Gold ETF was not a wise one. They also concluded that investment in stock indices yield better return than the commodity indices. Bhatt and Bhatt (2012), in their analysis of investor behaviour among different classes of investors conducted on the basis of occupation and education level concluded that investment preferences change due to change in education and income level of investors. The study also suggested that because of being less risky bank deposits are most preferred among all classes of investors.
Data and Research Methodology

Research design: It is the blueprint for undertaking a research project. The design adopted herein the project was Descriptive research. Since one of the objectives was to know the awareness of customers about investment products, thus, the design adopted was Descriptive.

Sources of data: The data sources for this project were both primary and secondary.

Primary data source – information collected from people across the country through the internet and survey.

Secondary source – information collected from the internet, books, etc. to know more about investments option, their features, etc.

Data collection

The collection of primary data was done through the survey method. A structured questionnaire consists of close-ended questions. The questions were regarding the general demography of respondents, awareness of few financial products, preferences, risk appetite, objective and maturity of the investment, barriers affecting investment decisions, and sources of information about financial products to the investors.

Sampling design

The sample was selected based upon non-probabilistic convenience sampling and consisted of 152 respondents.

Data Analysis and Findings

The survey conducted for this project consists of 14 main questions and other related, descriptive questions as well. Data of 152 respondents were collected during the survey. An analysis of the data follows below.

The demographic profile of the respondents

Through the questionnaire, the respondents were asked to provide their demographics that comprised name, gender, location, age group, education qualification, occupation, and annual income. The following TABLE 1 provides the descriptive statistics of the same.

TABLE 1: Descriptive statistics for respondents’ characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>99</td>
<td>65</td>
</tr>
<tr>
<td>Female</td>
<td>53</td>
<td>35</td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>59</td>
<td>39</td>
</tr>
<tr>
<td>Lucknow</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Mumbai</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Bangalore</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Delhi</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Patna</td>
<td>52</td>
<td>34</td>
</tr>
<tr>
<td>Age Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-35</td>
<td>121</td>
<td>80</td>
</tr>
<tr>
<td>35-50</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>50-65</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>&gt;65</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Education Qualification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ph.D.</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>61</td>
<td>40</td>
</tr>
<tr>
<td>Graduate</td>
<td>83</td>
<td>55</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Graph 1: Income and Percent of Income Invested by People

Graph 1 shows the combined result of the income level of the respondents and the percent of their income that they invest in financial products. The objective of the question was to know what percent of income is invested by people belonging to the respective income level. We can infer from the graph that a maximum number of people with income less than 5lakh invest only 10% of their income. This also includes those people who not at all invest any percent of their income. Considering respondents with income 5-10lakh, they mostly invest 10-20% of their income. A similar trend can be seen in the income bracket of 10-15lakh. Most people in this bracket invest only 10-20% of their income. Respondents with more than 15lakh income invest more than 30% of their income. We can see a positive relationship between the income and amount invested by the investors.

Graph 2: Gender and preference of medium of investment

The following graph shows the combined result of what medium for investment is preferred by the respondents according to their gender. The purpose of this question was to compare the preferences of the two genders for each of the given financial product.

We can see that fixed deposits are preferred by females while males prefer mutual funds. The least preferred financial product under both the category is bonds/debentures. A sharp difference between the two categories of gender can be seen in the preference for the stocks. This might also reflect the risk appetite of both the genders, females being risk-averse contrary to males. This, in a way, reflects the attitude of the female gender that they prefer more safety and stability in their investment decisions and
style thus, they choose fixed deposits more over any other products since fixed deposits are the safest investment medium. All this can also be attributed to the income level of the females under study since the majority of females were in the bracket of less than 5lakh followed by 5-10lakh. With low investible funds females, according to their attitude, prefer a mode of investment which is safe. Therefore, female respondents prefer fixed deposits followed by mutual funds.

Talking about the male gender, here, a lot of them have shown interest in the stock market and real estate apart from mutual funds and fixed deposits. This difference between the two genders can be attributed to the difference in the income level, risk appetite and somewhat to the fact that a greater number of respondents were in the male category.

Graph 3: Income level and preference of medium of investment

We can infer from Graph 3 that respondents belonging to less than 5lakh category mostly prefer mutual funds and fixed deposits. Mutual funds are a modern mode of investment which has gained a lot of popularity in recent years. These are nowadays, preferred among almost all people irrespective of their income level. The graph also shows that a good number of people prefer mutual funds. As evidenced in the graph, fixed deposits remain ahead of any financial product in all categories of income level. Respondents belonging to more than 15lakh still prefer fixed deposits the most, followed by real estate and stock market respectively. The probable reason for them preferring real estate and the stock market could be the availability of more funds and higher risk appetite.

Graph 4: Gender, Income level and preference of medium of investment
The above graph depicts the combined effect of gender and income level on the preference of medium of investment. When both the genders under less than 5lakh income are compared, we can see that females prefer fixed deposits the most while males prefer mutual funds the most. With an increase in income level 5-10lakh, females shift their interest towards mutual funds, while males in this category as well prefer mutual funds the most. Also, females with 5-10lakh income showed a significant rise in preference for gold. This is attributed to the fact that an increase in income leads to an increase in investible funds and risk-taking ability. In the male category with 5-10lakh income, a good amount of increase in demand can be seen for the stock market. Coming to the income bracket of 10-15lakh, females are indifferent among mutual funds, real estate, and gold while still preferring fixed deposits the most. A prominent decrease in choice for insurance products is reflected by males in this category. On the downside, both genders in all the income levels are least interested in investing in bonds/debentures.

TABLE 2: Pertains information regarding characteristics of investment by investors

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective of Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return/capital appreciation</td>
<td>78</td>
<td>51</td>
</tr>
<tr>
<td>Regular Income</td>
<td>64</td>
<td>42</td>
</tr>
<tr>
<td>Tax Saving</td>
<td>75</td>
<td>49</td>
</tr>
<tr>
<td>Liquidity</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>Park surplus funds</td>
<td>25</td>
<td>16</td>
</tr>
<tr>
<td>Meet future goals</td>
<td>84</td>
<td>55</td>
</tr>
<tr>
<td>Maturity of investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-2 years</td>
<td>43</td>
<td>28</td>
</tr>
<tr>
<td>3-4 years</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>5-10 years</td>
<td>44</td>
<td>29</td>
</tr>
<tr>
<td>&gt;10 years</td>
<td>26</td>
<td>17</td>
</tr>
<tr>
<td>Basis of investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past performance</td>
<td>89</td>
<td>59</td>
</tr>
<tr>
<td>Portfolio</td>
<td>60</td>
<td>39</td>
</tr>
<tr>
<td>Fund manager</td>
<td>48</td>
<td>32</td>
</tr>
<tr>
<td>Fundamental/technical analysis</td>
<td>72</td>
<td>47</td>
</tr>
<tr>
<td>Market sentiments</td>
<td>55</td>
<td>36</td>
</tr>
</tbody>
</table>

Graph 5: Income level and objective of investment

This graph is a combination of the income level of investors and the objective behind their investment. It depicts what are the possible motives behind the investment decision of people belonging to different income brackets. People under less than 5lakh income are more concerned about return/capital appreciation when making decisions and least concerned for liquidity and parking surplus.
funds. This is because they want to get compensated for the risk, they take for investing with all they have. A good return/capital appreciation and meeting future goals are the most important factors for investors with more than 15lakh income. Surprisingly, liquidity and parking of surplus funds remain low here as well. For people with 5-15lakh income, tax savings is the prime concern when making an investment decision.

Graph 6: Awareness of different financial instruments

It is very much clear from the graph that very few people have expert knowledge about any of the given investment options. The majority of respondents are unaware of Derivatives. These are more complex than other products. Since the term itself is not used frequently in day-to-day lives it remains side-lined. Talking about mutual funds, it is slowly gaining popularity and we see herding behavior of people. With the greatest number of people having good knowledge of fixed deposits, it reveals that people working in financial institutions have been able to convince customers about various advantages of investing in fixed deposits. With time, people have witnessed the reality and are happy with returns from fixed deposits. This is why people suggest their relatives and friends to invest in fixed deposits. Hence, this increases the awareness of the same. The same can be inferred about insurance. Fixed deposits and insurance have been able to make their place with time. But the same is not true for the stock market in spite of it being a traditional form of investment. The educational and promotional strategy for this sector has always been very low.

Graph 7: Gender, age, income level, and risk
This graph gives us an understanding of how the two genders with income ranging from less than 5lakh to 10-15lakh belonging to 20-35 age bracket prefer risk as low, moderate and high. In a broader sense, both genders in 20-35 age groups in all the income levels prefer to take moderate risk. 29% of males in 10-15lakh income range and 18% males with less than 5lakh income would like to take high risk while investing. They are aware of the fact that greater risk gives a greater return. Females having income 10-15lakh are indifferent between low and moderate risk but do not want to take a high risk at all.

Conclusions
We found that respondents were least aware (38%) about derivatives but the majority had good knowledge about fixed deposits (47%) and insurance (38%). Gender, income level, and education qualification have a dent over the preference of medium of investment. Predominantly, the preference of investment medium is most affected by gender. Investment options that are riskier & involve a comparatively large amount of money are preferred more as income increases. Income affects the objective of investment. As income increases from less than 5L to more than 15L, the objective of tax-saving increases from 58% to 71%. Respondents in the age group 20-35 of both the genders mostly prefer moderate risk even after knowing the fact that greater risk gives greater returns. People with low-income levels utilize less amount of income for investment purposes.

References
Marketing of Financial Services in 21\textsuperscript{st} Century

Tomar A. Singh
UK College of Business and Computing, London, UK

Keywords
Financial Services, marketing, marketing strategies

Abstract
This study was carried out to determine the extent of the marketing activities of Financial Services in 21\textsuperscript{st} Century with a view to evaluating the appropriateness or suitability of their current showcasing houses. The study also looks into the need of adjusting the marketing activities to achieve the desired results in Financial Services in present era. The study focuses on the ways by which Marketing Strategies for Financial Services can be improved to achieve the needed outcome.

Originality value: The paper is original of its kind. The research and study done to arrive on the conclusion that there is a need to adjust the Marketing Strategies of Financial Services to make them fit for purpose in 21\textsuperscript{st} century. Firms are required to communicate with the customer in an effective and efficient manner by using the available modes of communication.

Methodology: The paper is based on author’s opinion, which is supported by various studies and research done in the same filed. For carrying out this work, secondary sources of information (books, articles, information from different Financial Services Companies websites) used. To understand the impact of modern tools of marketing on Financial Services, meaning of both Marketing and Financial Services understood by studying few definitions. Accessible and solid research and study consider were taken into the account to develop the understanding and building up the support for author’s belief about Marketing Strategies for Financial Services in 21\textsuperscript{st} Century.

Research and Discussion
Notwithstanding of the industry that your commerce is working in, showcasing ought to be considered as an imperative angle of your generally procedure. The sheer say of the term “marketing” is frequently related with “fluffy” houses like decent photography, but in fact it is such a basic portion of your operation. After all, showcasing is basic in case you need to reach your target buyer base. On the off chance that you don’t contribute in showcasing, how is anybody progressing to discover you? In that lies the significance of showcasing. A formal approach to the showcasing of money related administrations could be a moderately later phenomenon, indeed inside the created countries of the world. The showcasing of packaged merchandise, such as confectionery, nourishment, delicate drinks and toiletries, has been subject to a colossal venture in classical promoting aptitudes and capabilities since the early portion of the twentieth century.

To assess the need of marketing of financial services it is bit essential to understand both Marketing & Financial Service appropriately.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (AMA 2013). Kotler and Keller (2006) gave one of the shortest definitions of the term ‘Marketing’ as ‘meeting needs profitably’. Needs of our client/customer changes by the passage of time, so in order to meet changed needs we need to amend our strategy. This definition of marketing based on the core concepts such as; needs, wants and demands; products or goods, services and ideas, value, cost and sales faction, exchange and transaction, relationships and network, markets and marketers and prospects. Too frequently marketing is befuddled with promotion which is but one aspect of a multi- faceted discipline. Another common botch is to respect promoting as a subject of offering.

Levitt (2004) in his article Marketing Myopia in Harvard Business Review said:
“Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller’s need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it”. 
After getting an idea about the term ‘Marketing’, our next task is to understand the meaning of the term ‘Financial Service’. The term Financial Services comprises numerous diverse things. There are a plenty of openings within the monetary segment for candidates to discover the correct fit. From keeping money to speculations and past, the alternatives are endless and shifted. According to the Finance and Development department of the International Monetary Fund (IMF), a financial service is best described as the process by which a consumer or business acquires a financial good. (Investopedia.com 2019)

Financial Services can be defined as, ‘activities, benefits and satisfactions, connected with the sale of money, that offer to users and customers, financial related value. (Arthur Meidan 1996). In common man terminology, Financial Service is part of financial system that provides different types of finance through various credit instruments, financial products and services. The term ‘Services’ is understood by all of us, but we can’t describe it appropriately to a common person. Vargo and Lusch (2004) provided a more inclusive definition of service with the derived service perspective, suggesting that all products and physical goods are valued for the inherent service they provide and that the value derived from physical goods is really the service provided by the goods not the good itself.

Just think, when we take our car in for repair, we judge the quality of the product (i.e, the service) by the garage’s record in correcting the deficiencies detailed, diagnosing other problems, completing the repair on time, by the receptionist’s capability to reply palatably our questions when collecting the car, taking off the car in a clean state and by the price charged. All bar the final is people related. Of these as it were the primary two can be mechanized. Nwokah (2008), stated that beyond being intangible there are few more characteristics of services which we need to understand such as Lack of ownership, Inseparability, Perishability and Heterogeneity. Helen Edwards (2019) very rightly said that, “Before climbing up the benefits ladder marketers need to focus on getting the simple things right.” In other words, marketers are required to stick to the basics of marketing which is to satisfy the need of the customer. This is applicable to every single business irrespective of the industry.

Each Financial Institution exists to realize its goals. Reason of presence, the most often is characterized through mission of the institution itself. From the purpose, in other words that’s mission, issues come out the vision. By characterizing the vision, the goals stand forward, in other words position that is being pointed for. Vision could be an awesome bargain of abstract category. It is as it were a rule, particular shape of the street to be taken after to execute the predefined institution’s business goals. One of the objectives can be establishing the positive attitude towards the institution by the client. The goals are, in their substance, some kind of decent wishes.

Aleksci (2011) very rightly commented that, creating a powerful financial brand demands to understand how to engage client through the brand more than trough prices or service/product. Understanding of clients’ perspective is needed to provide delivery of relevant, useful information which clients value and positively associate to the bank. Organize of development services/products and distribution on the communication points should bring to successful outcome. One of the newest experiences, accents the importance of fair treatment of client.

Since marketing is basic for the organic development of a company, apportioning marketing assets could be a complex choice, especially in times of financial crisis. The emergence of modern media such as online search and show publicizing, video games, virtual universes, social organizing, online user-generated substance, and word of mouth marketing is making both modern opportunities and challenges for companies. Hence, promoting supervisors have the obligation to ideally allocate assets and illustrate that these speculations create fitting returns for the firm. The Financial Services is a very critical area of each economy; thus, its Marketing endeavors must not be underestimated. As we are living in the hi-tech era where all the needed information is available on the fingertips, so Marketer of financial services needs to practice the paradigm shift in marketing from the traditional way of marketing to modern marketing strategies.

We are not supposed to ditch traditional marketing strategies because they are still very important. Traditional Marketing is nonetheless two very vital due to the fact people can’t miss your content. When they wait for their bus, they can’t omit the bus ad. When they drive alongside the M5, they can’t pass over the billboard. And eventually, after a month or two of consistent effort, people get to be aware of you. But now comes the tough part: what do they do if they prefer to ask you a question? Or get to recognize you
better? What if they desired to talk about you after getting to know you? That’s where digital comes in. In today’s marketing scenario it is very essential for the marketer to present the brand in an effective and efficient manner to the customer. To do this marketer needs to come up with a positive brand message.

Brand message is that statement by which the producer communicates the meaning of his brand to his buyer. This may be done with the help of punch line, slogan, logo or any communication tool. To communicate effectively the organization has to design a nice message which defines their brand in a proper manner to the targeted audience. Jenna Hanington (2015) says that, Brand messaging refers to the underlying value proposition conveyed, and language used in your content. It’s what makes buyers relate to your brand by inspiring them, persuading them, motivating them, and ultimately making them want to buy your product.

The Financial Service Industry has verifiably depended on costly coordinate mail campaigns to create modern commerce, but with persistently diminishing comes about, numerous are putting more budget into advanced showcasing to produce deals and give communication channels with their client and prospect base. In a CMO survey, over half of the respondents from financial industries increased their marketing investment in 2017. Marketers need to develop successful marketing strategies. Now we need to talk about the direction in which the Financial Services should move their marketing investments. Financial Services marketers should keep in mind that their modern customers are ready to share data if the outcome of this practice is to tailor their needs. Being marketer, we are required to understand the behavior patterns of our consumer.

Accenture (2019) Global Financial Services Consumer Study identify several patterns of consumers which are categorized as the key findings of the study according to which consumer want 1. Integrated propositions addressing core needs. 2. Completely personalized offering. 3. Better advice and more attractive deals in return of their shared data. 4. Better integration across physical and digital channels. The study also found that the trust level of consumer in financial institutions is quite high and growing. Global Head of Marketing, FXTM, Nandik Barbhaiya (2018), gave some tips to develop fruitful marketing strategies which are: - 1. Develop Clear Concepts. 2. Make the content marketing personalize. 3. Content should be compelling and trustworthy. 4. Using automated marketing tools. 5. Stand out of the crowd.

Also, Jaideep (2017) identified the following actions:
1. Define the target market carefully and collect relevant information.
2. Find out customers’ needs and wants.
3. Produce products as per their expectations.
4. Ensure fair deal with customers and ensure commitment toward them.
5. Establish and maintain long-term relations with consumers.
6. Provide them correct information when demanded.
7. Safeguard their long-term interest/welfare.
8. Treat them as business partners.
9. Take care of consumers’ suggestions and tackle their complaints.
10. Find out the best way to entertain them and meet their expectations.

This has been observed by few other researchers/authors. Marketing personalization reflects the seller's process of individualizing messages to furnish relevant prospect answers (Arora et al., 2008; Vesanen, 2007). Whereby, the personalized marketing (also known as one-to-one marketing) role is to permit customer interaction and retention (Vesanen, 2007). Individual interaction can occur through collaborative customization, segment marketing, adaptive personalization, surface personalization, or translucent personalization (Vesanen, 2007); whereas personalized marketing retention can materialize through provisioning superior customer value (Kwon & Kim, 2012). As an actionable framework, personalized marketing provides an opportunity for organizations to revert to the traditional exchange process between buyers and sellers. Specifically, according to Kotler and Keller (2012), prices have been established via negotiation between consumers and marketers across human history (p. 383).

The tips given by Nandik Barbhaiya (2018), will definitely help the Financial Services Marketers in creating appropriate marketing strategies to engage the customer, fulfill their needs and generate desired profit for the firm as well.
Keeping Helen Edwards (2019) statement about sticking to the basics in mind, Marketer of Financial Services are required to look back into the core elements of marketing, which are well known as 4P’s of Marketing/ elements of Marketing Mix. The 4P’s of Marketing are Product, Price, Place and Promotion. The term Marketing Mix was developed by Neil Borden who first started using the phrase in 1949. “An executive is a mixer of ingredients, who sometimes follows a recipe as he goes along, sometimes adapts a recipe to the ingredients immediately available, and sometimes experiments with or invents ingredients no one else has tried.” (Culliton, J. 1948) According to Borden, "When building a marketing program to fit the needs of his firm, the marketing manager has to weigh the behavioral forces and then juggle marketing elements in his mix with a keen eye on the resources with which he has to work." (Borden, N. 1964). Marketing mix was originated from a single P (price) of microeconomic theory which becomes more popular when McCarthy (1964) introduced the 4P concept.

Marketers of Financial Services needs to amend the Marketing Mix as per the requirements of 21st Century’s client/customer. We are now having 5 more elements of Marketing in addition to the previously noted 4 core ones. So now at present we have 9P’s of marketing which are Product (Services in case of Financial Services Institution), Price, Place, Promotion, People, Process, Physical Evidence, Packaging & Payment. Though the extended elements do revolve around the core elements. It is essential to have customer-oriented marketing mix to satisfy the customers (Paul 2014). Lauterborn (1990) suggested that the marketers should think in terms of the 4Cs concept rather than the 4P’s i.e customer solution (instead of product), customer cost (instead of price), customer convenience (instead of place) and customer communication (instead of promotion). Thus, the 4C concept is a reformation of traditional marketing mix (4P) which is more relevant in the current scenario (Paul 2014). The line between how we work and how we live has ended up progressively obscured as the world gets to be ever more digitalized and associated. This modern advanced age is bringing individuals into the workforce who anticipate specific ways of working, regularly advancing around the communication devices that they have gotten to be acclimated to utilizing in their individual lives. Ioana Ancuta (2016) concluded the research by stating that, ‘Regarding the current trend of introducing internet in all areas of activity, it is natural for Financial Services to gain ground. Linked to this trend and marketing strategy should provide tools to reach customer/client. DMA & Future Foundation (2016) investigate uncovered that when it comes to managing with funds, clients are still remaining put. But with 62% of consumers remaining with their Financial Institution as they have no issues, Financial Service Providers (FSPs) ought to be careful of mixing up idleness for dependability. The deployment of Information Communication Technology (ICT) infrastructure in today’s world has led to enhancing Financial Services effectiveness by becoming an indispensible utility that is supporting and driving Financial Services delivery processes. All financial services can now be benefitted, particularly by embracing the key trends on the road to digitalization:

Client engagement: It’s vital to lock in clients over various channels, guaranteeing workforces are locked in and have all the data they require at any time. As it were at that point can we break down siloes and empower more brilliant collaboration between groups, colleagues, and trade systems. More intelligent information (data) utilization: As our organization gets to be progressively advanced, there has gets to be a more noteworthy have to be ensure that information is utilized in a way that produces it simpler to pick up real-time get to data. We will at that point discover we are able to do things speedier, easier, and in a spryer way. Value addition: Financial Services institutions have already been able to sit back and hold up for clients to come to them. But all that’s changing, with the center presently moving from exchange execution and item offering to adding value – which needs a totally distinctive attitude and trade show. Curious Cat Digital (2019), observed that the Fanatical Service Industry is furiously competitive and complex market. We need to come up with innovative plan, and a well-articulated digital strategy is the key to guaranteeing firms are future-proofed and get the desired share in the market. It is found in the research that the biggest challenge faced by the Financial Service Institutions is to get noticed. 71% of Financial Services business have plan to increase their digital marketing spend in 2019.
Today’s Financial Services Institutions recognize the control of digital marketing in establishing real-time connections with new and current clients, whereas having the capacity to rapidly track and analyze customer touches and alter appropriately.

“Fintech” could be a catchy name for the quick advancements in money related administrations that are largely being driven by advanced advances, but the term isn’t absolutely characterized in practice. In a few references, the Fintech label has gotten to be synonymous with the companies that give any of the fundamental innovations or administrations, and regularly comes with the misleading implication of including as it were start - up companies. Other definitions don’t recognize between the computerized innovation utilized and the money related services to which the innovation is connected. OECD (2018), presented some recent examples of Fintech definitions include: "finance enabled by new technologies" (EU Parliament), "innovations in financial technology" (US National Economic Council), "digitally enabled financial innovation" (FSB), "newly emerging digital technologies adopted in the finance industry" (HKMA), "a variety of innovative business models and emerging technologies that have the potential to transform the financial services industry" (IOSCO), and “emerging innovation involving the use of digital technologies for the provision of financial services”.

“One challenge for fintech’s is keeping the innovation level high. The bigger an organisation gets, the more you have the tendency for everyone to lean back” – Matthias Kröner, the Fidor Group. (Raconteur 2019)

The Financial Services industry is one of the businesses that has been most affected by computerized disturbance, and 2018 saw various critical patterns and advancements. Patricio Robles (2018) mentioned the following six trends in Financial Services firms in 2019. 1. Financial institutions are focusing on customer experience, data-driven marketing and personalization. 2. Open Banking has become a reality. 3. A “rebounding” trend is emerging. 4. Established banks are moving to create their own challenger brands. 5. Banks and fintech are cozying up to each other. 6. Cryptocurrencies have crashed. Whereas no one knows what the longer term holds for cryptocurrencies, it is vital to note that the blockchain innovation behind cryptocurrencies like Bitcoin is still of intrigued and potential utility to the budgetary industry, and major players like Goldman Sachs and J.P. Morgan are still investigating its applications. Clients/ Customer of Financial Services are ceaselessly associated through portable gadgets and have total control over the organizations they associated with and buy from. Their desires are raised – and the opportunity for banks and credit unions that ace the modern innovation has never been more prominent.

Whereas Marketing methodologies and strategies are distant more complex due to the blend of channels accessible and the large number of customer ventures taken, the upside from combining information, analytics and advanced channels could be a capable equation for victory.

Social Media Marketing is also an important tool which can be used by Financial Services Institutions. Financial Services have not been within the bleeding edge of social media promoting. There are likely a few reasons why this has been the case.

To begin with, most Financial Services and monetary experts chose their career for a reason. In the event that they were unequivocally slanted toward showcasing they likely would have chosen a diverse career. Second, these callings are, by convention, decently preservationist. This can be not where early adopters of social media were sustained and encouraged. Finally, there are a wave of administrative and lawful prerequisites that affect what you might say or do online. A freewheeling approach to social media advancement and an intensely directed environment don’t continuously blend well.

Marketer of Financial Services also need to consider customer from ‘Generation Z’. Gen Z is generally defined as those born after January 1, 2000, although some researchers expand the range to start in 1996. The most seasoned individuals of Gen Z are fair getting out of tall school, but like every youngster, they have as of now shaped suppositions and inclinations around the world of back, a few of which is particularly distinctive than earlier eras.

For all intents and purposes everybody in Gen Z employments social media at slightest once a week. They are willing to urge budgetary administrations from an innovation company. They grasp elective installment strategies like person-to-person (P2P) administrations.
But there are other, more shocking, discoveries. Not at all like their Millennial forerunners, Gen Z are savers. Gen Z doesn’t need to rehash the botches made by past eras — e.g., burdening themselves with gigantic understudy advances. Additionally, Child Boomers were affirm being “house poor” with colossal contracts. Gen Z is more hesitant to go down either way.

Utilization of media and advertising is clearly diverse for this era as compared to more seasoned generations, with smartphone possession surpassing television possession. And since 57 percent of Gen Z utilize their phones a few times an hour, the influence of social media may be a common movement. Social media impact is clear as 55 percent of Gen Z report an item buy choice being influenced by data or exhortation found on a social organize location. (Raddon 2017)

The dependence of Gen Z on portable innovation and social media are passage focuses into the discussion, but not all individuals of Gen Z keep up the same level of interest with the most up to date innovation. Many proceed to favor in-person benefit as earlier generations did. No matter whether they inquire their questions face-to-face or online, all will anticipate correct answers rapidly. After all, they have developed up in a look motor world with all the answers as it were a press absent.

Based on the finding within the ponder, Raddon offers a dozen diverse ways banks and credit unions can connect with Gen Z: 1. We have to offer computerized capabilities such as remote deposit capture and portable managing an account — but we too have to be give Gen Z with get to a department or at slightest a live (physical or virtual) person. 2. They adore dependability rewards, much appreciated to places like Starbucks. Offer accounts with remunerate points. 3. They moreover react well to focus on messages on versatile devices. 4. They are touchy almost bank expenses and credit card intrigued, so allow them the choice of “safe” checking account alternatives such as paid ahead of time charge cards or checking accounts that don’t permit overdrafts. 5. They are savers so accentuation budgeting devices and programmed reserve funds options. 6. Reach them with social media but with a center on building your brand, not offering product. 7. Get your credit card stacked onto their Apple Pay or Samsung Pay app. 8. Don’t call them checking accounts. It’s an uncommon Gen Z who will really type in checks. Call them investing or value-based accounts. 9. Utilize gamification to energize reserve funds. Gen Z can compete for identifications or focuses like Yelp’s Duke Identification, where you get “Duke Status” by checking into a setting more times than anybody else. 10. Offer programmed stores to reserve funds accounts and permit them to coordinate reserve funds into buckets such as college, dress, etc. 11. Consider in-school branches, staffed with understudies. Indeed, rudimentary understudies can be involved. 12. Offer budgetary instruction in themes such as budgeting, sparing, how to oversee credit and indeed how to back college. (Raddon 2017)

Finally, the author advocate Codrin Arsene’s (2019) suggested techniques for effective Marketing of Financial Services which are 1. Build trust with your prospective customers. 2. Relate to your target audience. 3. Experiment with influencers. 4. Use content to educate customers about their financial well-being. 5. Optimize your workflows and brand copy across channels. 6. Optimize your digital user experience. 7. Personalize your marketing initiatives. 8. Optimize your customer journey for every single financial services marketing campaign. 9. Use artificial intelligence to wow your customers.

In future Marketing will twofold down on the significance of moved forward client encounters but will progressively center on measuring the monetary effect of these encounters. With ROI (Return of Investment) driving the mission, there will be an expanding selection of AI (Artificial Intelligence), a premium set on acing information administration and progressed analytics, an increased center on real-time client engagement and a have to be provide nitty gritty estimation of comes about.

Conclusion

The result of the study shows that, Strategic Marketing is always changing. The most vital truth is that the customer is within the middle of consideration. The current customers have got to all essential information and are able of making independent qualified choices. Study also found that for financial service marketers to stay competitively relevant, enhance customer satisfaction and sustain loyalty, there is the need for periodic Financial Services innovation (development) and their effective management over the life cycle.
References


Culliton, James W. The Management of Marketing Costs. Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1948.


Ioana Ancuta IANCU (2016), marketing mix in financial investment services companies’ sea -Practical Application of Science Volume IV, Issue 1 (10) / 2016.


The Business & Management Review
Information for author

Copyright Policies for Open Access conference proceedings
Centre for Business & Economic Research (CBER) is fully committed to transparency in regard to the issue of copyright and copyright ownership. Authors who submit papers to the Business & Management Review retain ownership of their original material. Although as part of the open access process authors permit other individuals, organisations and institutions to access the said material. Whilst other parties may well access materials if they quote from them, they are expected to fully credit the author/authors. It is important to remember that the rights of authors are granted and apply only to articles for which you are named as the author or co-author. The author’s rights include the following:

• The right to make copies of the article for your own personal use (including in the course of academic teaching and other scholarly endeavours)
• The right to reproduce and distribute copies of the article (including in electronic form) for personal use
• The right to present the article at conferences and meeting and distribute copies at such gatherings
• You have patent and trademark rights to any process or procedure described in the article that was formulated by the author/authors
• The right to include the article in full or in part in a thesis or dissertation provided that this is not published commercially
• The right to prepare other derivative works, to extend the article into book-length form, or to otherwise reuse portions or excerpts in other works, with full acknowledgement of its original publication in the journal

Copyright Notice
Authors who submit papers that are submitted and accepted for publication in the proceedings agree to the following:

• Authors retain copyright and grant the journal right of first publication with the work simultaneously licensed under a Creative Commons Attribution License version “CC BY 3.0” (this allows others to share the work with an acknowledgement of the work’s authorship and the place of first publication)
• Authors are perfectly entitled to enter into separate contract arrangements for on-exclusive distribution of the journal’s published version of the work providing there is an acknowledgement of its initial place of publication
• Once submitted and accepted papers can post-print provided, they are in the same format as it appeared in the proceedings, however, pre-prints are not permitted.
• Authors may use data contained in the article in other works that they create
• Authors may reproduce the article, in whole or in part, in any printed book (including a thesis) of which the author, provided the original article is properly and fully attributed
• Authors and any scholarly institution where they are employed may reproduce the article, in whole or in part, for the purpose of teaching students

Open Access rights and Permissions for our Open Access

Articles can be distributed under the terms of the Creative Commons Attribution (CC-BY) license. Authors retain full ownership of the copyright for their article, but undertake to allow anyone to download, reuse, reprint and distribute the article. Authors are permitted to post the final, published PDF of their article on a website, institutional repository or other free public server, immediately upon publication, provided, a link is included between the web page containing the article and the journal’s website.
CALL FOR PAPERS

Journal of Business & Retail Management Research
ISSN (Print) 1751-8202 ISSN (Online) 2056-6271

The JBRMR, a scholarly and refereed journal, provides an authoritative source of information for scholars, academicians, and professionals in the fields of business and retail management and is published twice a year. The journal promotes the advancement, understanding, and practice of business & retail management. It is peer reviewed and is the main research platform of Centre for Business & Economic Research (CBER). Scholars across borders are encouraged in advancing the frontiers of management education, particularly in the area of retail trade. Contributions should therefore be of interest to scholars, practitioners and researchers in management in both developed and developing countries targeting a worldwide readership through both print and electronic medium.

Although broad in coverage, the following areas are indicative and nurture the interests of the Academy with a “retail” underpinning:

- International retailing and diversification
- Retail buying; Retail management and strategies
- Online retailing; The future of retailing
- Multi-channel retailing; Demographics & Retail Business
- Consumer behaviour
- Innovation in retailing; Mall Management
- Customer Relationships Marketing (CRM)
- Business Policies, Strategies, and Performance
- Marketing and Business ethics
- Distribution strategies
- Service marketing; Brand Management
- Contemporary Marketing Thoughts
- International Business issues
- B2B and B2C marketing
- Social Media Marketing; Supply chain management
- Business security and privacy issues

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal’s criterion. The Journal’s website is www.jbrmr.com. For further information, please write to Editor via info@cberuk.com
CALL FOR PAPERS

INTERNATIONAL JOURNAL OF BUSINESS & ECONOMIC DEVELOPMENT
(Print) ISSN 2051-848X (Online) ISSN 2051-8498

The International Journal of Business and Economic Development (IJBED) publishes original research papers relating to all aspects of contemporary economic ideas. The emphasis is on quantitative or analytical work, which is novel and relevant. The interaction between empirical work and economic policy is an important feature of the journal. Contributions should offer constructive ideas and analysis and highlight the lessons to be learned from the experiences of different nations, societies, and economies. The journal plans to provide a valuable appraisal of economic policies worldwide. Therefore, the analysis should be challenging and at the forefront of current thinking, however articles are to be presented in non-technical language to make them readily accessible to readers outside of the related disciplines.

Authors are invited to submit their original research papers within the broad scope of the journal. Although broad in coverage, the following areas are indicative and nurture the interests of the Centre with an “economic development” underpinning:

1. Economic development
2. Behavioural Economics
3. FDI, Free trade – theory and practice
4. Economic History
5. Globalisation, liberalisation and development
6. Financial Institutions & Markets
7. Fiscal policy
8. Financial services
9. Industrial Organisations
10. International economics & trade
11. International finance
12. Macroeconomic parameters and growth
13. Microeconomics
14. Microfinance and development
15. Monetary policy
16. Public policy economics
17. Regional economics
18. Inclusive growth
19. Institutions, and economic development

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal’s criterion. The Journal’s website is www.ijbed.org. For further information, please write to Editor via info@cberuk.com
CALL FOR PAPERS

International Journal of Higher Education Management (IJHEM)
(Print) ISSN 2054-984 (Online) ISSN 2054-9857

Aims and Objectives

IJHEM is a peer reviewed journal and is a research publication platform for international scholars. Their research can be in any aspect of teaching & learning covering the interests of developed and emerging countries alike. The Journal seeks to reach a worldwide readership through print and electronic media. The main aims of the Journal are:

- Publish high quality and scholarly empirical based research papers, case studies, reviews in all aspect of teaching & learning, education management and leadership with theoretical underpinnings.
- Offer academics, practitioners and researchers the possibility of having in depth knowledge and understanding of the nature of teaching and learning practices and.
- Create a forum for the advancement of education management research for the High Education sector.

Subject coverage

- Educational policy and Policy impacts on education
- Management of education and Relations between lecturers and students
- Psychology of education, Psychology of student and teacher/lecturer
- Quality of education and Improvement method
- Global education and Its challenges and opportunities
- E-teaching/E-learning, Educational software and multimedia for education
- Teacher education
- Distance education and Education quality
- Methodology of educational research, Adult and continuing education
- Special education, Gender, diversity and difference, Vocational education
- Assessment processes and mechanisms
- Language Education, Listening and acoustics in education environment
- Education History
- Innovative teaching and Learning methodologies; Multi-virtual environment
- Application of educational technology
- Education reforms and Practical teaching reform

Frequency: Twice a year: February & August

Review process: Blind peer review

Indexing with ProQuest, ROAD, Open J-Gate

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal’s criterion. The Journal’s website is www.ijhem.com. For further information, please write to Editor at info@cberuk.com
Centre for Business & Economic Research (CBER)

Reviewers

Abraham Park, Pepperdine University, USA
Abasilm Angela Nneka, Wesley University of Science and Technology, Ondo, Nigeria
Anthony Wood, The University of the West Indies, Barbados
Ahmad Bello, Ahmad Bello University, Nigeria
A. O. Ayandibu, University of South Africa (Unisa), South Africa
Alan Morgan, Dublin Institute of Technology (DIT), Dublin, Ireland
Anna Ianoszka, University of Windsor Chrysler Hall, Windsor, Ontario, Canada
Archna Shrivastava, Birla Inst. of Management Technology, India
Arabinda Bhandari, Presidency University, Itgalpura, Bangalore, India
Caren Ouma, United States International University_Africa, Kenya
Claudia Gomez, Kent State University
Chiloane-Tsoka Germinah, University of South Africa, South Africa
Darlington Richards, Morgan State University, USA
David Borker, Manhattanville College, New York, USA
David Alastair Lindsay Colwell, University of the Witwatersrand, Johannesburg, South Africa
Debjani Banerjee, VIMSR, Mumbai, India
Eleni Aravopoulou, St Mary's University, UK
Eman Mohamed Abd-El-Salam, Arab Academy for Science and Technology and Maritime Transport, Egypt
Evangelia Fragouli, University of Dundee, UK
Fabrizio Pezzani, Bocconi University, Italy
Fon Sim, Ong, The University of Nottingham, Malaysia
Gagan Kukreja, Ahlia University, Kingdom of Bahrain
Gunnar Oskarsson, University of Iceland, Iceland
Gabriela Marinescu, University of Medicine and Pharmacy “Gr.T. Popa” Iasi, Romania
Hanaa Abdelaty Hasan Esmail, Jazan University, KSA
Hezekiah O. Falola, Covenant University, Nigeria
Imbarine Bujang, Universiti Teknologi MARA, Malaysia
Jennifer Bowerman, MacEwan University, Canada
John Davies, Victoria University of Wellington, New Zealand
Josiane Fahed-Sreih, Adnan Kassar School of Business, Lebanon
Jeff Ritter, Marketing Concentration Chair, Keiser University, USA
Justin Henley Beneke, University of Winchester, UK
JP Spencer, Cape Peninsula University of Technology, South Africa
Juan Carlos Botello, Universidad Popular Autónoma del Estado de Puebla, Mexico
Khaliquzzaman Khan, Dhofar University, Oman
K. M. Moorning, Medgar Evers College, New York, USA
Khaled Rouasni, High National School of Statistics and Applied Economics, Algeria
Keiji Karin, CERI, ISTEC Paris, France
Leila D. Pumphrey, British University in Egypt, Cairo, Egypt
L. Q. Oliver, Wai Yu, Hong Kong Shue Yan University
Lobna Ali Al-Khalifa, National Authority for Qualifications & Quality Assurance of Education & Training (QQA), Bahrain
Manolis I. Skouloudakis, University of Macedonia, Greece
Małgorzata Magdalena Hybka, Poznań University of Economics and Business, Poland
Marvin O. Bates, Lewis University, USA
Merlin Stone, School of Management and Social Sciences, St Mary’s University, UK
Monika Kriewald, Ostfalia University of Applied Sciences, Germany
Mohamed Branine, Dundee Business School, Abertay University, UK
Michael J. Harrison, Framingham State University, USA
Michael D. MacColl, Vancouver Island University, Canada
Michael Chattalas, Kean University, New York, USA
Mukherjee, Deepraj, Department of Economics, Kent State University, USA
Mudrajad Kuncoro, Gadjah Mada University, Indonesia
Müge Çetiner, Istanbul Kültür Üniversitesi
Mohammad Mahmoud Alzubi, Al-Madinah International University, Shah Alam, Malaysia
Mohammed Nuhu, Universiti of Utara Malaysia, Malaysia
Narentheran Kaliappen, Management Universiti Utara Malaysia, Malaysia
Noor Hasmini Hj Abd Ghani, Universiti Utara Malaysia, Malaysia
Noha Bendary, The British university in Egypt, faculty of BAEPS, Egypt
Oliemr Menk, University of Salzburg Business School, Austria
Pellegrino Manfra, University New York, USA
Philippe Coffre, Léonard de Vinci Pôle Universitaire, Research Center, France
Robertson K. Tengeh, Cape Peninsula University of Technology, South Africa
Rachael English, De Montfort University, UK
Rajeeve Sooreea, Dominican University of California, USA
Rahul Gupta Choudhury, IFIM Business School, Bangalore, India
Reham I. Elseidi, Ain Shams University, Cairo, Egypt
Ruth Marciniak, Glasgow Caledonian University, UK
Sampath Kumar, University of Wisconsin Green Bay, USA
Sally EbrahIim Elawady, Qassim university, Saudi Arabia
Slava Shavshukoff, Saint Petersburg State University
Sławomir Kotylak, Uniwersytet Zielonogórski / University of Zielona Góra, Poland
Stephen P. Magee, University of Texas at Austin
Shaymaa Farid Fawzy Ahmed, Arab Academy for Science, Technology and Maritime Transport, Egypt
Srivivas Sampalli, Dalhousie University, Halifax, Canada
Surabhi Singh, G.I. Bajaj Institute of Management & Research, India
Tanuja Sharma, Management Development Institute, Gurgaon, India
Tom A. Buckles, Azusa Pacific University, USA
Tinashe Chuchu, University of the Witwatersrand
Umapathy Ananthanarayan, New York Institute of Technology, USA
Vidhu Gaur, Management Development Institute, Gurgaon, India
Warren Mathews, Belhaven University, USA
Wincenty Kulpa, University of Rzeszów, Poland
Yongmei Bentley, University of Bedfordshire, UK
Zaid Ahmad Ansari, Qassim University, Buraidah, Qassim, Saudi Arabia
The Business & Management Review
The Business & Management Review is approved for listing in ProQuest and J-Gate of Refereed Publications

The Business & Management Review reserves the rights to add, amend, modify, or delete its rules, policies, and procedures affecting its relationship with contributors as deemed necessary by the administration. Any such amendment, modification, addition, or deletion shall not be Reconsidered a violation of the relationship between CBER and contributors.
<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of Employment in Mexico derived from Foreign Direct Investment from 2005 to 2018</td>
<td>1</td>
</tr>
<tr>
<td>Globalisation, internationalisation and export opportunities for South Africa</td>
<td>12</td>
</tr>
<tr>
<td>Uncovering the big five model personality traits and organization identification</td>
<td>23</td>
</tr>
<tr>
<td>Analysing the impact of cloud-based accounting on business performance of SMEs</td>
<td>37</td>
</tr>
<tr>
<td>Investor’s awareness, preference and pattern of investment in various financial assets</td>
<td>45</td>
</tr>
<tr>
<td>Marketing of Financial Services in 21st Century</td>
<td>53</td>
</tr>
</tbody>
</table>