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4th International Conference on Institutional Leadership, Learning &
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Do MOOCs matter?

Mark T Jones

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Key words

MOOCS, autodidacts, discernment, accessibility, Carlsberg Factor

Abstract

Massive Open Online Courses: The MOOC Revolution (2014) makes it clear that attitudes to MOOCs are often polarised. For some they are a transformative and democratising element of a Brave New World, for others they appear to exemplify muddled thinking and an erosion of academic control and standards. Change remains a constant, and whilst there are legitimate reasons for academics to want to be on their guard about any perceived decline in standards, it is important to be alive to the opportunities that new technology presents when it comes to levels of engagement and the ability to help people access means of learning in a manner that is convenient and meaningful. Many of those who walk the corridors of accountability are not only unfamiliar with MOOCS but have yet to appreciate that mankind is on the cusp of a new revolution in respect of Artificial Intelligence (AI) and the Internet of Things (IoT).

Whilst they may be right to have misgivings about the content, value and reasoning behind certain specific MOOCS, these courses should give rise to consideration of humans as autodidacts. Outside of theological circles precious little is said or written about the value of discernment and the role that it plays not only in academia, but in our working lives, and those outside the world of work. Artificial Intelligence is projected to make jobs across whole swathes of the working landscape obsolete and thus there will need to be means to stimulate and engage those who might otherwise have been in work. MOOCs like social media usage, have the ability to take on their own momentum, something that unnerves traditionalists in education who wish to have a firm grasp in terms of the selection of the students permitted to participate, a controlled learning environment and oversight of the means of learning and assessment.

To some MOOCs appear not only subversive, but smack of populism and a general dumbing down in terms of standards. Perhaps one of the most intriguing dimensions of this means of study has been the Carlsberg Factor, the ability to reach students that other learning mechanisms just cannot reach. The uptake of MOOCs in many developing countries has been phenomenal and in certain areas of learning the courses available have been consumed voraciously. A case in point is a course entitled: Control and Elimination of Visceral Leishmaniasis offered by the London School of Hygiene & Tropical Medicine and available via www.futurelearn.com. Institutions are designing MOOCs for a variety of different reasons, some laudable others less so with self-empowerment and being a means to address the knowledge deficit. Thus, it is perfectly reasonable to ask: Do MOOCs matter? Long-time trenchant critics of MOOCs such as Jonathan Rees, Professor of History at Colorado State University at Pueblo underscore something of the ideological fissures that exist in academia, some of which appear of a reactionary nature and filter into the debate about Open Access journals and accessibility in general. MOOCs deserve our attention, not least because they elucidate something of the challenge facing education and academia in its quest to be relevant, engaging and enlightening.

Online Accounting Education for Nontraditional Learners

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Keywords

Accounting, Nontraditional Learners, Online Learning

Abstract

In the current economic climate, accounting for a second career looks promising with the job outlook surpassing the average for all occupations according to the Bureau of Labor Statistics. Obtaining quality education is a first step for the career switching, nontraditional learners to prepare for a successful transition to accounting careers. This paper discusses teaching strategies and ongoing efforts needed to support nontraditional learners in online accounting education.

Introduction

As people live longer and the environment they live in constantly evolves and changes, increasingly more people are changing careers during their lifetime. According to the Bureau of Labor Statistics National Longitudinal Survey (NLS, n.d.), people born from 1957 to 1964 held an average of 11.9 jobs from ages 18 to 50. The careers people chose when they were 18 rarely last them for the rest of their lives. Easier access to learning with aid of technological advances, people are coming back to school to acquire professional knowledge and skills needed for a new profession. Nontraditional learners are outpacing the traditional college students and are setting a new trend of the majority at colleges and universities (Hittepole, n.d.).

In the current economic climate, accounting for a second career looks promising. Job outlook, reported by the Bureau of Labor Statistics (Accountants, n.d.), projects a 10% growth from 2016 to 2026, and it surpasses the average for all occupations. It was further reported that as the economy grows, more accountants would be needed to offer financial services. Obtaining quality education is a first step for the career switching, nontraditional learners to prepare for a successful transition to accounting careers. This paper discusses teaching strategies and ongoing efforts needed to support nontraditional learners to achieve successful academic outcomes for accounting careers.

Adult learners: Nontraditional learners

Of the many characteristics, adult learners being over the age of 24 have been the defining characteristic for nontraditional learners (Nontraditional, n.d.). Older and more experienced in life, adult learners are internally motivated to learn with specific goals in mind; they are interested in learning subjects that have immediate relevance and impact to their job or personal life (Knowles, 1984). While driven by their desire to learn, adult learners returning to school to a new learning environment in online face many challenges. Navigating the new learning environment and adjusting to new teaching methods with technology may be overwhelming for those who have been away from the learning environment for a prolonged period. Adult learners may initially struggle with learning curves associated with the technology used in classrooms. Factors such as time conflict in balancing work, family, and school in addition to financial struggle and family support add further challenges to successful online learning (Park & Choi, 2009). An in-depth understanding of the needs of adult learners returning to school and providing support and guidance will help ensure successful transitions to the learning environment. In particular, instructional design focused on helping adult learners navigate the online learning environment and dedicated student services connecting and providing them with the right resources remain a key to success.

Online Accounting Education

Online education has taken considerable leaps and bounds in its contents, design, and delivery; it is continuously evolving with new technological advances. Online enrollments continue to grow outpacing overall higher education enrollments in the United States. A 2015 Survey tracking online education in the United States (Online, n.d.) revealed a steady growth of 3.9 percent, up from the 3.7 percent the year before. The rate of students taking at least one online course increased to 28%. The survey also found that 71.4 percent of academic leaders considered the learning outcomes in online education to be the same or superior to those in face-to-face instruction. While online learning is mostly associated with an asynchronous mode of learning, synchronous and blended formats provide additional interaction opportunities much like in a face-to-face setting with a professor and other students who are present online in real time. Dusing, Hosler, and Ragan (2012) found synchronous student interaction on a weekly basis to be critical for success in teaching accounting courses online. It serves as an added teaching presence to adult learners who may be new in an online learning environment. The teaching presence and student interaction considerably enhance student satisfaction which is critical to the success of an online course.

A well-designed accounting course starts with a syllabus that clearly communicates defined learning outcomes and course expectations including attendance in the live sessions, discussion participation, assignments, and assessment criteria. The syllabus establishes a sound foundation for adult learners. Course design with a focus on student engagement and interaction is critical for success in an online learning environment. Some helpful instructional designs include the use of open-ended discussion forums (Dusing et al., 2012) where a lot of learning occurs. Students can share knowledge and learn from others' experiences and perspectives. It is important that the faculty be part of the discussion to promote peer and faculty engagement. Use of relevant case studies to connect learning to students' professional goals not only help them prepare for career success but also promote discussions and student engagement. Projects promoting collaborative learning such as online group work can be used to enhance the student experience and facilitate the development of necessary skills (Goold, Craig, & Coldwell, 2008). In addition, the use of video technology in the classroom can add greatly to the student learning experience (Holtzblatt & Tschakert, 2011). Having a guest lecturer via video conferencing during the live session, video clips for certain accounting topics, student video assignments, online synchronous session where faculty and students can see and speak with everyone in real time, and live lectures recorded for students to access and learn at their own pace are all innovative ways that help online learning interactive, engaging, and effective. Accounting course with a focus on student engagement and interaction - necessary components in an online learning environment - delivered with sound technology will be sure to bring success to both faculty and students.

Accounting as Professional Education

Professional designations such as CPAs are governed by the state licensure and accountants are certified to serve the public and its interest. Accounting education, then, should be considered as professional education covering professional skills such as "technical knowledge, practice skills, and ...normative purpose and professional identity" (Wilkerson, 2010, p. 1). Wilkerson reasoned that the development of the accounting curriculum should integrate significant practice experiences as well as significant learning experiences and that accounting educators and accounting practitioners have to work together for students' learning experience to be substantive. Professional experience, when integrated into the classroom, can enhance accounting studies (Serocki, 2017). Mounce, Mauldin, and Braun's (2004) study investigating the students' perceptions on the importance of practical experience among accounting faculty found that faculty with practical accounting experience were ranked higher than faculty without practical accounting experience by students. Researchers pointed out that the findings should be taken as informing, rather than determining, the standards by which programs are evaluated. It suggests opportunities for both accounting educators and accounting professionals to engage in teaching and learning to help students learn the knowledge and practical

skills needed to be successful practitioners. Adult learners already possess attributes, underlying Knowles' (1984) andragogy, to be successful: self-directed learning, accumulating experience that is a rich resource in learning, readiness to learn, a perspective of problem-centered learning, and motivation to learn. All are key elements contributing to success in accounting practice.

Support for Adult Learners

Findings from van Rhijn, Lero, Bridge, and Fritz's (2016) study to explore the unmet needs of adult learners revealed that they struggled with accessing resources, support, and services among other concerns. Identifying and minimizing the initial difficulties is critical to ensure the success of returning adult learners. Orientation given at the beginning of the accounting program to discuss the challenges ahead and to provide information on available resources would be welcomed by all learners. Institutional support including academic advice, career services, and faculty mentor could ease the initial difficulty of adjusting to the new learning environment. Academic coaching and success coaching, in particular, enable academic institutions to be responsive to the needs of adult learners (Wax & Wertheim, 2015). It has become an important first step in helping adult learners successfully transition to school and program plans. Once enrolled, the coaches work with learners to establish realistic plans to help them achieve their academic goals (Robinson & Gahagan, 2010). The coaches can provide and connect adult learners with resources needed for successful online learning: learning strategies that improve perseverance, computer literacy, information literacy, and time management. The coaches encourage learners to stay on track and remain as a constant resource helping them achieve academic and career goals throughout their time in school.

It is an exciting time for the accounting profession. There are continuous needs for accountants, and a job outlook for the profession is expected to grow at a faster rate than the average for all occupations. Adult learners switching careers to accounting can play an important role in filling the demand. Having prior work and life experiences, they possess skills that add value to the profession. It is important that both accounting educators and the accounting profession support and embrace this pool of future accountants. Not only it helps them fulfill their personal and professional goals, but it also adds valuable workforce to the profession. The future of the profession depends on attracting quality candidates like them.

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Academic Leadership in India: The Case of Liberal Arts Education

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Key words

Higher education, leadership, innovation, liberal arts education in India

Abstract

Liberalization in the 90s opened the economy in India and with it the job market and a surge in professional education followed as it ensured immediate employment. The movement saw the growth of a strong community of scientists and management experts who went on to become leaders in multinational companies and the rocket-man Dr Kalam, the President of the country. As time went by, the need for holistic thinking even in professional careers (to be supplemented with soft skill) brought the focus back to education in Humanities and Social Sciences to create holistic leaders and citizenry.

This paper describes the narrative of rebirth of Liberal Arts education in India. It is an initiative that has resurrected the humanities from its conventional approach to nurturing curious and inquisitive minds; from theory based 'teaching' to 'experiential learning by doing' and active application. As a result, the 'joy of learning' is back into the classroom.

This paper is about one such journey – founding of a liberal arts school at Mumbai. It is about the journey of a dean: from finding inspiration in the writings of J. Krishnamurti and Tagore to identifying the purpose of program design; the positioning of an India-centric model that is both 'context-specific' and 'context-free'; the search for students and faculty who could learn/teach in trans-disciplinary subjects; the infusion of values in the new school; the governance by 'distributed leadership' and the challenges of managing different stakeholders. Even the milieu at large is still grappling with 'what is liberal arts' and 'what is its future'.

Above all, it is about lessons learnt about institutional leadership, lessons substantive enough for use by any dean.

Recent incidents of 'intolerance' have dominated the collective conscience of people in India, as they have elsewhere too. In democracy, freedom of expression and the right to dissent has become a double-edged sword. The liberal expression of an artist or a film maker is hostage to the social, political and ideological politics of the non-liberals. Ironically, language, the vehicle of deliberative thought and empathy is used as a tool of manipulation within which liberal and non-liberal identities are constituted and alienated. Peter Brooks voiced similar concerns when he spoke at a seminar on 'Humanities in Public Sphere': "no one trained in the rigorous analysis of poetry (read humanities), could possibly engage in such bad-faith interpretation without professional conscience intervening and say: this is not right." (Brooks: 2014) To me, the operative word here is the role of 'professional conscience' to nourish the public sphere by nurturing probative and ethical interpretation of language. Brooks supports *New Yorker* journalist Jane Mayer's view that 'distortion of language' is 'distortion of reality' (Brooks: 2014). The 'intolerance' in public sphere can find a palliative in the 'interpretive enterprise' inherent in the study of Humanities. It is a task, entrusted to the 'professional conscience'.

It is within this context that three years back, I was asked to find a School of Liberal Arts in Mumbai and the job became my 'calling'. Amid the clamour of job-oriented education, this is the story of starting a school in Liberal Arts, narrated by the founder Dean. It is about the thought process behind the architecture, the trials and travails of implementation and the satisfaction of seeing the school come alive. Above all, it is about lessons learnt in institutional leadership, lessons substantive enough to share with others.

The purpose of this paper is to situate the current challenges in higher education in India in a present that is confusing and a future that belies certitude. As the volatile, uncertain, complex and ambiguous (VUCA) world looms large, the current job market cannot predict what professions will survive or disappear in future. Academia needs to find answer to two important questions: 'what will hold a student in good stead in future?' and 'which curriculum will create responsible citizens and great leaders for that future?' According to Judith Butler, Humanities can fulfil the promise as it serves a double purpose: it deals with "how we learn to think, to work, with language and images, and to read, to make sense, to intervene, to take apart, to formulate evaluative judgements and even to make the world anew (Butler: 2014) and; 'humanities offer certain kinds of skill development that are important for economic growth' (Butler: 2014). In other words, Humanities impart an 'intrinsic value', complete in itself and for itself; as also 'instrumental value' to other professions by virtue of the skills that study of Humanities entails.

Consequently, the decision to establish a School of Liberal Arts at Mumbai in 2016 became a 'blue ocean' initiative for its timeliness and location; it is the right time as the current incidents portend and the right place because Mumbai is the vibrant home to liberal arts thinking and attitude and one could discover learning context in people, places and events.

In order to understand the current challenges in higher education, it is necessary to take the narrative from 1947 when the trajectory of higher education in India is situated.

Background

The history of higher education in India must take into account the sociological perspective as a determinant of forces at play. A newly self-governed nation was forging its identity and formulating national policies in the face of ever shifting goals of society. The education had to cater to the idea of nationhood, inclusive growth, rise of technology and the global aspirations of current generation. In the former case, the crisis in India is quite different from the global scenario and in the latter, quite similar to the concerns of *Generation Now* anywhere in the world.

Higher education in Post-Independent India

The narrative of higher education in India can be traced back to the legacy of the colonial past. India, in 1947, was a fractured nation fraught with regionalism, caste, creed, language and culture on one hand and; large population, poverty, illiteracy and stunted self-confidence on the other. Integration of the Indian states and inclusion of all the marginalised societies was the biggest challenge for higher education during the Nehruvian era. Sociologist Andre Beteille, writing a series of editorials for *Times of India*, captures the 'unhappy state of education' during the early decades: 'with limited seats, access to university education became the prerogative of intellectual elites with privileged background and (felicity) in English language, resulting in the isolation of democratic masses' (Beteille:2000). This period saw the rise of several new Universities; shortage of faculty and declining rigour and movement of students to foreign shores.

The second wave of change was caused by the 1990s liberalization that not only opened up the economy in India but also potential job opportunities. The movement saw surge in science and technology and management courses leading to the growth of a strong community of scientists and management experts, feeding a pipeline of leadership. This led to several Indian names leading multinational companies across the world and our rocket-man Dr Kalam, the President of India. This phase saw a decline in unemployment rates and all was good till the dotcom bubble burst and the specialized professional education was found wanting in critical thinking, decision making and people's skills that almost all professional jobs required. To correct this, professional courses were supplemented with courses in soft skill. Soon, this also did not meet the market demand as the cosmetic behavioural change, not emerging from a sensitive thinking, could scarcely give the same benefit. The current incidents of 'intolerance' have once again underscored interest in education that is capable of creating sound thinkers and sensate players in democracy.

Consequently, the last decade has seen the birth of 3-4 Liberal Arts schools in India, each trying a different path, yet to be validated. This is the story of the most recent enterprise.

2. Defining Liberal Arts

The concept of liberal arts education is not new. In fact, the education of the 'philosopher king' was well-known for holistic training of the leaders. In what we refer to Education Ver.1, during ancient times in India, the sons of kings would live in the forest with the teacher and receive holistic education while also performing everyday menial tasks at the 'gurukul' - the abode of the teacher. Universities like *Nalanda* and *Takshila* were known far and wide for quality education and character building. Returning to the present context, as per the popular definition, liberal arts education produces 'free' ('libre') thinking individuals. It is a broad-based education that inculcates intellectual ability; to understand ideas and beliefs; to develop understanding of life, society and citizenship. Such an education develops the 'right brain' sensitivity that is different from the exclusive 'left brain' development of vocational or professional or technical education. A complete education requires the development of both right & left brain - a double benefit that Liberal Arts education promises to fulfil. It is a pursuit complete in itself for its own sake and; as an 'instrument' of growth when applied to all other professions.

In other words, Liberal Arts education develops a well-rounded person who at a manifested level, demonstrates prudence in personal behaviour and conduct in society; is a critical thinker who communicates well in speech and writing and; is respectful of 'diversity' through an ability to learn and understand others.

3. Conceptualization

3.1 Search for an Indian model

There are several western models of liberal arts education. I was searching for an Indian model that, to quote A.K. Ramanujan, is 'context-sensitive' - deriving wisdom from the culture heritage of India and yet 'context-free' (Ramanujan: 1989) model that is attentive to local in granularity yet not in opposition to the manifestation of the global. Simply stated, if we are to prepare the student for a global knowledge economy, then the pattern can be country specific (context-sensitive) and wider (context-free) in knowledge and application.

There was no dearth of wisdom in Indian thinkers. I found inspiration in Tagore's idea of 'mind without fear' and J. Krishnamurti who had written so much about the true calling of education. To him, true purpose of education is "to be concerned with the cultivation of the total human being...to help students flower naturally.... otherwise education becomes merely a mechanical process (*mental standardization*) oriented to a career, to some kind of profession...(where the freedom to flower will gradually wither)". (Krishnamurti: 2006)

This was important for Indian education as 'nurturing mental freedom to awaken intelligence', was a concept consciously ignored in Macaulay's education system for colonized India. We needed to start afresh.

The second challenge was of a philosophic nature. Given the diversity of people and culture in India, how could one Indian model capture this rich diversity of several India's? The metropolitan India Inc. and the multilingual, multicultural regional India, called Bharat that flourishes in happy little traditions and caste system had to find equal space in the model. Which India was I going to include? I wanted to retain the Indian flavour in content, form and delivery as most of the students coming to the program were trilingual. One could possibly generate a conversational, dialogic 'jugalbandi' in class interactions in disciplines like Literature, Cultural Anthropology Creative writing and Performing Arts that resonated with 'Indian-ness'.

3.2 Curriculum Design

Once this clarity was arrived at, the next task was to critically analyse the conventional approach to curriculum design to (a) eliminate the obvious blind-spots like teacher-centric, chronological and silo teaching and; absence of career alignment and practical application and (b) how did we offer to solve them. Let me explain these points clearly:

The 'Elephant & the Blind men' syndrome: The story of four blind men who had never seen an elephant but were curious to know what an elephant felt like, went to the village square to feel one. Each touched one part of the elephant and described six versions of the elephant: a rope, a pillar, a wall and a fan. For me this became a parable for early specialization and teaching in silos - each subject is convinced of its own advocacy, without acknowledging the whole. Early specialization in a subject, to the exclusion of all others, according to the parable, is a lop-sided understanding and currently that is what everyone is doing. So in Liberal arts, we incorporated several subjects as multiple referent lenses on life - more the lenses, higher the definition of the picture. Life is complex and needs to be studied holistically. Every lens is important. Undergrad education had to be broad-based and holistic and that needed a larger bouquet of subjects.

Trans-disciplinary Approach: The time line and the perspective of each subject are quite different. History has one chronology, Psychology and Economics, the later day disciplines come in 19th century and; each has a different argument. If Chronology directs the teaching of a subject, it is difficult for the learner to connect the dots. A trans-disciplinary approach to understand the multi-dimensional problems of life had to come together. For the Liberal Arts course, this translated into theme-based semesters that would define a period (History) and all other subjects would peg their respective lens to that theme. If the semester is focused on the theme of 'contemporary India', Literature would include Indian writings that bring the human predicament to life; Political Science would deal with making of the constitution of India and what it meant for a nation to be social, secular and democratic republic; Sociology class will discuss the issues of culture and family dynamics in contemporary India that moved from joint, to nuclear family and now, to the single parent family; Economics will discuss the challenges of vast expenditure required to build the nation, the restrictions of the 'License Raj' and the economic liberalization of the 90s. The same pattern is followed in the field of performing arts e.g. Partition of India is taught in History class and literary texts on partition are discussed in the Literature class; the same texts are also enacted in the theatre class.

Career alignment: Liberal Arts education in India is seen as an elite phenomenon, not leading to immediate employability like professional courses. I was keen to create a program through which one could be career ready. Thus, we arrived at the idea to incorporate career aligned courses in the 3rd year viz. creative writing, journalism, media, marketing communication, civil services and entrepreneurship. Liberal Arts education had to be both 'education for life & living' therefore, fundamental skills that could transform into more specific career-oriented skills later in life, were essential e.g. critical thinking, analytical writing, argument building and work-related skills. In short, 'learning how to learn' emerged as an essential skill that would give no expiry date to education. Both skill building and career focused courses were factored into the design.

Learner-centric Approach

Conventional education in India leans on theory-based and teacher-centric approach without factoring the different learning styles of individuals. As per Gardner's 'eight intelligences', everyone does not learn the same way; an adult decides the manner and mode of learning. A student-centric approach needs to incorporate the agility and flexibility of learning modes of the *Generation Now*. We used 'design thinking' approach to course architecture (design of the artefact) and delivery (intervention or implementation) by going back and forth to students for regular feedback. This feedback is incorporated into the system for immediate correction of the prototype. This minimizes the teaching-learning gap and also gives the student a sense of ownership of the learning process. The student-centric approach governs the curricular design and implementation.

4. The Model

Through several iterative and reiterative processes, we arrived at a simple learning objective for the program and aligned it with course architecture, pedagogy and evaluation process.

4.1 learning Objective

We focused on basic understanding of 'why is the world the way its is' by study of different subjects so that a student can understand events occurring in the society by applying concepts learnt in the class - the 'here and now' approach. This learning is complemented by study of the artistic response to the events happening in the society through the medium of art work. The dialectics of 'knowing' the concepts in theory; 'seeing' the evidence in real world and decoding the implied meaning in art creates a holistic understanding. We articulated this as the four essential learning objectives for the program:

How do I understand the context of the world today?

How do I respond to the world in a creative manner?

How do I build my argument/narrative?

How do I conceptualize what I see and what I know?

4.2 Learning Outcome

During the program, a student is able to develop fundamental skills of critical thinking, creative and persuasive writing and decision making. These skills are transformable and re-inventible to suit most future needs. The wide bouquet of courses taught in the first two years provides enough information to a student to make career choice that is based on interest, not driven by market fashion. In one word, a student is equipped with the life skill of 'how to learn'.

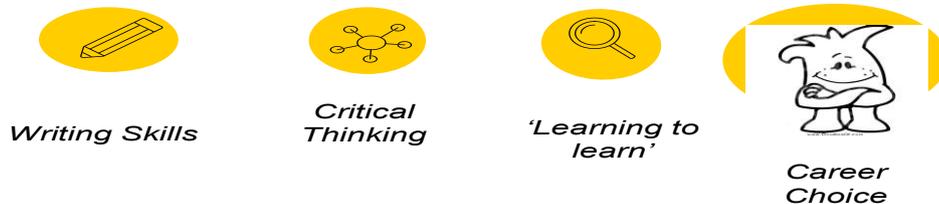


Figure-1: Learning outcome

4.3 Course Architecture

Unlike the four years of college education in the west, the University Grants Commissions, the regulatory body, mandates three-year undergrad program. Much as we wanted the wider scope of 4 years; we had to confine the course architecture to a three-year program referred to as B.A (Hons.) - Liberal Arts. The first two years are devoted to foundation-building - the broad-based education deemed essential in Liberal Arts education, therefore compulsory. Electives are offered in the third year, both in specific disciplines and career aligned practice-oriented courses. (Figure 2)

The horizontal axis of the course architecture is based on Gardner's work on multiple intelligences and learning styles that can suite individual learning patterns. Accordingly, the 4-tier structure comprises: a wide selection of *Core* subjects; the basic tools of academic learning called *Enablers*; the *Creative Response* that encourage artistic forms of expression and; action learning through live projects. This is supplemented with brief internships and international immersion. The semesters, as shown in vertical columns, are theme-based to afford trans-disciplinary alignment of different subjects.

	Semester 1	Semester 2	Semester 3	Semester 4	Semester 5 & 6
Disciplines	Contemporary India	Contemporary World	Revolutions in History	Futurity	Career Choices
A. H & SS + 1 Science course	5 courses + Urban Ecology	5 Courses + Darwin's theory of Evolution	5 Courses + Astronomy	5 Courses + Emerging technology	Academics, Entrepreneurship, Media & Film studies, Marketing Communication & Advertising, Fashion design
B. Enablers	Critical Thinking	Academic writing	Quantitative skills	Research methods	Leadership, Negotiation. Problem solving
C. Creatives	Theatre, Creative writing	Film making & Visual arts	Arts appreciation & Dance	Design workshop	-
D. Live Projects	Out bound	Slum projects	Discover India trip	International immersion	Internship & Capstone project

Figure -2: Snapshot of course architecture

4.4 Salient features – The design of the course does not capture the several salient features that give the program a unique perspective. This requires a little elaboration.

The lens of a subject is broader. Let us consider courses in Literature. As a colonial after effect, literature courses in India are still about English literature with some later day inclusion of Indian writers. In this program, literature is taught in English but otherwise it walks hand in hand with history and includes writers of the country or period. To illustrate the point, if the students are reading Russian or Cuban revolution, the English translations of different 'voices' of literary texts from Russian or Cuban writers will be included. The purpose is to understand human behaviour or what makes people humane under challenging circumstances. The second aspect of reading literature is learning the 'tools' of literary analysis inherent in close reading of a text - the unravelling of the onion layers of meaning embedded in the text. The first intention is a reciprocity - literature is a high definition mirror of the society and in the latter; it provides the mental discipline of ethical reading of any text - literary or scientific or legal - a wisdom of far reaching consequence. This is complemented by specialization papers on Translation Studies and Comparative Literature to understand how to read literature from different cultures across the world. Third, literary texts are decoded in the theatre class by way of play-reading and enactment, not intended as artistic expressions but as interpretive 'process' of reading between the lines.

Likewise, History is not taught as chronology of events and what monarchs did but as a vassal of times: as history of ideas; as an act of careful separation of historical facts and facts of History. Economics, in the compulsory course, is not about econometrics but understanding economic thought that propels human movement in search of jobs and resources. Sociology courses deal with the basic understanding of what is culture and how does one decode its manifestation in social systems of inclusion or exclusion. The simultaneous study of History, Literature and Social Anthropology as a trans-disciplinary, multi-perspective, multipolar enterprise helps a student understand 'why is the world the way it is?' This perspective is unique to the program.

The pedagogic interventions are simple common-sense ideas. Every subject encourages exploration and inter connectedness; accordingly, internal assignments permit time for exploration (take-home assignments) and scope for collective dialogue (group assignments) and contribute 50% assessment in a semester. In terms of methodology, field work, presentation of findings through a skit or puppetry or an action-plan by way of a campaign, are all encouraged. To provide the tools of enquiry, every semester comprises courses called 'enablers' in research methodology, academic writing and quantitative analysis. In fact, everything is utilitarian: academic writing course uses a student's previous assignments as an example to teach academic writing. In short, application oriented, action-learning and, 'here and now' approach and interactive classroom sessions are important aspects of pedagogy.

Practical literacy is deemed as important as academics. The course on 'Getting things done' is an initiative where every student participates in the day-to-day administrative activities of the institute. It is done through membership of formal committee structure. Each committee comprises a group of students working under the guidance of a faculty member. The committee work brings the students on the loop of all administrative decisions and gives them a sense of ownership. For example, the academic committee works with the Dean to review the course like in a professional review meeting; each student presents a summary of the course and if there are any learning gaps, a suggestion on what will work for them. The minutes of the meeting are formally communicated to the concerned faculty by either the Dean or the student representative. Similarly, Open mike Committee provides a platform to students to showcase and develop the talent pool amongst them. External Events Committee will perform the administrative task of selecting and training participants for any inter-university competition. This non-classroom activity hones the administrative skills of every student. This is yet another unique feature of the course.

5. Implementation

Implementation, the art of balancing, is the principle task of every Dean. Managing various stakeholders within and without the organization requires being alert 24X7X365. Students and their parents are the greatest allies, but they need to be updated on essential communication and made part of action-group. I have spent major part of time in meeting students, listening to them, counselling them and taking timely action on their suggestions to demonstrate that the system 'listens' to them. Since the concept of liberal arts is still new to people, I also devote time to external communication by way public seminars for potential students and their parents to explain the role of liberal arts in life and the vast career opportunities that this education offers in career choices.

If I had to list one critical task of the Dean in a new school, it would be locating, hiring and mentoring faculty members. The design of the course determines the kind of faculty required. Since I was once part of it, I am aware of the limitations of hiring professors using lecture method and theory-based teaching. I chose to sacrifice experience in favour of innovation. I sought young research scholars at premier institutions and explained the logic of course and then invited them to teach as visiting faculty. No formal interview process can yield the result that this exercise produced. The young scholars who resonated with the logic of the course design and also related to the students, were offered the position. I could mentor them as per the requirement without making them 'unlearn' old habits. This, I would say, was a time-consuming exercise but with regular student feedback, the magic started happening in the classroom.

5.1 Governance Structure

The governance structure of the school is a product of the general management courses I once taught at a Business School. In this case, instead of teaching, I was practicing the administrative wisdom of people like Philip Selznick and Chistensen. It was delightful to find that their ideas worked in practice! Selznick provides a frame-work to situate leadership: "The executive becomes a statesman as he makes the transition from administrative management to institutional leadership." (Selznick: 1959). What Selznick implies here is a sociological perspective to why people work and how they get along together. The task of the dean is to understand this and get congruence between the aspirations of the faculty and academic objective of effectiveness in the classroom. In academia, departmental silos is a well-known phenomenon and getting the faculty to work as a team, a challenge. Distributed leadership and participation in the governance structure as shown in figure -3 below, is worth sharing here.

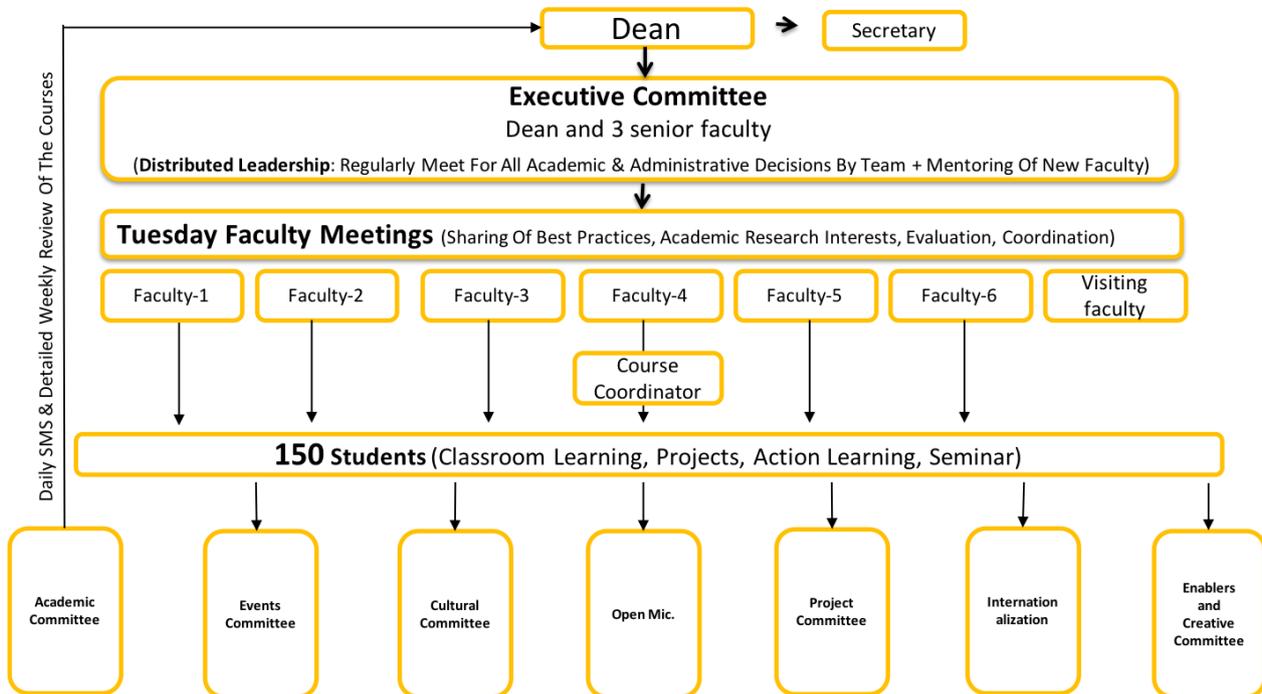


Figure-3: Governance Structure

6. Challenges

The task of starting a new school is subject to all the challenges of a start-up. I will not delve into the common issues faced by almost everyone with a similar experience but mention some, specific to Liberal Arts education. The typical eighteen-year-old student entering the undergraduate course is grappling with several issues related to growing up as an adult. Such a student needs mentoring as well as academic enlightenment. The design of the course will work only if it is accompanied by non-interfering mentorship and hand-holding. The faculty teaching in the school are the right people for this task. The irony is, faculty who are hired on the basis of their research and are relatively young, may neither understand this role nor be equipped with necessary skills. The hiring practice and role requirement are misaligned.

Second is the admission process. How to select the students who are capable of benefiting from an exploratory education, is a question I have not found an answer to. Conventional admission test cannot be correlated with performance of the students in classroom. Reliance on quantitative methods of assessment and selection based on inflated grades of the previous exam are both detrimental to finding right students. Another critical challenge is to maintain diversity in the classroom by including students who have the potential but may not be able to afford the cost.

Third is the typical University management system that is mostly bureaucratic and rewards compliance rather than creativity. Liberal arts education needs flexible, agile systems. I am still grappling with all these challenges.

7. Conclusion

It is hard to share the joy of founding a new school because all the challenges listed above, pale in comparison. Several lessons learnt on the way are embedded in the narrative and I need not enumerate them. As they say in India, it takes a village to raise a child; in this case, a team of like-minded enthusiasts with the zeal of crusaders have paved the way for me. Methods of design thinking approach helped in creating a prototype which was constantly improved with feedback from all stake-holders – that worked. Following a clear vision with conviction makes the rest of the pieces fall in place. Many a time, I felt like a director of a play who is caught by the artistic vision, has a rough idea about how he is going to tell the story but once the team assembles, he surrenders to the

collaborative process. In such cases, the result is often greater than the individual idea. This sums it all.

Acknowledgement

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Academic leadership framework for a sustainable environment

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“Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. Excellence, then, is not act but a habit”

— Aristotle

Keywords

Academic Leadership, Optimism, Leadership Excellence, Technological disruption, Academic Environment, Sustainable.

Abstract

Globalization and the emergence of information and communication technology have influenced an increasingly integrated world economy. Industry 4.0 augmented the transformation of industrial paradigm through digital. The fascinating news is that the rapid change in technology has also led to an unprecedented advancement in higher education worldwide. Today is an era of integrated learning that is more accessible, adaptable, efficient and effective higher learning unlike the traditional methodology of teaching and learning wherein the knowledge is imparted only if students are present in the classroom. Quality education is the substance of innovation, discovery and knowledge. Thus, the need of the hour is to consider an academic leadership excellence that can create a synergy between academia and integrated learning. In this study a framework has been developed for effective leadership in achieving academic excellence. This study has identified the components in creating an academic framework through the six C's i.e., choice, collaboration, communication, critical thinking, creativity and change along with technologically driven world with flexibility for a higher learning environment. The central research questions that have been addressed include, who should be the leaders? How should be academic environment? What should be the components of excellence in higher education?

This study investigates new perspectives in teaching and learning especially relevant to the present era of development of an informed society and futuristic in perspective. The research design deployed in this study uses a descriptive and qualitative study approach using semi-structured interviews with the key stakeholders from academia and industry. This study will provide directions to the academic leadership in higher education for quality of academic outcome and the framework can be replicated globally to augment a sustainable and progressive academic environment.

Introduction

The world today is at the start of a huge disruption cycle. Though globalization is the driver, the changing paradigms of technologies are all set to bring massive change worldwide. Artificial intelligence and the recent technological advancements have left millions behind and alienated. Education and knowledge are the key to managing this challenge in the future. Innovation is the buzz in today's era and educators are continually stepping ahead to create a difference and achieve a quadruple win for students, faculty, researchers, authors and publishers in an extensively accessible model. Higher education plugs in as an immense contributor to the economy through fostering innovation and thus excellence is the need of the hour and the prime objective (World Economic Forum, 2018; QS Asia News Network, 2018; Hudzik, 2010).

The digital revolution has been the platform not just to create a novel economy but has also led the pathway to offer a dominant shift from classical education to a new academic framework of

higher learning. The year 2012 witnessed a massive shift of education wherein education moved beyond the boundaries to provide access to millions through online platform worldwide (Penprase, 2018). It is also pertinent to mention that accessibility to higher education was also the prime objective of the policy makers during 1950's through 1960's (Willingham, 1970; Ferrin, 1971; Millet, 1984). The driving force behind nurturing the talent of an individual is to help prepare them for a superior life while the backbone of an economy is definitely the knowledge of the workforce which is beyond technology (Ferrin, 1970; Astin, 1985).

Higher education today is undergoing a substantial change keeping in mind the disruptions and the changing learning environment and therefore this decade is driven by a conceptual change with a major transformation in the academic higher learning environment. The need of the hour is leadership which brings in and directs the desired changes. Leadership excellence leads to success, continuous improvement, quality performance and sustainability in higher learning environment (Augustus, 2005). Leadership in academic environment is notably unique since it caters to seek to make skilled resources for creating a difference in the growth and development of an economy. Thus, academic leadership should be the central focus to create an excellence in an economy. The future of quality academic environment results from an academic leadership excellence.

Result oriented Academic Leadership

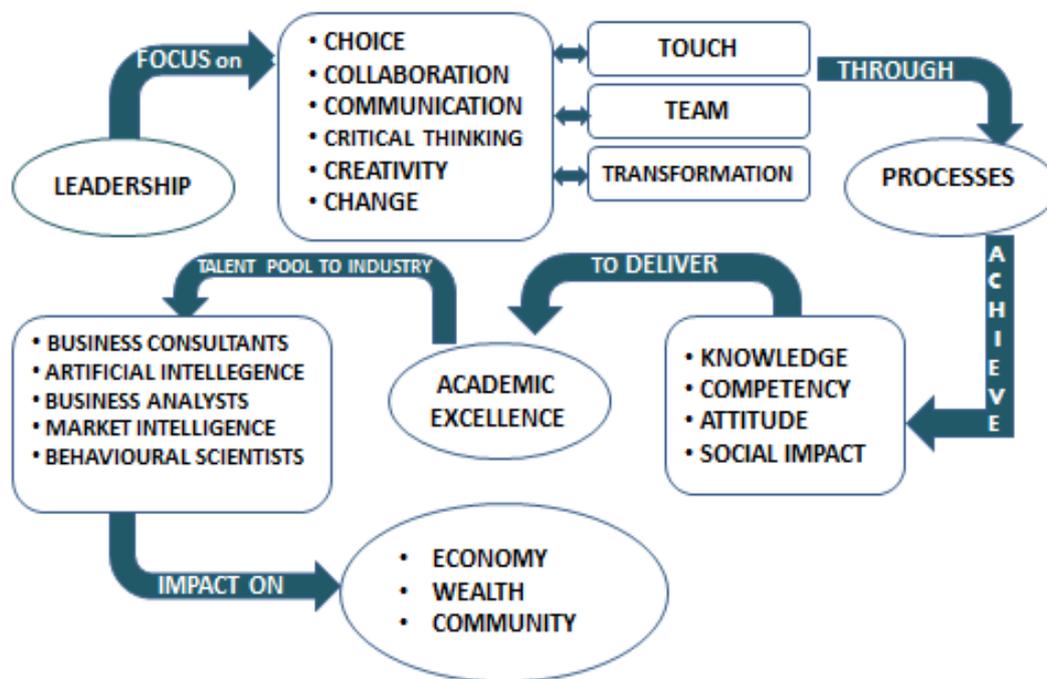
Excellence in leadership is the central and critical success factor for all higher educational learning (Kanji and Tambi, 2002). The premise of leadership excellence is such that it leads to quality performance of higher learning. World class universities that create a difference are nurtured by academic leadership excellence. Infact without the significant contributions made by these academic leaders in demonstrating academic excellence, world class universities may not have enriched and moved ahead with continuous quality improvement striking a balance between industry desires and students' outcome (Laing et al., 2011; Mehmood et al., 2012; Joyce and O'Boyle, 2013; Kurniawan and Puspitaningtyas, 2013). Leadership has made a transition from the traditional form of leadership to the current best practices by the academic leadership in the present era. (Goleman, 1996; Kotter, 1990; Heifetz and Laurie, 1997; Collins 2001; Bennis and Thomas, 2002; Rooke and Torbet, 2005; Goffee and Jones, 2006, George et al.,2007; Anacona et al.,2007; Bryman, 2007; Spendlove,2007; Breakwell and Tytherleigh, 2008; Gibbs et al., 2009; Goodhall, 2009; Ngui et al.,2010; Jones, 2011; Macfarlane,2011; Bolden et al., 2012). The other components that strive to excellence in academia include, quality teaching and learning, knowledge, attitude, flexible curriculum, infrastructure, resources, technology, classroom ambience, continuous scientific research, networking, accessibility and adaptability (Dhirapat, et. al., 2018). These success factors further lead to academic optimism which further leads to quality assurance in academia. A plethora of studies in this context have been conducted in South East Asia which have demonstrated that optimism is the fundamental construct for quality assurance in higher learning (McGuigan and Hoy, 2006; Kirby and DiPaola, 2009; Chang, 2011; Wagner and Dipaola, 2011; Wu et al., 2013; Wagner and Dipaola, 2011; Bevel and Mitchell, 2012). Further optimism and positivity lead to positive engagement and involvement and build a strong network among professionals to achieve success and meaningfulness. This has wider implications not only on individual performance but also on academic environment (Banerjee, 2018).

The advent of globalization is also the driving force for continuous innovation fostering disruption of technology. While this change and disruption has highly influenced the present generation of academic stakeholders especially the learners, knowledge needs to be directed in a highly competitive academic environment matching with industry requirements leading to sustainable economy. Keeping pace at a global scenario and benchmarking the best practices deployed by the global universities of excellence, the authors designed an academic framework model that may be suitable and adapted by the academic leadership community to achieve excellence in academia worldwide.

This study involved a qualitative approach through semi-structured interviews to have deeper understanding in the context of higher learning. The interview respondents were pre-selected

through snowball sampling method. The respondents were Heads of Universities, Deans, Heads of Institutions and industrialists. Representatives who served as think tanks of education at various capacities were also the part of this study. Anonymity was assured during the process of interview. The interview-based strategy enabled in developing a framework that may create a synergy between academic-industry-policy makers for integrated learning. For wider understanding the framework also identifies who should be the leaders in higher learning? What should be the academic environment? And what should be the components of excellence in higher learning? This study enabled the authors to investigate the new perspectives from divergent professionals who contribute widely to the society. Additionally, information was also collected from multifaceted higher education events, workshops and dialogues from internal stakeholder community to compliment the outcome of the study. Through this, the researchers have developed 6 C Model of leadership excellence that may be adapted by education stakeholders including the industry, research and policy makers on the academia philosophy.

The 6 C Model of Leadership Excellence in Higher Education



The 6 C Model of Leadership Excellence suggests a framework which focuses on the 6 C's viz., Choice, Collaboration, Communication, Critical thinking, Creativity and Change. The foremost component of the model 6 C is 'Choice'. This suggests creation of manifold pathways wherein the learners can choose an appropriate pathway. The pathway is chosen by the students depending upon their ability, aptitude and interest. Here the role of an academic instructor is vital who with the directions from an academic leader designs and develops a curriculum that influences choice to choose a diverse course. This is further measurable based on the performance of the students with a cumulative grade point average (CGPA). This system of accessing students has also made an ease to the industry drivers in the process of recruiting the students from institutions across the globe. This system is also an ease for the student's mobility globally since today the era is to enrich students' knowledge not just limited to the institution in it -self but to have a holistic knowledge exploring the current industry practices and socio-cultural transitions with an outcome to an intellectually competitive world economy. This strategy provides an impetus to learn beyond the classroom four walls to gain a firsthand experience from manifold perspectives.

The next component is 'Collaboration', wherein the focus is on mutual agreements between institutions, Universities and industries worldwide, this may range from twining programs, dual degree programs, student exchange, online education, webinars, industry led short term certification courses on various disciplines, projects associated with the think tanks of scientific investigation body and industry. Collaboration may also be initiated on faculty association for research and development variants. Above all, technological revolution in academia is must for long term sustainability of higher education. Education and employability skills go alongside with each other and value each other's contribution. Employability skills are of paramount importance as they contribute to the growth and development of an economy through the involvement of academic institutions with directions from an academic leader. Learners will be able to understand through experiential learning the facets of industry deliverables along with the challenges and opportunities of the industry while with the industrialists also become aware of the pedagogy, curriculum design and other avenues of higher learning.

Collaboration of higher learning may be trans-disciplinary wherein a student from computer specialization and a student from Psychology may choose a project on artificial intelligence. The outcome of this project may have a greater impact, reason being that when thoughts from diverse backgrounds will work on the project of a synergistic effect is created resulting in higher level of learning. Industry stakeholders may be involved in curriculum design, involving students in live projects, simulations, market research labs, data centers and other avenues. This will further bring in diversity and innovative thinking and will break the group think while reinforcing individual contribution that may be further awarded. This will surely lead to greater applicability and create a greater social impact. The initiative will deliberate open academia-industry-government-policy makers-society to integrate on a wider scale leading to creation of a pool of intellectuals to achieve a common goal.

The technology transition today has made a shift in communicating with stakeholders. The digital presence can be found everywhere and thus distance does not matter in the present era. The digital transformation is through data analytics, cloud computing, artificial intelligence, robotics and web application though there is need to contextualize and communicate effectively. Majority of the collaborative efforts in knowledge dissemination are effective due to the robust communication strategy in a shared environment, through technology with accuracy in speed and time.

Responses from the academic stakeholders highlight that the component "Critical Thinking", has to be an integral part of the curriculum and in majority of the world class universities is the key learning outcome. Using in depth thinking and enquiry-based learning, students develop constructive arguments, logical reasoning, problem solving techniques, and evidence-based judgments. Due to the advent of globalization, the world today is surrounded with endless issues and challenges of corporate-social-economy ranging from micro to macro level aspects, therefore critical thinking skills will help in innovative decision making. Here comes the role of a learned instructor whose directions on this aspect will groom and orient the students output towards a constructive thinking ability through varied pedagogical tools in the curriculum. This will lead to a positive attitude towards scientific investigation and business decision making analysis.

Based on the responses the next component identified is 'Creativity'. It is the bedrock of any innovation. Creativity strives for new outcomes, new knowledge, new research, new activity, new concepts, new developments, new constructs which are socially impactful. Here the instructor's role is vital in developing a pedagogy that is new and engaging students beyond classroom leading to creation of robust knowledge that is impactful to society at large.

The experts mentioned that 'Change' is constant while knowledge is never redundant. Change is inevitable in curriculum that is transferable through knowledge and skills. The present era is very dynamic with rapid disruption of technology; the learners have access to a wide array of opportunities in state-of-the-art institutions. The need of the hour is to create a sustainable curriculum model that may be the string to student's outcome and industry requirements.

The 6 C Model is further strengthened by Touch, Team and Transformation. Touch is the people's investment i.e., looking at the human side of enterprise. The digital transformation has made rapid disruptions in technology-based communications. However, the human touch is very critical in the success story of an academic environment. Here the instructor's role creates the difference. Instruction or any form of academic and research deliverables are developed by human and the transformation to create the difference takes place through a network of intellectual team. The responsibility to achieve the highest standards of excellence is with the leader although no team is complete without a leader and no leader is complete without a team. The team acts as an accelerator for the collaborative effort of knowledge transfer and creation. During the last decade the team approach has been very impactful in creating a synergy and thus led to the growth of research and development worldwide. This transformation to balance with the changing paradigms is the key differentiator in world class universities and indeed the role of the leader is critical in creating the success factor in higher learning and social implications followed the industry requirements leading to world economy at a macro environment.

Through these indicators, industry drivers create a synergy with the academia of higher learning for inbound mobility of the talent pool to create an innovative ecosystem and wealth. This will churn out talent of human resources which includes experts in Business Intelligence, Artificial Intelligence, Business Analysts, Business Consultants and Behavioral Scientists which will act as a pool of talent in diverse sectors of industry and industries in turn will collaborate with universities for research and development on thrust areas. Therefore the 6 C Model can have a wide applicability and implication. Institutions are learning organizations which constantly scan the environment to create knowledge.

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Leadership effectiveness for managing change: the role of emotions

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Keywords

leadership, change, emotional intelligence, performance, impact

Abstract

Organizations in every sector of the workforce are faced with mounting pressure to change. *Individuals and organizations alike must learn how to adapt and change in order to sustain their competitive advantage in an increasingly diverse world. For many people, learning to change is an anxiety provoking process that becomes a debilitating fear. The increasing rate of change in market competition and substitution is a norm today. However, how leaders manage the change still seems to be a challenge. Scholars and leaders alike have for long acknowledged intellectually the importance for transformation. However, fewer studies have been conducted regarding the effective management of change. Change can be exciting and stimulating in an organization, but it is often met with fear and resistance. This paper focuses on the impact of employees' emotions on organizational change following a qualitative methodological approach through critical literature review of the role of emotions during change and the significance of emotional intelligence in leading effective change. The research posits that regardless of the quality of the change plan a leader might have, if the team he relies on to carry that change isn't committed to do so, then the plan could meet its demise.*

1. Introduction

Kurt Lewin (1948) developed one of the earliest and most influential theories of organizational change (Schein, 2004; Weick & Quinn, 1999). Lewin (1947) offers a three-stage approach to change described as the unfreezing, moving, and refreezing model. For Lewin (1945) change "is a process in which changes of knowledge and beliefs, changes of values and standards, changes of emotional attachments and needs, and changes of everyday conduct occur not piecemeal and independently of each other, but within the framework of the individual's total life in the group" (p. 49). The process of change, according to Lewin (1945), affects a person in three ways:

1. The cognitive structure (individual perceptions and personal meaning)
2. Valences and values (social status, social norms, and group dynamics)
3. Motoric action (degree of personal control over physical and social movement)

Lewin (1945) posits that an individual's sense of belongingness to a group is a key component towards creating and accepting a new belief structure and value system in the workplace. The emotional connections and the relational experiences of workplace bonds facilitate the central sense of group belongingness that promotes innovative learning and change (Fenwick, 2008). Lewin (1945) further suggests that the change process is not a simple linear progression from beginning to end. Acquiring the correct knowledge of the intended change and even first-hand experience and physical action may not be sufficient for leading complete transformation. Lewin (1999) argues, "it is one thing to be motivated, another to transform motivation into concrete goals and into stabilizing these goals in a way which would carry the individual through the actual completion of the work" (p. 288). The complete constellation of the entire social and emotional field of the individual within the context of the organization must be considered, organized and reorganized through meaningful learning and leadership in order for change to be successful.

1.1 Background of the research problem

The role of a leader has always been considered as the lynchpin and the most significant differentiator between successful and failed change effort. While John P. Kotter (1996) attributed successful transformation to be 70-90% leadership, this issue has often been perceived in the context

of a leader's ability to manage the process of change rather than the leaders' own emotional capability to manage themselves and others through self-awareness and self-mastery during the emotional conundrum of change. It is being increasingly acknowledged that organizational change is an emotional process which generates multiple psychological and biological responses, affecting people ability to understand, navigate and embrace the unknown new state forthcoming.

Change is usually concerned with the shifting or evolving of one phase to another. It usually entails the dismantling of previous structures and the creation of new ones. Motivations for change may be a response to the changes in its external environment, a need to upgrade its internal structure for better performance or to pre-empt the introduction of a new product or service in the market. Rekha Dhingra in her 2016 study 'Relational Analysis of Emotional Intelligence and Change management' notes how 'change is generally stressful for the people involved' as it naturally ushers in 'a source of feeling pressure, uncertainty, frustration, isolation and anxiety' (Dhingra, 2017). These emotions tend to be reflected through resistance towards the change the leader aims to implement.

In past times, resistance to change was seen as an inherent trait in human, it was believed that people do not like to change and be futuristic, so it is the duty of leaders to force change on their resistant employee (Lawrence, 1969). However, the adoption of sociology and psychological theories in the study of organizational change gave another twist to employee resistance during change. The aspect of emotions was introduced into the study of employee resistance to change and change leadership literature became saturated with unveiling the role of emotion during organizational change. A substantial connection was established between employee emotions and resistance to change. It was discovered that positive emotions contribute largely to a successful organizational change while negative emotions lead to its demise. Contrary to traditional belief that resistance to change is an inherent human behavior, resistance is a reaction arising from negative emotions which can be linked to fear, confusion or uncertainty. Whereas, this reaction if not well managed makes change difficult or unattainable. This research therefore examines emotions as they affect the success of organizational change and the required skills needed by leaders to turn these emotions into an instrument of change.

This paper aims to review literature on the influence emotional intelligence has on leaders in order to successfully manage organizational change initiatives. The paper establishes the connection between organizational change and emotion and highlights the role of emotions in organizational performance during change. Then, it highlights the emotional intelligence needed to account for such reactions. Finally, it shows how emotional intelligence can be used to motivate change, and also gauge the success of the implemented change.

2. Is organizational change an emotional experience?

Organizational change processes that create improved employee performance, elevated employee morale, continuous learning and increase profits are possible (Schein, 2004). Leading organizational change depends on learning and the type of learning necessary for change to successfully occur must be transformative (Franz, 2010). One requires particular emotional strength to navigate the transformation process (Mezirow, 1991); therefore, leaders must also demonstrate a basic level of emotional intelligence to lead the learning process for organizational change (Goleman, 1998). Burns (1978) articulates the importance of emotionally secure leadership for creating and sustaining change suggesting that, "people need appreciation, recognition, and a feeling of accomplishment, and the confidence that people who are important to them believe in Change has become a constant factor in organization today (Mossholder, Settoon, Armenakis & Harris 2000). Most scholars see organizational change as very important in today's evolving and highly competitive world for various reasons. Some see it as essential in gaining competitive advantage (Skinner, Saunder & Thornhill 2002; Denning, 2005), while some others see it as an inherent organizational function to survive and remain successful in business (May & Stahl, 2017; Luecke, 2003; Moran & Brightman, 2001). Although, the topic about the need for organizational change and how to lead one has received a lot of scholarship, research shows high number of unsuccessful

organizational change (Higgs & Rowland, 2005; Balogun & Hailey 2004; Meaney & Pung, 2008). Consequently, leadership scholars and practitioners have begun to look at ways at which leaders can effectively influence the success of organizational change.

Accordingly, there have been attempts by scholars and researchers towards unravelling the mystery behind achieving a successful change (Senge et al, 2002). One of the leading causes of unsuccessful organizational change discovered is employee resistance to change (Bovey & Hede, 2001; Cawsey & Deszca, 2007; Ford et al., 2008). Employee resistance to change was considered by conventional human resource practitioners as a form of conflict between top management and employee (Milton et al, 1984; Coch & French, 1948). But subsequently, an aspect of sociology and psychology was adopted for better understanding of resistance to organizational change. As a result, researchers began to see resistance as a natural and emotional response to change which is born out of the fear of uncertainty (Doppler & Lauterburg, 2001, Liu & Perrewe, 2005; Kiefer, 2002) or out of the belief that change is unnecessary (Ford et al, 2008). There has also been indirect evidence that the outcome of the emotional experiences during organizational change can persist for long periods, even after the change has been made (Gu- Seo, 2012). Thus, recent literature is attempting to explain the need for leaders to capture the minds and heart of their employees. As well as make good use of their emotions in order to get the right attitude needed for the change process (Suliman & Al-Shaikh, 2007; De Klerk, 2007, Sanchez-Burks & Huy, 2008).

2.1 Emotions and organizational performance during change

Emotional reactions to change are a normal reaction to the real and perceived disruption that accompanies organizational change. Successful change leaders know that understanding and addressing the mixed emotions that employees may experience can help employees feel motivated and committed to achieving their goals, implementing change, and realizing a new vision for the organization. Emotions are psychological and biological responses that affect people minds, people bodies, and people motivation. Emotions influence people perception of events and how they make sense of the world around us. Emotions are useful. They help people evaluate the significance of events and assess the consequences. Recent studies on leadership during change have established a connection between employees' emotions and their response to change (Hareli & Rafaeli, 2008; Avey, Wernsing, & Luthans, 2008).

These studies classify emotions as either positive or negative (Lui & Perrewe, 2005; Goerge & Jones, 2001; Huy, 2002, Mossholder et al 2000). While positive emotion is mostly associated with feelings such as, joy and excitement, negative emotions on the other hand is linked with feelings such as, grief and fear (Liu & Perrewe, 2005). In the case of organizational change, Positive emotion is seen as a feeling of confidence and trust about change, it is believed to help employees cope with the complexities and stress during the change period (Liu & Perrewe, 2005; Avey et al, 2008; Lilius et al, 2011). Whereas, negative emotion is considered as a feeling of mistrust, insecurity and uncertainty leading to passiveness during change (Saunder & Thornhill, 2002; Kiefer, 2002; Carr, 2001; Vakola & Nikolaou, 2005). A worthy body of research indicates that positive emotions for the organizational change fosters into prosocial behaviors such as supporting and cooperating with others (Arnold & Jay, 2001). Thus, organization members experiencing positive emotions are highly likely to demonstrate supportive and cooperative behaviours during, and long after, the organizational change (Fredrickson, 2008). Alternatively, negative emotions can tend to surface through various forms of resistance behaviors, such as retraction from the change initiatives or malicious sabotaging of the change to cause it to fail (Fredrickson, 2001; Rhodes, 2001).

Agents of organizational change must be skilled in recognizing the signs and symptoms of resistance in order to facilitate successful change (Warrick, 2009). More importantly, agents should also be knowledgeable in the fact that resistance is a natural part of the change process. Curtis and White (2002) suggest that change occurring in the absence of resistance is not change at all; rather it is merely an illusion of actual change.

The fear of change permeates all levels of the organization and indeed a great deal of resistance to change can be found among the management ranks. Long-standing managers and executives often make attempts to undermine the change program by either not adapting their own behaviour or by allowing employees to continue to behave in ways that also threaten the integrity of the change initiative (Erwin, 2009). Managers and executives feel like they have the most to lose and often struggle with their perceived ability to perform the new organizational processes (Burns, 1978). Facilitating organizational change requires a delicate appreciation for the interpersonal relationships between peers and superiors, leading to a greater sense of readiness and a stronger sense of personal and organizational preparedness for change (Boucknooghe, Devos & Van Den Broeck, 2009). Underestimating the value of the emotional and psychosocial support needed for change is a significant error that many organizations make. Although, some scholars argue positive emotions contributes to successful change (Vakola et al, 2004) and that skepticism towards change is a negative emotion (Stanley, Meyer, & Topolnytsky, 2005; Oreg, 2006;). Nevertheless, negative emotions do not always mean fear or resistance to change (Maitlis & Sonensheim, 2010; Huy, 2002). In as much as it could be detrimental to achieving a successful organizational change, negative emotions can be a sign of warning to an improper work plan which can be threat to the success of change (Elemicin, 2007; Spoor & Kelly, 2004).

Therefore, negative emotions also help improve change (Hay, 2002; Kiefer, 200). Recent studies have also shown that negative emotional experiences stemming from change can remain virtually unchanged for as long as several years. Whereas positive emotions deteriorate relatively faster overtime (Porter, 2007). For these reasons, some scholars believe, the ability to understand individuals' behaviors and emotions is a prerequisite to successful performance during change (Mayer et al., 2008; cote and Miners, 2006).

3. Leading during organizational change

The concept of leadership has enjoyed a lot of scholarship from past time till date. overtime, the question of what makes a successful leader has been a topic of interest among researchers. While some scholars view it as the ability to direct employee through work process and laid out plans without altercation (Avolio & Bass, 1994; House & Shamir, 1993). Some on the other hand, see it as a leader's ability to make effective change through strategies that would meet the future need of the company (Senior & Fleming 2006, Macgregor Bums, 2003). However, some scholars are of the opinion that a leader's ability to understand individuals' behaviors and emotions is a prerequisite to successful performance (Cote and Miners, 2006). Early leadership studies conducted by Bass (1990) and Lord, Devader and Alliger (1986) discovered that intelligence has a big role to play in Leadership effectiveness during change. Though, traditional studies of effective change leadership concentrated more on academic intelligence (spearman, 1904; 1986; Motowidlo and Van Scotter, 1994). This type of intelligence according to critics, does not consider certain circumstances, such as employee emotions that could affect leadership effectiveness (Riggio, Murphy & Pirozzolo, 2002). Consequently, Goleman (1998) presented Emotional intelligence as essential for effective leadership as it addresses the issue of emotions and attitudes. Since then, many researches have examined the significance of EI in leadership.

3.1 Organizational change & errors

Organizational change is a monumental task that very few take on and often times results in a lot of expenditure and less than expected success. As the economic and societal landscapes continue to evolve and exert pressure on organizations to keep up, organizational change is not a passing fad but has instead become a regular occurrence. As a result, there is increased pressure for organizational leaders to effect change more quickly and with a greater impact. While the readiness and adaptability of an organization are often areas to contemplate when planning a large-scale change, there are several tactical mistakes that can be avoided to give your change project the best chance of success. Kotter (1996) acknowledges that "to some degree, the downside of change is inevitable. Whenever human communities are forced to adjust to shifting conditions, pain is ever

present. But a significant amount of the waste and anguish we've witnessed in the past decade is avoidable" (p. 4). All too often, an organization's attempt to make positive change delivers disappointing results and returns unintended consequences of wasted resources and employee frustration (Warrick, 2009; Weick & Quinn, 1999). Organizational change is a highly complicated process that eludes many well-intentioned leaders.

Boga and Ensari (2009) highlight three interconnected phases that may mitigate the negative potential associated with change. First, organizational leadership should thoroughly conceptualize the intended change strategy; then motivate employees with proper levels of passion and optimism; and third, the process should conclude with organizational leaders providing all of the necessary resources needed complete the task. Leading change, however, is much more complicated than these steps would suggest; the atomic model of organizational change recognizes the complexity of work place change and identifies a holistic perspective that addresses the entire social and emotional field of personal and professional transformation. Traditional models of organizational change tend to be too narrow and undervalue the necessary social and emotional connotations of significant change in the workplace. Kotter (1996) further explores the complexity of change and has identified eight of the most common errors that organizations make during the change process: Error #1: Allowing Too Much Complacency, Error #2: Failing to Create a Sufficiently Powerful Guiding Coalition, Error #3: Underestimating the Power of Vision, Error #4: Under-communicating the Vision by a Factor of 10 (or 100 or Even 1000), Error #5: Permitting Obstacles to Block the New Vision, Error #6: Failing to Create Short-Term Wins, Error #8: Neglecting to Anchor Changes Firmly in the Corporate Culture (Kotter, 1996).

The errors of organizational change outlined by Kotter (1996) allude to a need for a more comprehensive and a more conscious approach for leading significant transformation in the workplace. In order for change to be successful, employees must be empowered to learn and emotionally supported through compelling leadership during the entire process of change. Compelling leadership can inspire dialogue, create trust, and secure a foundation of change. Successful change initiatives must engage in transformative learning that is facilitated by strong and deliberate emotional leadership. Failure to recognize the affective dimension of workplace change undermines the complexity of the task and produces negative results. Each organization will experience transformation in a unique way and must be directed through the stages of change accordingly.

4. Emotional intelligence & change

Change triggers strong emotions, which may promote tunnel vision, narrowing people's productive choices. As leaders in the learning and talent development field, EQ is essential to how someone helps others cope with change, such as organizational restructuring, new technologies, automation, mergers and acquisitions, globalization, new sources of competition and changing business models. According to Daniel Goleman, Richard Boyatzis, and Annie McKee, contrary to the general belief that strategy, vision or powerful ideas make a great leader, being an effective leader is quite primal, it requires leading through emotions.

George (2002) argues that emotional intelligence enables leaders to motivate and convert team members into an instrument of change. According to the author, leaders need to have the following characteristics: a) To be self-aware so that they can be able to appraise the emotions of others without prejudice. This helps to establish relationship with others and empathy, b) To develop skills in understanding different emotions. Leaders should be able to understand different emotions regarding work process. They should be sensitive to negative emotions pointing out failure embedded in work process, c) To be able to regulate emotions to get the best attitude and behavior that would trigger creativity and commitment, d) To be able to manage their own emotion and that of others. The emotion a leader displays has a great effect on their employees'. Also, Lewis (2000) argued that emotions displayed by leaders can be contagious (Lewis, 2000). A leader's positive emotion can lead to positivity among team members during change while negative emotions may lead to

assumptions, such as vulnerability, weakness or ineffectiveness by their employees or team members (Lewis, 2000). Hence, the need to be emotionally adept as it helps to manage effective leadership by using emotions to manage strong and complex relationships during work performance and even organizational change.

4.1 Introducing change & emotional intelligence

Of critical importance to managing most change strategies is the progress measuring efforts made after the change has been introduced (Insead, 1999). There has been ample attention given to the tool's leaders can use to manage the change, with large consulting companies such as PWC and McKinsey charging significant amounts for such strategies. Less addressed, however, is how leaders can exercise emotional intelligence to gauge the success of the change. Quyet Insead in his 'Emotional Capability, Emotional Intelligence, and Radical Change' analysis highlights how leaders can learn from the outcomes of the changes they enact from the receptivity stemming from behavioral change (Insead, 1999). Insead goes on to highlight how 'emotion provides the primary feedback mechanism that alerts the [leader] that various set goals are not being achieved, and this, in turn, motivates behavior' (Insead, 1999, 12).

The study, which aims to 'present a multilevel theory of emotion and change', notes the importance of gauging receptivity and judging mobilization when considering making organizational change. At the organizational level, instead defines receptivity as the 'organization's members willingness to [collectively] consider proposed changes and to recognize the legitimacy of such proposals' (Insead, 1999,13). At the organizational level, mobilization 'refers to the process of rallying and propelling different segments of the organization to undertake joint action and realize common change goals' (Insead,1999). In addition to gauging change, 'emotionally intelligent leaders are also able to set challenging goals and take calculated risks during the change process' (Dhingra,2017). Along with the management of emotional intelligence, leaders need to take into account the organization's culture when managing change. Often, in order to successfully implement that change, the organization's culture would be subject to change as well. Difficulties facing the leader when aiming to change an organization's culture lie in the complex, at times, unwritten systems which dictate an organization's primary and subcultures (Smollan, 2017).

The inability of the leader to demonstrate acute emotional intelligence regarding the organization's culture could affect their subordinates and ultimately deem the intended change a failure (Elfenbein, 2007). The leader thus needs to be competent in understanding the emotional linkage to the organization's culture. Smollan and Sayers in their 2009 qualitative study 'Organizational Culture, Change and Emotions' identify numerous ways in which organizational culture and emotions are linked. Specifically: 1) Organizational culture is imbued with emotion and, therefore, cultural change is especially emotional, 2) An organization's affective culture influences how these emotions are experienced and expressed, 3) There might be specific elements of a culture that an employee likes, or dislikes and these attitudes influence emotional responses to various types of change (Smollan, 2017).

The emotional connection of employee to culture is further highlighted by Carr who notes that the relationship is 'deep-seated, largely unconscious, and intimately connected to the so development of identity; and have emotional content' (Carr, 2001, 19). Thus, a change in the related culture can lead to an emotional response such as anxiety and grieving.

An emotionally unintelligent leader could ignore the importance of the organization's corporate culture when managing change, and effectively offend those who relate to it (Carr,2001). However, understanding the emotional connection, the organization's employees have with the culture will allow an emotionally intelligent leader to communicate favorable and supported change strategies (Gill, 2010). Therefore, it is imperative for a leader to be aware of the organizational culture as it can assist in the effective management of change (Carr, 2001; Meyer, 2009). Especially given the noted link between culture and emotional intelligence. A leader displaying competent

emotional intelligence will thus be able to pander the change strategies in a culture-appealing manner, thus increasing the likelihood of success.

4.2 Leading change, emotional intelligence and other competencies

What leadership behaviours or competencies are most strongly associated with effectively leading or overseeing change initiatives? There are six competency areas that enhance the capacity of a leader to coordinate and drive organizational change: Systems Thinking, Strategic Savvy, Organizational Agility, Capacity Building, Creative Communication, and Courage. All these though interact with emotional intelligence of leaders. Many studies have analyzed the extent to which emotional intelligence will influence a leader's effectiveness to manage change. Studies such as Lynn Crawford and Anat Hassner Nahmias 2010 'Competencies for Managing Change' notes how projects which bare 'high requirements for behavioral change' will require leaders to exercise emotional intelligence in their communication skill. Crawford and Nahmias note the primary role of leaders exercising change management is; 'communicating to engage stakeholders, sell change, enlist champions, facilitate political diffusion and manage stakeholder expectations' (Crawford, 2010). Conversely, change that will require high levels of strategy and technicality will require leaders to manage the program/project itself as opposed to the people (Nahmias, 2010).

Other studies have attempted to weigh the importance of various competencies for transformational leaders and leaders who initiate organizational changes. Studies such as Flavia Cavazotte's 'Effects of leader intelligence, personality and emotional intelligence on transformational leadership and managerial performance' have aimed to highlight the direct and indirect functions that categorize successful change focused leadership (Cavazotte, 2012). Traits such as conscientiousness were proven to carry more weight for transformational leadership and leadership effectiveness in managerial roles (Cavazotte, 2012; Moreno, 2012; Hickmann, 2012). Other traits such as extraversion and openness were also found to have significant correlations (Cavazotte, 2012; Bono, Boles, Judge, & Lauver, 2002). Julie Battilana in her 2010 study 'Leadership competencies for implementing planned organizational change' highlighted how varying leadership styles inherently require varying competencies when managing organizational change (Battilana, 2010). Battilana adopts the task-oriented and person-oriented theories to portray the predominant types of leaders. Identifying 'the ability to clarify task requirements and structure tasks around an organization's mission and objectives' as being critical competencies for task-oriented leaders. With emotionally intelligent competencies such as the 'consideration' and 'self-awareness' being the key competencies for person-oriented leaders.

Despite the scholars' attention, the link between emotional intelligence and change leadership has received, there are still scholars who cast doubt on the methods used to measure the correlations found (Antonakis, Askanasy & Harborough 2009). Specifically questioning the studies designed to test effects of emotional intelligence on leadership (Jacquart, & Lalive, 2010). Noting the restrictions in the study designs regarding controlling for ability and personality or correcting for measurement error (Antonakis, Bendahan, 2010). Factors some scholars state do not comply with evidence-based principles (Rousseau, 2006; Rynes Giluk & Brown, 2007). Thus, their theoretical and practical recommendations are undermined (Cavazotte, 2012, 2). Critics note how the absence of the appropriate controls when conducting emotional intelligence & leadership correlation tests can lead to inflated results which subsequently lead to doubtful conclusions made under those circumstances (Harms & Crede, 2010).

5. Conclusion

Change triggers strong emotions, which may promote tunnel vision, narrowing our productive choices. The present paper shows that regardless of the quality of the change plan a leader might have, if the team he relies on to carry that change isn't committed to do so then the plan could meet its demise (Andries, 2011). Commitment to change in this case refers to the degree of organizations willingness and desire to support the change (Meyer, 2002). Affective commitment to change refers to the desire to support the change based on a belief in its inherent benefits (Allen,

1997); Normative commitment to change is the support for the change resulting from a sense of needing to reciprocate positive treatment received from the organization (Meyer, 2009). The early effective communication and motivation can positively impact both forms of commitment to the change (Gu Seo, 2012). Research has proven that early levels of commitment tend to last over time (Gill, 2010). Thus, it is critical for a leader to demonstrate emotional intelligence in identifying the applicable emotional language to motivate his team to carry that change. Lindebaum & Cartwright note how a leader's 'ability to use emotions is assumed to be linked to inspirational motivation' (Lindebaum, 2010).

Thus, leaders who exercise emotional intelligence may use their knowledge to generate positive emotions towards the change which in turn will motivate for more successful results (Lindebaum). The correlation between positive employee attitudes and emotions with organizational change success is explored in James B. Avey's 2008 study 'Can Positive Employees Help Positive Organizational Change?'. The study surveyed 132 employees from a various field and found that 'positive psychological capital and positive emotions are important in countering potential dysfunctional attitude and behaviours relevant for organizational change'. Specifically, how positive emotions may combat the negative reactions which tend to surface given organizational change (Avery, 2008). A similar 2011 study by Alina Maria Andries in the *Global Journal of Human Social Science* also notes how 'positive emotions, by organizing and constructive effects, optimize the quality of work (Andries, 2011). However, Andries notes how there are negative emotions in the workplace that can become functional 'in that it promotes more efficient cognitive processing of information and perceptions more realistic' (Andries, 2011, 42). As made evident by Andries study, there is a rather complex range of emotions employers can use to motivate employees towards efficient execution of organizational change.

A leader's emotional intelligence will equip him to identify the accurate combination of emotions needed to motivate the desired organizational change (Andries, 2011). Since emotions provoke certain behavior or reaction towards change regardless of the type of change it is (Avey et al, 2008; Saunders & Thornhill, 2002), it is therefore important for leaders to acquire the necessary skills needed to understand different emotions and to turn emotions into the right energy needed for change. Given the complex emotional and technical management of change required for it to be successful, we recommend that leaders should also focus on empowering managers and employees to be agents of the change in the early stages of the change initiative. With significant leadership support, managers can transfer enthusiasm, optimism for change, and confidence to employees on a personal level (Gu Seo, 2012; Bono & Ilies, 2006). Also, the individualized attention managers are able to give their subordinates can alleviate negative emotions that tend to arise during organizational change (Kiefer, 2005). In regard to the employees, the initial affective experiences at the early stages of the change will influence their commitment to change (Clore, 2003) This would entail increasing employee emotional intelligence in order to be self-aware committers and gauges of change. Yet, surprisingly little work has examined the direct role of employee emotions in determining their commitment to change, even though logic and indirect findings clearly suggest a linkage between these two variables (Gu Seo, 2012). Further, successful implementation of organizational change requires to some extent, employee creativity in order to develop new approaches and behaviors following the change (Gruys, & Tierney, 2007). This creativity has also been found to lead to extended attention, thinking and behavioral repertoires (Fredrickson, 2008).

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The North-East passage: the high north and the northern (Arctic) sea route

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Keywords

North-East passage, Arctic, Russian exclusive Economic Zone, arctic ecosystem

Abstract

Enough sea ice has now melted that container ships can now use the Northern Sea Route (NSR) (the official Russian name) through the Arctic. Ships carrying oil and gas have previously used the route with the help of ice breakers, but they may no longer be needed during the summer months. The first container ship to do the trip without an icebreaker was the Venta Maersk – a 42,000-ton ice-class ship that can carry 3,600 containers. It began its voyage on 22 August 2018 in the port of Vladivostok, Russia. She passed through the Bering Strait on 6 September on her way to Bremerhaven. She arrived in Saint Petersburg after 37 days. Although Maersk do not currently see the Northern Sea Route (NSR) as a viable commercial alternative to existing routes, it will cut journey times by two weeks and ships will no longer have to use the Suez Canal.

Russia has long had a strategic and economic interest in the Arctic and the NSR will open up new opportunities, including tariffs, as the entire route east of Novaya Zemlya lies within the Russian Exclusive Economic Zone (EEZ). Studies predict shifts in trade flows between Asia and Europe, diversion of trade within Europe, heavy shipping traffic in the Arctic and a substantial drop in Suez traffic. Projected shifts in trade also imply substantial pressure on an already threatened Arctic ecosystem.

The opening of the NSR to sea traffic without icebreakers will have profound economic, strategic and environmental implications.

Deng's Post-Mao Capitalistic China, the role of the Port of Piraeus and the Creation of International Trading Systems

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Keywords

Port of Piraeus, Post-Mio capitalist China, International Trading system

Abstract

Deng Xiaoping's Post-Mao government launched a series of reconstruction programs towards the creation of what has been termed the great economic transformation of China. Since the 1970s the world has been watching the rise of China and the formation of Chinese capitalism, against however conventional neoliberal versions of capitalism, mainly because of the lack of political liberalization and the construction of indeed a social market. At the same time after 1951 the Port of Piraeus played a vital role in linking the West with the East and has since become an integral part of Greek shipping and international trading systems of the twentieth century. Piraeus has participated in an international web of commercial and maritime activities.

The aim of this paper is to present an outline of the current knowledge and also an overview of the research that has been conducted on that topic. Knowing China's present role as one of the world's economic superpowers it is necessary to understand and discover how the commercial and political relations between the two countries have developed and also changed since the 1950s and what has been their impact on the late 2000s-present recession in Greece.

Flag protectionism impact on world trade

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Keywords

Protectionism. World trade, LNG carriers, flag vessels

Abstract

The international shipping industry is responsible for the carriage of around 90% of world trade. There are over 50,000 merchant ships trading internationally, under flags registered in over 150 nations.

As highlighted in the UNCTAD's Review of Maritime Transport 2018 report, recently released, 98 per cent of world trade took place under WTO rules last year. Yet the world trade is facing, more than ever, strong headwinds. Protectionism is on the rise and seems to be accepted as a valid policy option. Having in view the time constraints of this presentation, the aim of this paper is to raise the awareness and identify the main concerns regarding the increased protectionist approach by the US and Russia regarding the carriage of their energy exports and especially LNG carriers.

"The Energizing American Maritime Act" that would require 15 percent of all-American exports of crude oil and LNG to be transported on U.S. flag vessels by 2020 and 30 percent by 2025 and Russia's plans to restrict loadings of hydrocarbon cargoes at Northern Sea Route ports to Russian flagged vessels are two main possible game-changing trends.

The details of these inward-looking policies and restrictions are not yet clear, but the intended rules are raising concern and, as the International Chamber of Shipping (ICS) warned, could create an "unwelcome precedent" for other nations to follow.

Shipping is the life blood of the world trade and global economy but in order to maintain its growing efficiency and its social-economic positive trend it needs global rules including the flagging of its vessels.

Transnational Seaborne Organised Crime: an update

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Keywords

Transnational organised crime, financial expediency, piracy and armed robbery,

Introduction

The definition of Transnational Organised Crime (TOC) is given in Article 3 of the corresponding United Nations Convention (UNTOC, 2000):

- (a) it is committed in more than one State;
- (b) it is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- (c) it is committed in one State but involves an organized criminal group that engages in criminal activities in more than one State; or
- (d) it is committed in one State but has substantial effects in another State.

Seaborne versions of TOC include the illicit transportation of various cargoes, usually on ships under flags of convenience. As a rule of thumb, the ship is owned by a holding company, which for reasons of 'financial expediency' is registered in an offshore tax haven. Thus, the criminals can disguise the provenance of their ill-gotten goods and middlemen can plead ignorance. Seaborne crime may emerge in the form of:

1. Piracy and Armed Robbery;
 2. Migrant Smuggling / Human Trafficking;
 3. Drug Trafficking;
 4. Weapons Trafficking / Smuggling;
 5. Illegal, Unregulated, Unreported Fishing (I.U.U.F.);
 6. Illegal Pollution of the Marine Environment / Illegal Waste Dumping;
- or any combination of the above.

The fight against TSOC may turn extremely challenging, overwhelming national and supra-national organizations/agencies. This can be readily attributed to the many forms that seaborne criminality can assume. An alternative reasoning could lie with the fact that TSOC may also span both the maritime and the land jurisdictions of several nations at the same time; cases of continent-straddling crime-syndicates are not unheard of.

The following analysis is an update on transnational seaborne criminality.

Maritime strategy in the 21st century

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Keywords

Maritime affairs, maritime strategy, maritime trade, maritime security, globalisation, geopolitics

Abstract

'Those far distant, storm-beaten ships, upon which the Grand army never looked, stood between it and the dominion of the world.'

Alfred Thayer Mahan

Sea power, as Mahan, probably America's greatest strategic thinker, observed, was instrumental in the defeat of Napoleon, even though technology had not given access to the depths below its surface or to the air above. In the two world wars, those added dimensions were decisive in achieving the strangulation of the Central or Axis powers. In the 21st century new technology has expanded to open up space above and the deeper ocean depths – conventional submarines can only only dive to about one tenth of the average depth of the world's oceans. Unmanned Air (UAV) Surface (USV) and Underwater (UUV) vehicles, remotely-controlled and robotic vehicles have further expanded the opportunities for exploiting maritime space for military and strategic purposes. Global communications in the interconnected world also depend on submarine cables which are extraordinarily and increasingly vulnerable. The short presentation then focusses on the contributions of Russia and China to maritime strategic thinking and, in particular, on events in the Asia-Pacific region and to China's evident quest to dominate adjacent waters including the construction of bases in the South China Sea.

Price is What You Pay: The origins of value for Bitcoin

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Keywords

Economic Sociology, Social Networks, Bitcoin, Blockchain

Abstract

We examine the initial determinants of value for Bitcoin, a digital currency that is completely decentralized and not backed by any state or organization. Bitcoins have no intrinsic value or utility and their price is therefore set solely by supply and demand, based on their perceived usefulness as a currency unit and medium of exchange. Theoretical arguments about exchange networks suggest that they are subject to network effects (positive network externalities), because the value of participating in the network increases with the number of potential exchange partners. To examine this dynamic, we combine data on all transactions in the early Bitcoin system (from its inception to September 2013) with data on Bitcoin market prices and activity in the online discussion forums. Because the Bitcoin network has an observable market value, we can estimate these effects at the system level, but the detailed transaction history that is available also allows us to observe the behavioral underpinnings of a network effect at the individual level. We find support for classic network effects in the Bitcoin network, but we also find evidence that the value of Bitcoin derives in part from the actions of a cohesive and determined core of participants, who legitimate the idea of the currency as a valuable good through social interaction and discourse.

Asset Structure and Financial Performance of Companies in Nigeria

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Key words

Debt, equity, financial performance, fixed assets, total assets

Abstract

In financing decisions, assets structure plays a very important role. Availability of Assets enables a company to seek for additional funding by placing such as collateral. Assets help in enriching the balance sheet of companies in Nigeria, thereby making such companies to have a strong financial backing. The problem before the research is that studies have not been thoroughly investigated to evaluate the extent to which the use of assets is on the financial activities of companies. The main objective of the research is to evaluate the effect of assets structure on financial performance of companies in Nigeria. Secondary data was used over a period of ten years from 2004 to 2013, of companies quoted on the Nigerian Stock Exchange. The research is a quantitative study and Stata was used to analyse the results of the multiple regression equation formulated. It was concluded that assets have significant impact on the financial performance of companies in Nigeria and it was recommended that companies in Nigeria should continue to make use of their assets in their financing decisions.

Introduction

Assets play a significant role in sourcing for finance and in financing decisions. High tangibility in assets structure of the organisation makes it easier and faster to source for debt. The more liquid an asset is the easier it becomes to dispose and pledge as instruments for debt sourcing. Hart and Moore and Holmstrom and Tirole (1994; 1997, as cited in Campello and Giambona, 2013) inform that contract incompetence and limited enforceability reduce a firm's access to external finance. Therefore, tangible assets become more desirable from a creditor's perspective because it is easier to dispose when repossessing bankruptcy. Tangible assets can lose credibility when sold under distress.

Assets structure plays an important role in capital structure decisions. Assets differ in composition and use for the company. Fixed assets, current assets and investments are strong balance sheet items that place the organisation in an advantage in business. Financial statements report fixed assets to comprise assets that are fixed in nature which is grouped as land buildings, plant and machinery, vehicles, scientific equipment, office equipment, furniture and fittings, trademarks, patents and good will. Zhang (2017) describes the limitation in measuring fixed assets as the difference between intangible assets reported in financial statements and measured by the market value minus its book value. Current assets management and financial performance as reported by Yahaya, Kutigi, Solanke, Onyabe and Usman (2015) looks at the structure and size of current assets impact on financial performance.

The problem before the research is that studies have not been thoroughly conducted to investigate assets structure and financial performance of non-financial companies in Nigeria. Doğan (2013) conducted a research in Turkey, Rehman (2013) investigated the research in Pakistan, Zhang (2017) investigated in China, and Chandrasekharan (2012) looked at the potential determinants of capital structure among listed Nigerian firms and included variables of firms' tangibility, size, growth, profitability and age. This research intends to look at assets and equity which are components in capital structure decisions and cover a period of ten years from 2004 to 2013. Also, the

paper will address a scope gap of investigating non-financial listed companies in the Nigerian Stock Exchange which previous studies have not investigated upon.

The objective of the study is to evaluate assets structure on organisational performance. The specific objectives are:

1. To examine the relationship between total debt and the financial performance of companies in Nigeria
2. To examine the relationship between equity and the financial performance of companies in Nigeria
3. To investigate the relationship between fixed assets and financial performance of the firm
4. To investigate the effects of total assets on the financial performance of the firm

In line with the objectives of the study, the following research questions are asked:

- To what extent is total debt affecting the financial performance of companies in Nigeria?
- To what extent is equity having an effect on the financial performance of companies in Nigeria?
- To what extent are fixed assets having an effect on the financial performance of companies in Nigeria?
- To what extent are total assets having an effect on the financial performance of companies in Nigeria?

The research hypotheses are formulated in null form:

1. Total debt has no effect on the financial performance of companies in Nigeria
2. There is no significant effect of equity on the financial performance of companies in Nigeria
3. Fixed assets have no significant effect on the financial performance of companies in Nigeria
4. Total assets have no significant effect on the financial performance of companies in Nigeria

To get more comprehensive and better results, the study covers a period of ten years from 2004 to 2013. The non-financial sector of companies quoted on the Nigerian Stock Exchange as at 31st December 2013 was used. This is because the capital structures of the financial sector are defined. The central Bank of Nigeria regulates the banking sector in Nigeria and mandated that banks recapitalise their share capital to N25 billion as at 31st December 2005. The National Insurance Commission regulates the insurance industry in Nigeria and their capital base was revised to be N2 billion for life insurance, N3 billion for general insurance and N10 billion for reinsurance (Proshare Markets, 2005). The study therefore investigates the quoted non-financial sectors and excludes the quoted financial sector of the Nigerian Stock Exchange.

Similarly, the National Insurance Commission regulates the insurance industry in Nigeria and their capital base was revised to be N2 billion for life insurance, N3 billion for general insurance and N10 billion for reinsurance (Proshare Markets, 2005). The study covers a period of ten years from 2004 to 2013 and investigates petroleum companies quoted on the Oil and Gas sector of The Nigerian Stock Exchange as at 31st December 2013. The variables covered are total assets, fixed assets, debt and equity which are important in capital structure decisions.

The paper is divided into three sections. Section one is the introduction and includes the statement of the problem, objectives to the study, research questions, hypotheses of the study and scope of the study. Section two is the literature review and methodology, whilst section three is the conclusion and recommendations.

Literature Review

In reviewing the literature, studies were conducted on assets Doğan (2013) conducted a research in Turkey to investigate the effect of firm size on profitability of 200 companies active in the Istanbul Stock Exchange. Return on assets was used as proxy for profitability and total assets, total sales and number of employees as the independent variables of the study. The multiple regression and correlations results revealed a positive relationship between the independent variables and profitability of the companies.

Chandrasekharan (2012) looked at the potential determinants of capital structure among listed Nigerian firms for ten years from 2007 to 2011 by examining the impact of firms' tangibility, size, growth, profitability and age on the leverage of the sampled firms. Using secondary data on a panel multiple regression model, the results revealed that tangibility, size, growth, profitability and age are strong determinants of leverage in Nigerian firms. Chinaemerem and Anthony (2012) investigated on the impact of capital structure on the financial performance of Nigerian firms. Using a sample of thirty non-financial firms for a period of seven years, the panel data was analysed using ordinary least squares and the results showed that the firms' capital structure proxy by debt ratio and had a significant negative impact of the firm's financial measures proxy by return on assets and return on equity.

Rehman (2013) looked at the influence of financial leverage on the financial performance of the sugar industry in Pakistan. Their results revealed a positive relationship between debt equity ratio and return on assets and sales growth, and a negative relationship of debt equity ratio with earnings per share, net profit margin and return on equity.

Zhang (2017) researched on the approach to test the relationship between degree of intangible assets and profitability in 17 listed telecommunications firms in China. The period of study was three years from 2014 to 2016 and the results revealed that intangible assets' ratios have positive and significant effect on firms' financial performance measured by return on assets.

Theoretical framework

Two major schools of thought emerged in capital structure, the relevance school of thought and the irrelevance school of thought.

Relevance School

Two approaches are associated with the relevance of capital structure – net income approach and the traditionalist view.

In the net income theory, the cost of debt and equity remains constant irrespective of the change in the degree of leverage. The theory further postulates that the cost of debt is less than the cost of equity, and an increase in leverage would gradually decrease the weighted average cost of capital, and as a result, the value of a firm will increase with the leverage (Dalal, 2013).

The second approach is the traditionalist view which just like the net income approach, agree to the use of leverage in increasing the value of the firm. Van Horne (2005) further points out that the traditionalist approach assumes that there is an optimal capital structure and that the firm can increase the total value of the firm through the judicious use of leverage.

Irrelevance School

Modigliani and Miller (1958) are the proponents of the irrelevance of capital structure. Modigliani and Miller (1958) do not agree with the traditional view and argue that in perfect markets without taxes and transaction costs, a firm's market value depends on the earnings and risk of its assets (business and financial risk) rather than the way in which the assets have been financed (Pandey, 2010). Van Horne (2005) further stressed that no matter how one divides up the capital structure of the firm amongst debt, equity and other claims, there is a conservation of investment value. The total investment value of the corporation depended on its underlying profitability and risk; it is invariant with respect to relative changes in the firm's financial position. This view is explained in figure 1.

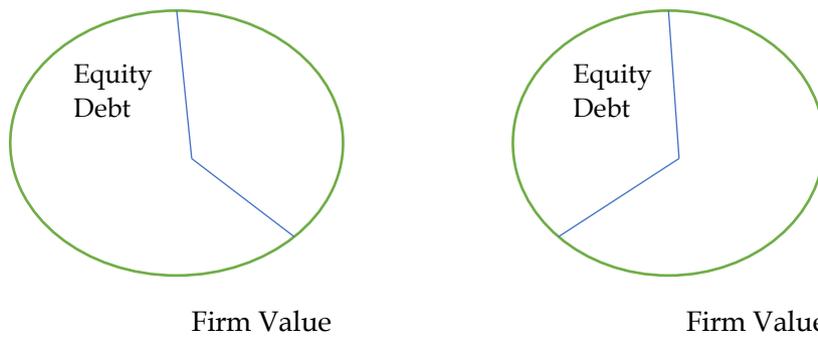


Figure 2.1 Illustration of Capital Structure Irrelevancy

Source: Adopted from Van Horne, J. C. (2005).

The study agrees to the relevance in capital structure in firm value. This is because it is expected that the use of assets in capital structure decisions will increase the value of the firm.

Methodology

The research is a quantitative research, time series and panel data. Secondary data was used for the study extracted from the web sites and annual report and financial statements of the companies. The population of the study consists of all 105 quoted non-financial firms listed First-tier securities market of the Nigerian Stock Exchange from 2004 to 2014.

The sectorial distribution of quoted companies is shown in table 1.

Table 1: Sectorial distribution of companies

Sector	Number of listed equities
Agriculture	5
Conglomerates	6
Construction/Real Estate	7
Consumer Goods	22
Healthcare	9
ICT	6
Industrial Goods	20
Natural Resources	4
Oil and Gas	9
Services	17
Total	105

Source: The Nigerian Stock Exchange 2012/2013 Fact Book

The dependent variable is profit ratio which was used as proxy for financial performance, and the independent variables are total debt-to-total assets, equity, total fixed assets-to-total assets and total assets.

The Model

A multiple regression model was formulated from the dependent and independent variables.

In functional form, the equation is expressed as follows:

$$\text{profrat} = f(\text{tdta}, \text{eqat}, \text{tfata}, \text{ta})$$

in equation form, the equation is expressed as:

$$\text{profrat}_{it} = a + \beta_1(\text{tdta})_{it} + \beta_2(\text{eqat})_{it} + \beta_3(\text{tfata})_{it} + \beta_4(\text{ta})_{it} + \varepsilon$$

where,

profrat = profit ratio

tdta = total debt-to-total assets

eqat = equity

tfata = total fixed assets-to-total assets

ta = total assets

a = constant

$\beta_1 \dots \beta_4$ = coefficient of the regresses

i = number of companies

t = time

ε = error term

The variable, variable name and variable measurement is explained in table 2.

Table 2: variable, variable name and variable measurement

Variable	Variable Name	Variable Measurement
profrat	Profit ratio	Profit after tax divided by total assets
tdta	Total debt to total assets	Total debt divided by total assets
eqat	Equity to total assets	Total paid up equity divided by total assets
tfata	Total fixed assets to total assets	Total fixed assets divided by total assets
ta	Total assets	Fixed assets plus current assets

Source: <http://www.investopedia.com/terms/t/totaldebttotalassets.asp>;

<http://www.myaccountingcourse.com/financial-ratios/equity-ratio>;

<http://www.businessplans.org/ratios.html>

The a priori expectation of the results is explained in table 3 as follows:

Table 3: variable and a priori expectation

Variable	a priori expectation
tdta	positive
eqat	positive
tfata	positive
ta	positive

Findings and Results

The findings and results of the research are presented in this section.

Normality Test

Table 4: Shapiro Wilk W test

Variable	Obs.	z	Prob> z
profrat	187	9.805	0.00000
tdta	187	7.426	0.00000
eqat	187	8.849	0.00000
tfata	187	3.634	0.00014
Ta	187	2.060	0.01969

Source: STATA version 13.0, output generated from secondary data

The Shapiro Wilk W test for normal data in table 4 shows that most of the data were normally distributed with Prob> z values 0.000 and 0.019 for ta. The highest z value was profit ratio with 9.805 followed by eqat with 8.849. tdta has a z value of 7.426, whilst ta has the least z value of 2.060.

Descriptive Statistics

Table 5: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Profrat	187	.1546384	.2321408	.000367	2.22515
Tdta	187	.7525748	.4617829	0	3.183204
Eqat	187	.2178589	.3149287	.0073253	2.056159
Tfata	187	.5730248	.2762213	.0063765	1
Ta	187	16.1747089	1.747089	11.19555	19.67252

Source: STATA version 13.0, output generated from secondary data

From the descriptive statistics there were 187 observations in the dependent and independent variables. The highest standard deviation was fs with 1.747089, followed by tdta with .4617829. The least standard deviation was tfata with .2762213. The highest mean value was ta with 16.1747089 and the least mean value was .1546384.

Correlations

Table 6: Correlations Matrix

	profrat	tdta	eqat	tfata	ta
Profrat	1.0000				
Tdta	0.3408 0.0000	1.0000			
Eqat	0.3756* 0.0000	0.3811* 0.0000	1.0000		
Tfata	0.2187* 0.0026	0.1632* 0.0256	0.3368* 0.0000	1.0000	
Ta	-0.1512* 0.0388	-0.1780* 0.0148	-0.5612* 0.0000	0.0989 0.1783	1.0000

*Correlation is significant at 0.05 levels

Source: STATA version 13.0, output generated from secondary data

From the correlations matrix in table 6 there exists significant correlations at 0.05 levels between profrat with eqat and tfata with correlation values of 0.3756 and 0.2187 respectively, and a significant inverse correlation with ta of -0.512 value. A significant positive correlation exists between tdta and tfata with values of 0.3811 and 0.1632, and a significant inverse correlation with ta with 0.0388. eqat and ta have an inverse and significant correlation of -0.5612. The correlation coefficient between tfata and ta is 0.0989.

Summary of Regression Results

The Hausman test which indicates that a given application is correlated with the explanatory variable showed that the result was fixed effect with coefficient of p -value 0.05 ($p < 0.05$).

The summary of regression results for fixed effects is explained in table 7 as follows:

Table 7: Summary of regression results

	Coefficients	T	P>[t]
Constant	.209813		
tdta	.1322944	2.95	0.004
eqat	.2674979	3.11	0.002
tfata	.1148852	1.16	0.248
ta	-.01724	-0.74	0.461
R ²	0.2801		
F Stat	10.94		
Prob > F	0.0000		

Source: STATA version 13.0, output generated from secondary data

From the summary of regression results, the R² value is 0.2801 indicating that only 28.01% of the independent variables are explained in the dependent variable. Substituting the coefficients of the variables into the regression equation:

$$\text{profrat}_{it} = a + \beta_1(\text{tdta})_{it} + \beta_2(\text{eqat})_{it} + \beta_3(\text{tfata})_{it} + \beta_4(\text{ta})_{it} + \varepsilon$$

Reveals the following:

$$\text{profrat} = .209813 + .1322944\text{tdta} + .2674979\text{eqat} + .1148852\text{tfata} - .01724\text{ta}$$

From the results a 1% increase in the dependent variable will result to an increase in 13.229% in tdta, 26.74% in eqat, and 11.488% in tfata. A 1% increase in the dependent variable will lead to a drop of 1.72% in ta.

Discussions and Conclusion

Test of Hypothesis

Decision rule

The decision rule is that if $p < 0.05$ and t-value is > 1.96 we reject the null hypothesis, otherwise we fail to reject the null hypothesis

Test of Hypothesis One

Total debt has no effect on the financial performance of companies in Nigeria

From the summary of results, the p value is 0.004 ($0.004 < 0.05$) and t-value is 2.95 ($2.95 > 1.96$). We reject the null hypothesis and conclude that total debt-to-total assets have an effect on

financial performance of companies in Nigeria. The outcome of the hypothesis provided evidence in support of total debt-to-total assets as a determinant factor of financial performance of companies in Nigeria. The results conform to the a priori expectation of the study where a positive relationship was expected.

Test of Hypothesis Two

There is no significant effect of equity on the financial performance of companies in Nigeria. From the summary of results, the p value is 0.002 ($0.002 < 0.05$) and t -value is 3.11 ($3.11 > 1.96$). We reject the null hypothesis and conclude that equity has an effect on financial performance of companies in Nigeria. The outcome of the hypothesis provided evidence in support of equity as a determinant factor of financial performance of companies in Nigeria. The results conform to the a priori expectation of the study where a positive relationship was expected between equity and financial performance of companies in Nigeria.

Test of Hypothesis Three

Fixed assets have no significant effect on the financial performance of companies in Nigeria. From the summary of regression result, the p value is 0.248 ($0.248 > 0.05$) and t -value is 1.16 ($1.16 < 1.96$). We fail to reject the null hypothesis and conclude that fixed assets-to-total assets have no significant impact on market value of quoted non-financial firms in Nigeria. The outcome of this hypothesis did not provide evidence in support of total fixed assets as a determinant factor on financial performance of quoted non-financial firms in Nigeria. This result did not conform to the a priori expectation of the study.

Test of Hypothesis Four

Total assets have no significant effect on the financial performance of companies in Nigeria

From the summary of regression result, the p value is 0.461 ($0.461 > 0.05$) and t -value is -0.74 ($-0.74 < 1.96$). We fail to reject the null hypothesis and conclude that total assets have no significant effect on the financial performance of quoted non-financial firms in Nigeria. The outcome of this hypothesis did not provide evidence in support of total assets as a determinant factor on financial performance of quoted non-financial firms in Nigeria. This result did not conform to the a priori expectation of the study.

In conclusion, the results showed that total debt-to-total assets have an effect on financial performance of companies in Nigeria, equity has an effect on financial performance of companies in Nigeria, fixed assets-to-total assets have no significant impact on market value of quoted non-financial firms in Nigeria, and total assets have no significant effect on the financial performance of quoted non-financial firms in Nigeria.

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. pwcorr profrat tdta eqat tfata fs, star (0.05) sig

	profrat	tdta	eqat	tfata	fs
profrat	1.0000				
tdta	0.3408* 0.0000	1.0000			
eqat	0.3756* 0.0000	0.3811* 0.0000	1.0000		
tfata	0.2187* 0.0026	0.1632* 0.0256	0.3368* 0.0000	1.0000	
fs	-0.1512* 0.0388	-0.1780* 0.0148	-0.5612* 0.0000	0.0989 0.1783	1.0000

. reg profrat tdta eqat tfata fs

Source	SS	df	MS	Number of obs =	187
Model	1.96240813	4	.490602033	F(4, 182) =	11.08
Residual	8.06100722	182	.044291248	Prob > F =	0.0000
Total	10.0234153	186	.05388933	R-squared =	0.1958
				Adj R-squared =	0.1781
				Root MSE =	.21045

profrat	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
tdta	.1136909	.0361955	3.14	0.002	.0422742 .1851076
eqat	.2098966	.0705294	2.98	0.003	.0707362 .3490569
tfata	.0688027	.0638669	1.08	0.283	-.057212 .1948175
fs	.0054146	.0114909	0.47	0.638	-.0172579 .028087
_cons	-.1036746	.1856595	-0.56	0.577	-.4699965 .2626472

. vif

Variable	VIF	1/VIF
eqat	2.07	0.482659
fs	1.69	0.590839
tfata	1.31	0.765137
tdta	1.17	0.852357
Mean VIF	1.56	

. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance
Variables: fitted values of profrat

chi2(1) = 369.42
Prob > chi2 = 0.0000

. xtset id yr, year

panel variable: id (strongly balanced)
time variable: yr, 2004 to 2014
delta: 1 year

. rename yr year

. xtreg profrat tdta eqat tfata fs, fe

```
Fixed-effects (within) regression
Group variable: id
Number of obs   =   187
Number of groups =   17

R-sq:  within = 0.2087
       between = 0.2801
       overall = 0.1825

Obs per group: min =   11
               avg  =  11.0
               max  =   11

corr(u_i, Xb) = -0.5085
F(4,166)      =   10.94
Prob > F      =   0.0000
```

profrat	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
tdta	.1322944	.0449106	2.95	0.004	.0436248	.220964
eqat	.2674979	.0859422	3.11	0.002	.0978174	.4371785
tfata	.1148852	.0990019	1.16	0.248	-.08058	.3103505
fs	-.01724	.0233332	-0.74	0.461	-.063308	.028828
_cons	.2098813	.4008723	0.52	0.601	-.5815841	1.001347
sigma_u	.10216114					
sigma_e	.20287258					
rho	.20228827	(fraction of variance due to u_i)				

F test that all u_i=0: F(16, 166) = 1.87 Prob > F = 0.0269

. xtreg profrat tdta eqat tfata fs, re

```
Random-effects GLS regression
Group variable: id
Number of obs   =   187
Number of groups =   17

R-sq:  within = 0.2037
       between = 0.3286
       overall = 0.1954

Obs per group: min =   11
               avg  =  11.0
               max  =   11

corr(u_i, X) = 0 (assumed)
Wald chi2(4)  =   43.83
Prob > chi2   =   0.0000
```

profrat	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
tdta	.1221089	.0381538	3.20	0.001	.0473288	.1968889
eqat	.2303236	.0739101	3.12	0.002	.0854625	.3751848
tfata	.0717988	.0706628	1.02	0.310	-.0666977	.2102952
fs	.0032796	.0132973	0.25	0.805	-.0227825	.0293418
_cons	-.0816369	.2182359	-0.37	0.708	-.5093714	.3460976
sigma_u	.05312929					
sigma_e	.20287258					
rho	.06418193	(fraction of variance due to u_i)				

```
. est store fixed
. est store random
. hausman fixed random
```

Note: the rank of the differenced variance matrix (0) does not equal the number of coefficients being tested (4); be sure this is what you expect, or there may be problems computing the test. Examine the output of your estimators for anything unexpected and possibly consider scaling your variables so that the coefficients are on a similar scale.

	Coefficients		(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
	(b) fixed	(B) random		
tdta	.1221089	.1221089	0	0
eqat	.2303236	.2303236	0	0
tfata	.0717988	.0717988	0	0
fs	.0032796	.0032796	0	0

b = consistent under Ho and Ha; obtained from xtreg
 B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

```
chi2(0) = (b-B)'[(V_b-V_B)^(-1)](b-B)
         = 0.00
Prob>chi2 = .
(V_b-V_B is not positive definite)
```

Recent developments in consumer protection in online channel context

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Keywords

consumer protection, geo-blocking, on-line retailing, regulation.

Abstract

More and more consumers are looking for inclusion in online processes to meet the needs and fulfill their desires. The online channel opens up new opportunities for innovation in communication among people, and this has a significant impact on lifestyle changes, especially in shopping. A large number of consumers who are delighted and buy online regularly and feel safe, however, is also a great proportion of those who experiment, test the capabilities, reliability and security of the channel. It should not be neglected by a large number of consumers who do not use it, but this number decreases. Online search and purchasing has the advantages and disadvantages that depend on the attractiveness of this channel and its future. The purpose of the paper is to make a critical review of recent changes in consumer protection regulation in the context of online retailing. Numerous disadvantages of Internet retailing are removed by regulation (e.g. cost of partial delivery, geo-blocking etc.) to protect the consumer and increase online sales, however, regulation is increasingly tighter for retailers, as it has obviously been shown to have a positive impact on increasing the number of online customers. In the multitude of documents that the European Commission has been publishing so far and which is constantly developing on the issue of consumer market position, in the context of this paper, those relating to the protection of consumers' position in online purchasing will be outlined in order to give practical guidance for retail management.

Introduction

Adapting consumer market to the digital arena is one of ten strategic goals of the European Commission. To make that possible it has adopted the Digital Single Market general strategy. Civic Consulting estimates for the European Commission that European consumers may save around 11.7 billion euros each year thanks to the larger offer and lower prices offered through online channel (Civic Consulting & European Commission, 2011). Electronic commerce had a share of 7.2% in total retail sales realized in 2014 within EU, while in the United States it reached 11.6%.

In the past decade, a large increase happens in the proportion of consumers purchasing online, from 21% in 2005 to 50% in 2015. Transactions frequency also have increased. In the Union area, only 4 out of 10 retailers provide online sales service. The term online in regulation context includes any type of software, such as websites and mobile applications, which is managed by trader or managed in a trader account, through which goods and services are made available so that a commercial transaction with the customer can be carried out.

The general problem is a weak cross-border online purchase. According to the latest data, in 2015, only 15% of consumers made online purchases outside their domestic market, while 47% made purchases exclusively in-home country. Over two-thirds of online sales revenue comes from domestic customers from a country where a retailer is registered. Therefore, it is estimated that there is a large unexploited capacity of the electronic retail channel. There are three main measures to strengthen the channel's attractiveness: put geo-blocking out of action, greater transparency of parcel delivery prices and uniformity of the rules for contracting online consumer relationships or in other

words the same set of key contract law rules. An overview of the current measures is shown in Table 1.

Table 1. New guidelines in consumer policy to remove barriers and the development of online commerce in the EU.

Better online access to goods and services	Building trust for consumers and providing greater certainty	Reducing transactions costs and administrative burden
Ban unjustified geo-blocking Equal and stronger enforcement of rules across the EU Lower cross-border delivery prices	Lower cross-border delivery prices Facilitate payment methods Common contract rules Equal and stronger enforcement of rules across the EU Guidance of Unfair Commercial Practices	Reduce VAT burden Reduce costs of fragmented contract rules Lower cross-border delivery prices

Source: European Commission (2016) COM (2016) 320: *A comprehensive approach to stimulating cross-border e-Commerce for Europe's citizens and businesses*

The survey shows that only 37% of European retailers have online operations, and only 12% provide cross-border transactions. Traders also emphasize the reasons why they are unwilling to sell through electronic channels, so 57% of them explain that shipping costs reduce their price competitiveness, claiming high costs of warranty and goods return, and almost 54% of them claim they do not know enough about terms and conditions they must comply when they sell abroad. The diversity of contractual laws among members makes it difficult for retailers and operators to deal with and also how to manage the return in the case of dysfunctional or defective products.

According to the current regulation, consumers opting for online shopping from another member state are protected by the rights that apply to the retailer origin country, however, the new proposal for consumer regulation in cross-border transactions would enjoy rights in their home country. There are obviously two directives that will regulate the area of electronic commerce in the future: a) Directive on certain aspects concerning contracts for the supply of digital content and b) Directive on certain aspects concerning contracts for the online and other distance sales of goods. Selected directives would require a much more detailed and comprehensive system of incursion into national legislation. Full alignment will eliminate the fragmentation of contractual consumer rights linked to online commerce between states, thereby reducing existing barriers for traders.

From the beginning of 2015, the so-called "Mini One Stop Shop (MOSS) started. This is a new process of taxation of the provision of digital VAT services where telecommunication and electronic service providers are obliged to calculate VAT to the business or end-user service at the rate applied in the country of the customer regardless of where the service provider is based. If the online retailer from Croatia sells the software or video game to the final customer in Hungary, then the 27% VAT rate in the retail price must be included in the retail price in Hungary. Similarly, if a Croatian customer purchases from a German online merchant a subscription to a TV channel then the German retailer at a retail price is obliged to include a 25% VAT rate.

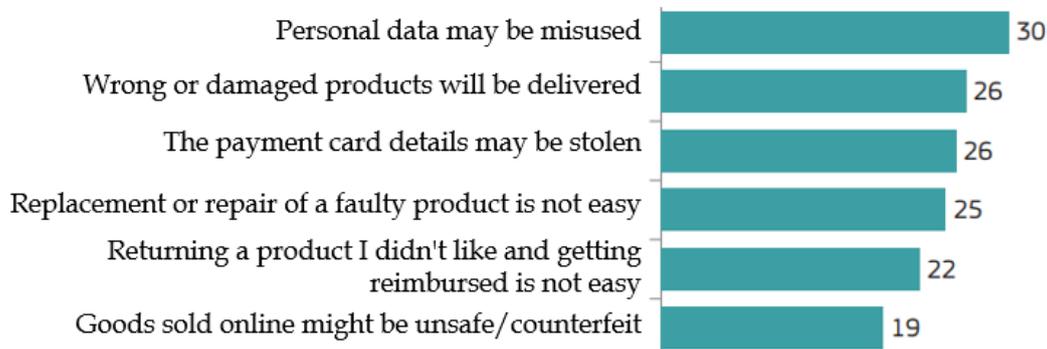
Consumer trust in online shopping

The lack of consumer trust and confidence in online shopping shows data from the survey run in 2014, where 61% of consumers feel safe if they shop at a webshop in their home country, but only every third feels safe while buying from an online retailer in another country. Consumers are stimulated to use on line channel because they can order at any time (49% of respondents) and that gives them a better use of their own available time (42%). The price search option (49%) or the bar at a price comparison (37%) gives this channel the advantage over the other (Deloitte & ECME, 2013). Consumers consider that the choice of goods online is often broader and more attractive (36%), and some products can only be ordered online (25%). What brings value to consumers is also evaluation tools, exchange of recommendations and criticisms (21%) as well as ease of price comparison (20%).

The main factors that negatively affect consumer confidence are described in Graph 1. Obviously, misuse of personal data is the most common obstacle (30% of respondents indicated this as a reason). Consumers are not sure to what extent disclosure of personal data when ordering may compromise their social, financial and physical security.

The largest trust and confidence in online transactions exist among consumers in Denmark, Austria, Great Britain, Sweden, Ireland and the Netherlands, while Croatia and Bulgaria record the lowest confidence index in the online trade of goods and services. This area is not exception, because Croatia has poor performance in other areas of consumer policy too. Online retailers' survey in Croatia reveal that 60% of them are satisfied and have confidence in online sales of goods.

Graph 1. Main concerns about buying online in own country, EU-28, 2015.



Source: European Commission, (2015a).

Multivariate correlation analysis reveals that the segment of customers searching the internet every day shows the greatest trust in the online channel (European Commission, (2015a)). Those who have financial difficulties are not prone to online shopping. It is also possible to distinguish the expected information that populations older than 65 show the least confidence for online, while the group between 25-34 years of age has the highest confidence.

Consumers who do not exercise the right or do not know they have it, are actually waiver. To be fully acquainted with his rights, the average visitor is expected to read and understand the terms of use. This often takes a lot of time and is not in line with the aspiration of quick information search on the internet, so that visitors agree to terms on "blind". One study shows the average consumer in one year of surfing needs about 250 hours a year, which would turn 33 days, to actually read the Privacy Statement required by the websites he visits.

Regulatory reform in the sale of goods on the Internet

The aim of the new Directive on certain aspects of the sale of goods on the Internet and other remote-on-demand goods is to further remove barriers to online trade that are linked to consumer contract law and to assist in establishing a truly unique digital market in favor of retailers and consumers (European Commission, 2016b). It seeks to provide a better harmonized regulatory framework at Union level to create more affordable conditions for traders who plan to sell their goods in other Member States. Today, retailers often block online access so that they do not have to make efforts to tailor contractual relations with consumers that are regulated by different regulations from country to country. According to the new rules, retailers will no longer be faced with different consumer contract laws, but the key rules for online sales of goods and digital content downloads will be valid for everyone.

In the new regulatory framework, the most important aspect is removing the burden of proof. For example, if a Croatian consumer finds out that the product she bought online more than six months ago has become dysfunctional and if she asks the retailer to repair or replace it, she would have to prove that there was a shortage at the time of delivery. Under the new rules (European Commission, 2015a) the consumer will be entitled to a refund throughout the prescribed two-year guarantee term without the need to prove the existence of a shortage of delivery.

As a part of the new rules for online sale of digital content (software, video, music, video games, text content), the retailer is obliged to indicate to the consumer the interoperability of digital content with computer or software equipment for which the retailer knows or ought to know. In addition, there is an obligation to inform about the functionality of digital content, copyright restrictions, and the use of technical measures that may affect use (e.g., the term of the right to use). For example, a customer who is paying and downloading a video game that does not work immediately after installation can claim damages immediately, however, the trader in such a situation usually does not return the money but offers a discount on next purchase. Under the new rules, the consumer will be able to seek a solution to the problem, and if the trader fails to resolve it, he / she is obliged to offer the consumer the termination of the contract and return the entire amount.

Logistics of physical delivery of goods ordered over the Internet is a key element of the growth of electronic commerce. Delivery services offered by online retailers are one of the key factors that affect the consumer's decision to make purchases. Among the key barriers to the functioning of electronic commerce between consumers and retailers is the delivery and return of goods. Consumers are often not sufficiently familiar with the delivery opportunities, when and how their package can be delivered and how they can get it back if they want. Consumers are dissatisfied with the long delivery period and lack of information on the delivery process. The views expressed were that the prices of cross-border delivery delivered to rural or remote areas were too high. They complain about the delivery of the damaged products or their products, and the delivery of the wrong products. Often, they are not familiar with the available complaint and legal protection mechanisms in case of a problem (Copenhagen Economics, 2013).

Online retailers, especially those with low negotiating power, may have little impact on the price of delivery services that are potentially available to them and are limited in their choice and availability of quality and affordable delivery solutions (e.g. search and tracking functions, flexible delivery options for so-called "last mile delivery", etc.). Online or multichannel retailers work under time pressure. The success of their business depends on the capabilities of the postal and courier delivery sector that is required to deliver at a low price and in a practical way. Small online retailers cannot look for substantial discounts on logistics providers and ask for more convenient delivery options available. At the same time, they do not have the ability to invest in their own delivery network. In an environment based on volume economics, they hardly compete with big retailers.

The Consumer Rights Directive in 2011 created the first step in removing barriers to hidden costs and price transparency in online purchases, then greater rights to repatriation were regulated, and obligations to inform the trader about the costs of buying back purchases in case of a waiver.

Pre-contractual notices and obligations of online retailers

Providing clear information and notices can help users make informed choices. The research shows that users are more than limited when they need to collect and process the information retailers provide. Sales conditions are sometimes unclear and completely understandable so that they appear to have been written for lawyers rather than average consumers. Even adopting the notice to average consumer becomes ineffective enough for consumers with weaker and slower information processing capabilities. It can help visual and audio clips that can be embedded in the text.

The retailer is obliged under regulation to respect the special rights of consumers pertaining to online channel. The underlying obligation of a retailer is to place an overriding notice on the webshop page where he provides important information prior to the conclusion of the distance contract or before being advertised with the appropriate offer. The law determines which information is to be provided to the consumer in a clear and understandable way. This information affects the bringing of purchase decision. In practice, such a pre/contractual notification commonly summarizes:

basic retailer registration data,
a notice of goods or services,

retail price,
method of payment,
terms and conditions of delivery,
the way of treating consumer privacy,
the process of filing and solving consumer complaints,
warranty and service,
contract duration,
notice of consumer rights and conditions for a one-off termination of a contract concluded at a distance, often accompanied by a one-off termination contract.

By confirming the order of the e-basket and by accepting the general terms and conditions of trading it is considered that a distance contract has been concluded between the retailer and the consumer if all the conditions provided by the law are met. Timely and orderly information should ensure rational and informed consumer decision on the contract that she enters into.

At the webshop, the retailer is obliged to indicate the total price of the goods and services including VAT. All possible additional costs, such as shipping costs, must be highlighted separately. Costs that occur later, after the checkout, the buyer is not required to settle. Online retailer and customer, according to the law, make a distance contract by online purchases. In such a contract, the consumer has the right to cancel the purchase within 14 days from the day he took over the package with the goods. This means that a consumer has the right to terminate a sales or service contract concluded online without giving any special explanation during that period. If merchandise is in place, consumer is obliged to return the undamaged goods to the retailer's address and the retailer is obliged to return the entire amount paid by the customer for the returned goods. It is the obligation of online retailer to inform the consumer before purchasing his / her right to a one-off termination and the right to a refund if it assesses that the goods / services are not in line with the expectations. The retailer is forbidden to point this consumer right for marketing purposes to attract the customer. There is an additional obligation for the trader to publish a unique one-off termination form unique to the EU market and which consumer has to fill prior returning the goods.

The second common misconception with consumers is related to the cost of goods return. The retailer is obliged in the contract notice to clearly indicate how the consumer can return the goods and who will incur the cost. If the trader does not accurately give this information in the foreword notice, this means that he or she will bear the expense.

If a button on the screen or similar function has to be activated for the order, that field on the screen or similar function must be marked in an easily visible manner with the words "payment order" or similar unambiguous statement explaining that the order includes a payment obligation. At the beginning of the ordering process, the retailer's web pages must clearly and unambiguously indicate whether there are certain limitations on the delivery and what means of payment are acceptable.

One of the reasons why consumers and smaller businesses do not participate in cross-border transactions to a greater extent is that the rules that apply to these transactions may be intricate and vague and may differ. Having 28 different national laws on consumer protection and the same number of different contractual rights, it discourages businesses from cross-border trade and disables consumers to take advantage of the full range of online offers and to choose more competitively between them.

Blocking online shopping by geo-blocking

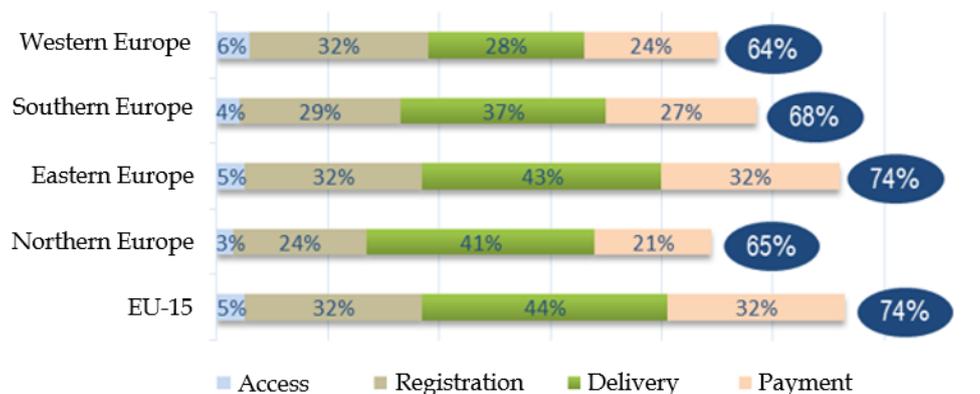
Consumers are encouraged to cross-border on-line shopping, however, there are online retailers that set certain information and transaction limits for consumers outside the home market. They thus refuse to sell goods or to adjust the terms of sale to a consumer visiting web shop from another country. The representation of these constraints based on geographical location and affiliation is investigated by mystery shopping, with the latest 2015 results of 10,296 web shops showing that only 37% of cross-border online attempts were successful until the last step, while

others were blocked when accessed or at some stage of the order process (European Commission & GfK, 2016). There are reasons why retailers block: differences in contract law between countries, different VAT calculation, obstacles in distribution channels for cross-border delivery of goods, etc. (European Commission, 2016c). Despite these reasons, the regulator's position is that most of the blocked cases are not justified, therefore a new Regulation (European Commission, 2016g) is proposed in this field.

The survey done for European Commission (2016f) reveals that only 8% of web shops allow to start shopping without prior registration, so every nine out of ten require previous registration. In such a way, the goal is to collect data on e-mail address, phone number, payment method, and in 14% of cases, activation via e-mail was also requested. Although there are several types of geo-blocking, most often, when registering or confirming an order, appears in the form of an unacceptable input of address of the delivery of goods or services (for example, in 20% of cases of a tourist service order from another country is blocked).

Geo-blocking refers to the practice of online traders that creates the effect of refusing access to a webshop from another country. This includes situations where the shopper has access to the search but cannot access the payment system or to select the delivery address. Geo-blocking occurs even when the shopper due to the location is not entitled to lower prices or more favorable sales conditions in comparison with customers from other countries. The regulator's goal is to reduce the representation of geo-blocking in practice by limiting the behavior of online retailers put a special regulation into force.

Graph 2. Geo-blocking prevalence at different stages of the online shopping process by shoppers' EU region.



Source: European Commission & GfK (2016).

Graph 2 shows the structure of representation of a particular form of geo-blocking in relation to the region where the shopper comes from. Mystery shopping shows that the majority of visitors from Eastern European countries were blocked (up 74%) while intending to buy from other countries. It can be concluded that geo-blocking is most noticeable at the delivery stage (when entering delivery address). Thus, 27% of shoppers from Southern Europe were stopped at the final payment stage, 37% visitors were blocked at one of the delivery stages, and some at the registration stage.

Another important change concerns the regulatory ban on blocking access to the webshop and automatic redirection without prior consent of the visitor. In the present practice the retailer could block access to the visitor who visit the same retailer's website in another country where prices and conditions might be more favorable. For example, despite the fact that the customer intends to visit the Italian webshop (in the Italian domain), the system automatically redirects it to the Croatian version. By introducing a new regulation, the redemption requirement will be customer consent, and even if the visitor agrees to redirect to the second page, the access to the original page he / she intends to visit must be enabled.

The third change is related to online payment methods. Although the retailer will still be able to decide independently on what payment methods are acceptable to the webshop, it will not be

permitted to discriminate between these accepted forms of payment due to the location where the financial online payment service provider is located. A retailer will be prohibited from blocking the payment if these three conditions are met: a) the customer is paying in a currency acceptable to the retailer (e.g. EUR); b) if a retailer applies a high level of payment authorization (e.g. PayPal); and c) if payment is suitable in electronic fashion (such as a card payment).

The Services Directive (2006/123 / EC) already stipulates that access conditions to the service, which are made available to the general public by the provider, must not contain discriminatory provisions regarding the nationality or place of residence of the recipient. However, in practice, no trader has been sanctioned because it violated this rule, which means that the measure was not effective.

It should be made clear that the new regulation does not impose an obligation on the online trader to sell goods and services to his webshop on the entire European market, but only more precisely defines when and in what situations the discrimination and rejection of the visitor based on the location where they live and the nationality will not be allowed. By the new geo-blocking regulation regulator does not interfere with the level and price formation. Online retailers will still be able to offer goods and services at different prices in different countries to attract customers from these countries. It is important to enable consumers to buy also under the terms that have domestic buyers in the country from which the online retailer comes.

New regulation of the supply of goods purchased online

In order to build consumer confidence in online trade, it is important to ensure affordable prices and high-quality parcel delivery service that does not significantly differ among countries (a parcel is considered to be an object not exceeding 31.5 Kg, with the smallest dimension exceeds 20mm). Lower and near uniform prices of cross-border package delivery would increase the attractiveness of online shopping (European Commission, 2013). The lack of transparency in shipping pricing makes it difficult for traders to guarantee their customers the cost of delivery to other countries (Copenhagen Economics, 2013). Thus, sending the same package from the Netherlands to Spain stands for EUR 13, and in the reverse direction EUR 32. The regulator aims to introduce control over the prices of postal delivery packages and ensure their greater transparency for traders and consumers.

Consumers of goods purchased over the Internet often do not know which delivery options are available to them, when and how they can get their package and how to get it back if they want to. They complain about the long delivery period and the lack of information about the delivery procedure. There were also frequent views that the prices of cross-border delivery and delivery to rural or remote areas are too high. They complain that they are being delivered damaged products or they are not delivered to the products at all and deliver the wrong products.

Postal operators with more than 50 employees and who have operations in two or more countries will be obliged to send to the national regulatory body the basic information about their operations (the volume of shipments, traffic and movement of employees). The second measure is the public announcement of basic services prices (e.g. sending a package of 2 Kg). This is to provide online retailers with better access to information. It is important that they can be easily informed about the essential features of various delivery options (primarily information on the delivery period, tracking options, and various delivery options for the so-called last mile, delivery and return tariffs) and related tariffs.

Under such new regulatory conditions, a number of criteria is taken into account in order to determine the objective price of cross-border deliveries: domestic freight rates, distance of destinations, term remuneration (charges for transferring responsibility to another operator in another country), costs transportation and handling and quantity of consignments. Such a regulatory model will mostly affect small online retailers who cannot agree on better terms with major players, ultimately negatively reflecting their price competitiveness. By introducing supervision and transparency of the delivery price of the EU-level shipping service, a more competitive package

distribution market was created, which could stimulate online traffic by 4.3% and increase the number of online retailers by 6.2%.

Favorable and high-quality cross-border delivery services can build consumer confidence in cross-border retail sales over the internet. Stakeholders are concerned with the lack of transparency, excessive costs for small consignments and the lack of compliance among the various operators commonly involved in the delivery of cross-border shipments. All these are sources of impracticality for the consumer. Amongst companies currently not selling over the internet but intended to that soon, 62% of them suggesting that the problem is too expensive to deliver. It is estimated that the above-mentioned tariffs for cross-border delivery charged by national postal operators are two to five times more than domestic prices.

The price dynamics of online shopping

Dynamic prices of goods and services have become a common way of attracting customers. Prices at the webshop are constantly changing depending on the offer and demand, but also depending on the weather forecast, the day of the week, the offer of the competition etc. Despite the frequent changes, all the shopkeepers at one point offer the same price for a particular product or service. For example, there are cases where the product in one day changes the online price several times.

The second price technique, commonly practiced in online retailing, is to set personalized prices according to shopper's features. This means that the same goods are offered to different customers at a different customized price. The buyer who needs to attract and encourage the purchase will be offered at a lower price. The software that manages the webshop can differentiate the cost of cookie information stored on a visitor's computer, identifying the device through which the visitor accesses the site (mobile device or computer), or depending on the location from which it is accessed (zip code or IP address). In reality, it is not easy to come up with individual price examples because traders are cautious in using price differentiation and sensitive price setting because they are responding to negative customer reactions that might be considered unfair to sell.

Shoppers using online search tools and price comparison to find the best bidder are considered to be price-sensitive buyers (80% compare prices, and only 8% searches for ratings and opinions). Thus, a visitor who has been redirected to the webshop by the comparison platform is likely to be more sensitive than the one who visits the webshop directly (European Commission, 2016e). This is a prerequisite because some studies show that the price for such visitors decreased by up to 25% compared to the price offered to direct webshop visitors.

The online price dynamics and the individual price setting at the webshop are not limited and prohibited by regulations. However, it is important to inform the visitor with the way the price is determined i.e. the Consumer Rights Directive requires the trader to inform if the price is individually set up or if the mechanism of automatic dynamic pricing is used by the online platform depending on the features of the visitor. It is in fact the necessity of informing the shopper of the criteria according to which the price level is formed, for example, according to the information of other pages, location, IP address, access device, shopping history, etc. In this context it is clear that sensitive and data for which exploitation trader should seek consent. Part of this security mechanism is providing information on how the website uses cookies to track visits.

Ranking of bids on online platforms

Consumers on the Internet are so exposed to numerous bids that often make it difficult for them to make the right choices about choosing and purchasing. For this reason, they seek ways to better compare offers and facilitate the decision-making process. Comparison tools can encourage consumers and increase market transparency (Boom, 2011), and are therefore a very sensitive issue that links many of the examples of unfair business practices (European Commission, 2015b).

For example, if a visitor considers a touristic arrangement at booking.com and with the offer it comes up with the information "there are only two rooms available" - does this mean: a) that the observed hotel has only two more rooms in that term; b) to offer only two more rooms at this price; c)

that only so many other agents are still available through this website; or something else? Such information acts confusing to visitors and certainly puts pressure on the visitor to shorten the time to make the decision.

Platforms can be described as business models emerging in a digital economy such as search engines (Google, Yahoo), social networks (Facebook, Twitter), rating (TripAdvisor), comparison of bids (booking.com, trivago.com), Collaborative (Uber), Marketplaces (Amazon, Ebay, Sniffer) and other online product and price comparison platforms. They altogether should contribute to strengthening the transparency of the offer so that customers can easily reach lower prices, but in practice they do not always achieve that goal because they are under the influence of commercial platform-led operators and traders whose products and services displayed on those websites (European Commission, 2016a). Some sites apply business models based on commercial conditions, so they actually show visitors misleading information about what is more beneficial. There are several such business models that break neutrality such as fee per click, pay per order, commission and promotion. Promotion payment usually appears as a reason for high positioning of products / services.

In a court case in 2015, where the hotel sued the rating platform operator who revealed the customer's critique as a "hotel room at a hotel price of 37 euros per night," the German court granted to the operator because it estimated that the role the platform is neutral and the operator's responsibility lies only in the part to make the allegations. Online platforms mediate between traders and consumers, and if, according to jurisprudence, the consumer creates the impression that the platform sells goods or services then the platform operator will be responsible for solving problems and returning merchandise as this is a result of misleading business practices.

Advertising and the results of the sponsored bid ranking must be visually separate from the original comparison. You must clearly enable the selection of ranking criteria. Consumers must be clearly informed about the relationship between the trader and the operator that manages the platform and must be allowed to choose a fair comparison and ranking method on the platform. In order to move away from unfair business practices, the platform operator should be notified if there are proprietary relationships between platform operators and traders whose merchandise or services are compared (on the FAQ page or "About Us"). If the bids are valued at the price, then the final retail price must be taken into account. Given that platforms often do not provide additional information on shipping costs, it would be useful to invest effort in collecting at standard delivery costs.

Comparison tools are expected to be neutral and objective in providing information and ranking bids or, if not, to provide true information to the user if there are other conditions to promote the position of the merchandise and services on the scale (European Commission, 2016e). Hiding these other conditions by ranking are deceiving consumers and losing their trust because positioning is not in their interest. When such impressions of consumers expand, a negative impact on the economy and on-line trade as a whole is created.

All criteria and commercial relationships that create deviation of the online platform and thus harm the economic interests of consumers, must be appropriately revealed to the visitor (i.e. easily accessible). Therefore, providers of these online services are required to indicate the criteria for ranking the bids because it affects the decision-making process. There are cases in practice where an operator discretely denies criticism and gives preference to the evaluation of goods or services, which is an act from a list of unfair business practices (European Commission, 2016d). An example is consumer persuasion as a user rating (customer rating) and is actually a false recommendation associated with the promotion. Such sponsored ratings should not be included either in the aggregate number of reviews highlighted in the offer of goods.

Dispute resolution from online shopping

The regulation is trying to strengthen B2C trade by removing as many obstacles as consumers face in online shopping. One of the obstacles is finding alternative out-of-court solutions to their disputes arising in cross-border online transactions, as well as disputes with national traders.

By adopting the Directive on Alternative Dispute Resolution mitigating circumstances were created for consumers who buy online in other countries. This instrument brings something important to Internet retailing, which is the introduction of an online platform for dealing with complaints and disputes arising in this channel (online dispute resolution, ODR). Submitting complaints and resolving disputes through a newly developed interactive web platform would help consumers deal with problems arise between them and traders after purchasing goods and services.

Conclusion

Online retailers are faced with the implementation of the more sophisticated regulation and supervision of activities related to the online trade of merchandize and services, including the regulation of parcel delivery. It is planned to expand the way consumers submit complaints and a new way to resolve cross-border consumer disputes online. It is proposed to remove barriers and equalize contractual rights in online shopping so there will be no problem if the buyer rely on his national contract law. Guidelines are provided on how to remove the features of unfair business practices on web shops, price comparison platforms, and other processes such as the delivery of goods and the download of digital content.

The emergence of new business models in the digital economy is opening up new opportunities for e-commerce growth, but also the emergence of some that are not allowed, which will all affect the position and protection of consumers. The trader's definition will soon change under such conditions as the internet allows individual online trading with resources that is more economical and seriously competing with companies.

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Physician Assisted Suicide Tourism – A Future Global Business Phenomenon

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Assisted Suicide, Tourism, Euthanasia, right to die, Dignity

Abstract

Death or suicide tourism has formed a dedicated market for itself which make people travel distances to commit suicide by themselves or to pay a visit to medical experts to plan a structured exit procedure from life. Assisted suicide (AS) tourism is a niche sector tourism involving a tour conducted by an individual to a destination seeking physician assistance to end life with dignity. This phenomenon is gaining momentum globally due to rapid legalisation of euthanasia and social activists enforcing right to die with dignity, in various nations. The paper is thereby not a debate about whether AS is responsible or morally good, neither is it an attempt to enforce the pros of AS. Rather, it is a simple prediction of the fact that increased demand, savings in the cost of continuing artificial life support of a terminally ill patient and the revenue that can be generated from AS hold true possibility of it being legalized in various countries, which will see the advent of assisted suicide tourism from the countries that have not legalised euthanasia yet. With an estimated generation of fifty-one million Euros annual revenue from AS on the supply side, matched with the increasing need to live and die with dignity on the demand side, option to legally end one's life with ease would soon become a tourism-business phenomenon.

Introduction

Attitudes and perceptions towards death have evolved over time, which sets us in the pursuit to discover how death experiences in the modern world are delineating itself into a separate genre of business. This business in turn forms the core of suicide tourism which is only a small part of the larger classification of tourism called Thana Tourism or Dark Tourism (Korstanje & Ivanov, 2012). Foley and Lennon (1996) were pioneers in labelling the peculiar phenomenon of tourists visiting the sites of famous death scenes, the likes of J.F. Kennedy's assassination spot or Commonwealth War Graves, slavery museums, holocaust sites, dungeons, sites for mass atrocities etc as Thana or Dark Tourism. Recent academic interest has this phenomenon named as *milking the macabre* (Dann 1994), *morbid* (Blom 2000), *black spot* (Rojek 1993) or *grief tourism* (O'Neill 2002). Stone and Sharpley (2008) traced the roots of this death tourism to the times in Rome where people thronged to witness the games of the gladiators. Visitor class interested in experiencing animated scenes of suffering or viewing exhibitions of massacres form the demand side for dark tourism. Dark tourism makes the tourists aware of the causes, sufferings, circumstances and the motives behind death. Although Bauman (1992) points out, that dark tourism orients public with livelihood strategies and Tercier (2005) views consumption of dark tourism vouchsafes individuals to view their own deaths as distant, suicide tourism deals with mortality strategies rather than survival strategies.

Death or suicide tourism has formed a dedicated market for itself which make people travel distances only to jump off a cliff, down the falls or from a bridge or monument, or even to pay a visit to medical experts to plan a structured exit procedure from life. Back in the times of World War II, nearly one thousand four hundred kamikaze pilots were flown to enemy zones as mass suicide mission. The Chiran Peace Museum in Japan stands as testimony to this event. Other places like Golden Gate Bridge in San Francisco, The Gap in Sydney or downtown of New York are some famous suicide spots (Stack and Bowman, 2010). They toured London to record suicide tourism prevalent in

the city. The case of suicide of Ajax in British Museum was cited here. Ajax committed suicide owing to frustrations for not being promoted in the army; the story is well preserved through etchings on a vase and a statue. Even tourists can collect memorabilia of suicide-cultural-artefacts. Suicide tourism, like dark tourism makes people aware of the possible reasons of suicide. The paper concentrates on the latter part of the definition of suicide tourism that is assisted suicide or tourism promoting euthanasia.

The Greek words *eu* – good and *thanatos* – death meaning good death, is the origin of the word euthanasia. This word has come to be used for mercy killing¹. Euthanasia implies the intentional termination of some individual's life often overseen by another. This is in contrast to assisted suicide whereby a physician is responsible for bringing about death of the individual. Euthanasia is segregated by medical practitioners as active and passive (Pal, 2017). Active euthanasia involves the purposeful injection of lethal drugs or other medicated solutions that completes the individual's life cycle. Passive euthanasia denotes the natural death of a person. It is seen as passive euthanasia since for individuals suffering from incurable illness; the doctors only allow time and nature to gradually overcome the life instead of human intervention in the process. Main divide between the two approaches are in the morality of killing someone and allowing someone to die with time (Jecker and Jonson 2007). Globally the governments are striving to weigh the right to live and the right to die in equilibrium, thereby making changes in law to accommodate freedom of death through suicides. Columbia was one of the first countries to have allowed ill patients to end their lives back in 1997². Recently in 2016, California enacted the End of Life Option Act. The Netherlands, Belgium, Luxemburg, Mexico, Switzerland, United Kingdom and United States have liberal policies aiding assisted suicide in the respective countries. Among these countries Belgium is the most liberal with its laws. Not only patients who are terminally ill or have incurable diseases are allowed to opt out of life, but the ones suffering from reasons like depression may choose to die too³.

The Theoretical Framework of the Study

In order to understand the evolutionary changes in the mindset of the people from mercy killing to Euthanasia, it is important to know the historical connotations of the issue, its presence in films, social movements surrounding it and the changing legal framework of countries towards euthanasia.

History of Euthanasia

The earliest use of the word 'euthanasia' was in *De Vita Caesarum-Divas Augustus* (The lives of Caesar – The Deified Augustus)⁴ to describe Augustus Caesar's death, authored by Suetonius, a Roman historian. Euthanasia techniques have been applied to ill patients who have been suffering extreme pain since a prolonged time. In India, patients with incurable diseases were drowned in river Ganges. In ancient Israel, cases of frankincense being used to kill incurable patients have been reported. In Sparta, customs had it to examine each new born male child for signs of disability that would lead to its death. In ancient Greece, poisoned drink was given to terminally ill patients. Plato wrote, "Mentally and physically ill persons should be left to death; they do not have the right to live"⁵.

Euthanasia was prohibited by many ancient societies. Assyrian physicians of Mesopotamia did not practice euthanasia. In Judaism, life was considered to be holy and assumed euthanasia to be equivalent to murder. Physicians objected to euthanasia post the Hippocratic Oath which says, "I shall not administer poison to anyone when asked to do so, nor suggest such a course."⁶

¹ <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia/Default.htm>

² https://en.wikipedia.org/wiki/Legality_of_euthanasia

³ <https://www.healthaim.com/suicide-tourism-top-places-guiding-people-end-life-legally/52823>

⁴ <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia1/Default.htm>

⁵ *ibid*

⁶ https://www.nlm.nih.gov/hmd/greek/greek_oath.html

As religious belief influences large part of the society in ancient times and now, outlook towards euthanasia of various religious groups is to be noted. Islam as a religion opine against euthanasia since human life is considered sacred being created by Allah. So, it is forbidden for a Muslim to plan his own death in advance⁷. In Christianity, Catholic teachings condemn euthanasia. Protestant Christians are relatively liberal on their approach to euthanasia and physician assisted death. There are two Hindu points of view on euthanasia. One view supports euthanasia as it helps to end a life which has been exhausted. In Mahabharata the '*Mahaprasthan*' of Pandavas indicates euthanasia⁸. On the other hand, by aiding to end a life, sin is attracted to oneself. Other religious sects like Jainism, Judaism, Shinto etc hold mixed views on the issue⁹.

The first book named Utopia recommending euthanasia was published by Sir Thomas More (1478-1535). In Prussia, during the 18th Century, law lessening the punishment of a person who kills a patient with an untreatable disease was enacted. In 1828, the earliest American statute explicitly outlawed assisted suicide. The efforts of legalisation of euthanasia began in the USA in the early years of the 20th century. The New York State Medical Association recommended gentle and easy death for terminal patients. Euthanasia was legal in two countries in South America i.e. in Uruguay and Colombia. In 1936, the Voluntary Euthanasia Society was founded in England but in the next year the English Parliament rejected a proposal to legalise euthanasia. In October 1939, during Second World War Hitler undertook a project of mercy killing of the sick and disabled which is known as "Aktion T4". It expanded to older disabled children and adults. After the Second World War the euthanasia movement accelerated through social opinion building, individual efforts and legal interference¹⁰.

Euthanasia in Films

In 1941 a German film "Ich Klage An" or "I accuse" was released under the directorship of Wolfgang Liebeneine where the young wife of a doctor was suffering from multiple sclerosis damaging the nervous system, causing tremendous pain and mental disbalance. The doctor killed his wife by applying excessive dose of medicine. The producer of this film was Joseph Goebbels, famous political leader of Nazi Germany. This film was highly criticised by Protestant and Catholic Christian group¹¹.

In 1948, a film directed by Michel Gordon "An act of murder" released in America, based on the novel 'The mills of God' written by Arust Loather. A lawyer killed his wife suffering from terminal cancer by applying a lethal dose of medicine. His daughter, a law student supported him. The court convicted the lawyer but did not punish him rather asked his confession of guilt. Another American film, "Whose life is it anyway?"¹² directed by John Bradham was released in 1981¹³. It portrayed the battle of a sculptor being paralysed due to an accident who wanted to commit assisted suicide but refused by the court. Other films on similar issues are "Mar Adentro" or "The sea inside" director Alejandro Amenábar, a Spanish film in 2004. "Right to Die?" directed by Oscar winning director John Zaristky in 2008¹⁴. "You don't know Jack" - a television film directed by Barry Levinson on 2010 depicted the life of an American doctor who assisted more than 130 patients in euthanasia with due consent of the relatives of the patients. In 2010, Dignitas, the company famous for assisting suicide tourists for euthanasia produced a documentary film, "The Suicide Tourist"¹⁵.

⁷ https://en.wikipedia.org/wiki/Religious_views_on_euthanasia#cite_note-12

⁸ Mahaprasthanika Parva The Mahabharata, Translated by Kisari Mohan Ganguli, Published by P.C. Roy (1893)

⁹ *ibid*

¹⁰ <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia1/Default.htm>

¹¹ https://en.wikipedia.org/wiki/Ich_klage_an

¹² Pal, 2017, Nishkriti Mrityu O Bharat Page 76

¹³ [https://en.wikipedia.org/wiki/Whose_Life_Is_It_Anyway%3F_\(film\)](https://en.wikipedia.org/wiki/Whose_Life_Is_It_Anyway%3F_(film))

¹⁴ Pal, 2017, Nishkriti Mrityu O Bharat Page 76

¹⁵ Pal, 2017, Nishkriti Mrityu O Bharat Page 77

The first Indian film on euthanasia was released in 2010 was “Guzarish” and directed by Sanjay Leela Bhansali.

In 2011 another documentary film “How to die in Oregon” was released in America (directed by Peter Richardson) who narrated the procedure of euthanasia in the state of Oregon, a province of United States where euthanasia was legalized.

In 2012 Dutch film, “Tot Altijd” or “Time of my life” was released which showed the appeal of a young-man, Mario Verstraete suffering from multiple sclerosis for euthanasia awaiting approval of the Belgium government. The first recorded euthanasia in Belgium took place on 30th September 2002 with Mario Verstraete¹⁶.

Films of similar nature exploring the pros and cons of euthanasia are being released in various countries which enable large mass to know about it and obviously create an opinion for and against the subject resulting in social changes and changing mindsets of the people to accept euthanasia. (Pal, 2017)

Social Movement across the Countries for Legalising Euthanasia and Assisted Suicide

In the later nineteenth century societal dynamics began to favour euthanasia. Darwin’s work and related theories of evolution challenged the existence of God, the creator of life and the one that determined death. The enlightened group of people armed with scientific knowledge and free from superstitious beliefs, started challenging the religious leaders and lawmakers forbidding euthanasia campaigns for the legalisation of euthanasia, are widespread in many countries. Writers, philosophers, novelists started writing in favour of legalising euthanasia. The first popular advocate of active euthanasia in the nineteenth century was a schoolmaster¹⁷. In 1870, Samuel Williams wrote the first paper exploring the concept of medicalised euthanasia. In 1889, the German philosopher Nietzsche advocated for mercy killing of terminally ill patients¹⁸. Same was advocated in a book named “Killing Law”, written by a German lawyer in 1895. After the second half of the 20th century individual efforts of assisted suicide and forming voluntary organisations to help terminal patients to commit suicide were formed. These groups were aware of the legal consequences but did not refrain from their tasks. In 1973, Dr Gertruida Postma received life sentence in the Netherlands for giving her dying mother a lethal injection. The controversy around the case launched the euthanasia movement in the country. The Dutch Voluntary Euthanasia Society launched its members’ aid service in 1975, to advice the dying receiving 25 requests for aid in the initial year.

The Society for the Right to Die with Dignity was formed which consisted of 200 members representing 18 countries¹⁹. India, being a relatively conservative country carrying negative attitude towards euthanasia shown a drastic change in attitude towards it in the new millennium. The country where attempt to suicide was considered as a crime till 2017, passed Passive Euthanasia Bill in the Parliament and Supreme Court of India vouched for it in May 2018. This revolutionary change was possible due to the social movement and prolonged legal battle in the famous case of Aruna Shanbag vs Union of India and others. Aruna was engaged as a junior nurse at King Edward Memorial (KEM) Hospital, Pune, India. She was assaulted by a ward-boy of the same hospital in 1973, while she was changing her attire in the basement. She was attacked with a dog chain and sodomised post the assault. This choked her and the supply of oxygen to her brain was cut off. This caused brain stem contusion injury, cervical cord injury, and cortical blindness ultimately transforming her into a vegetative state. She had to suffer in this exact condition over forty-two years with doctors recommending no scope of improvement. Her relatives abandoned her. KEM hospital had to force feed her through her nose to keep her alive. Pinki Virani, a social activist and author took up the cause and moved the Supreme Court of India that her right to live with dignity has been violated by not allowing her to escape the impoverished life she has been forced to live. Her pleas to

¹⁶ Pal 2017, Nishkriti Mrityu O Bharat Page 78-79

¹⁷ <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia1/Default.htm>

¹⁸ Friedrich Nietzsche (2016). “Twilight of the Idols”

¹⁹ <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia1/Default.htm>

the Supreme Court failed and life support was continued. She contracted pneumonia and died in 2015. This case became an eye opener to the social activists and law makers of the country to change their attitudes towards euthanasia in the country (Kishore, 2016).

Changes in the Social Outlook and Legal Provisions towards Euthanasia

The concerted efforts of the social groups in order to legalise euthanasia in various countries have enabled the law makers to revisit the legal restrictions on assisted suicide and court decisions gradually started reflecting the changes in the outlook of the people. In 1984 the Netherlands Supreme Court approved voluntary euthanasia under certain conditions. These conditions were renewed in the 2000 and the court continued to allow voluntary euthanasia and physician assisted suicide²⁰.

In 1997, Oregon a province in United States of America approved Oregon Death with Dignity Act 1994, after voting of the citizens which allows physician assisted suicide and passive euthanasia.²¹ In 2002 Belgium passed a similar law that allowed both voluntary euthanasia and physician assisted suicide. Switzerland, one of the attractive tourism destinations of the world has become suicide tourism hub due to the application of Swiss law established in 1942. In some countries, euthanasia bill placed in the country were rejected by the parliament. For example, in 1995 Australia's Northern Territory approved it in 1996, but was rejected by the Australian Parliament in 1997²². India has witnessed an evolution in interpreting the meaning of "right to life" as promised by the constitution. Being a country with orthodox social values, attempt to suicide was considered as a crime as per section 309 of Indian Penal Code. The provisions of this section were challenged by various people at various times at various courts claiming it inhuman and contravention to Article 21 of the Indian Constitution which stands for protection of life and personal liberty. After prolonged battle, Section 309 has been removed from Indian Penal Code in the year 2017, as a consequence of sanction of Mental Healthcare Bill in Indian Parliament. The revolutionary changes enabled the Supreme Court of India to order passive euthanasia legal in a recent ruling given in May 2018 (Common Cause vs Union of India). The court's order marks the distinction between suicide and euthanasia is the right to die and the right to die with dignity. Justice Chandrachud in that case stated, "Life undergo change...life is not disconnected from death. Dignity is a part of the process of living."²³ Hence the legal approval through court decisions in various countries to approve euthanasia and assisted suicide motivates business entrepreneur to develop suicide tourism worldwide.

Suicide Tourism as an Academic Endeavour

Over the time niche sectors of tourism have developed since these areas have garnered popularity and have connected at a certain level with the audience or participants. Under the umbrella of dark tourism, the concept of 'death tourism', 'suicide tourism' or very recently 'assisted suicide / euthanasia tourism' are being recognized as niche tourism classifications. The characteristics of death tourism make it different from dark tourism where visiting a site to experience past cruelty or massacres were involved. These characteristics are:

1. the procedures may be illegal in their home countries;
2. the person/client/traveller seeks to take care of unfinished business either in their personal life or the business of ending their lives;
3. the person/client/traveller seeks a final solution – not a medical fix or to prolong or improve the quality of life; or

²⁰ <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia1/Default.htm>

²¹

<https://www.oregon.gov/oha/ph/providerpartnerresources/evaluationresearch/deathwithdignityact/pages/index.aspx>

²² <http://www.life.org.nz/euthanasia/abouteuthanasia/history-euthanasia1/Default.htm>

²³ <https://thewire.in/health/passive-euthanasia-now-a-legal-reality-in-india>

4. they seek the Romantic idealism of the “death with dignity”, where the death-bed is a Romantic notion of a death free of pain and suffering.” (Shondell Miller & Gonzalez, 2013)

Often the term *euthanasia* and *assisted suicide* are used interchangeably, but there lies a slight difference between the two. In euthanasia a person is directly involved in pushing a lethal drug by injection or otherwise to cause the death of an ill patient. While in assisted suicide (AS) the physician merely prescribes a way to cause one’s death. The final act of the means used to die, should be performed by the patient himself/herself (Dixon, 1998). Patients with various causes, mostly neurological or cancer patients have gone an extra step to travel from their home country to a foreign destination that legally allows active euthanasia or assisted suicide to end their suffering.

Assisted Suicide Tourism (AST) has no structured definition in the academic literature. It has been defined by Huxtable (2009) as “assisting the suicidal individual to travel from one jurisdiction to another, in which s/he will (or is expected to) be assisted in their suicide by some other person/s”. Arguments against inclusion of AST in medical tourism have remained due to the fact that medical tourism assists in prolonging the life of the patient while AST does not. AST Packages have evolved that provides vacation opportunities along with advanced medical facilities (Pocock and Phua, 2011). But AST has been kept beyond the limits of medical tourism till date; mostly due to issues concerning the perception of assisted suicide being negative while that of tourism being leisure and pleasure. Authors have negated the notion of even including AS in tourism. Tourism is associated with leisure and freedom, AS provide neither. Associating the term ‘tourism’ with any activity (here reference was made to reproductive tourism) that involves travel and consumes hospitality services is inappropriate and mars the motive of such travels (Pennings 2002). Against such arguments, the concept of perceived freedom is of much importance in the cases of suicide or assisted suicide. On travelling to a particular destination that does not inhibit the reward of death, one achieves freedom from long term pain and anguish. Here the ultimate benefits might not be in the form of improved life or a scenario of enjoying a certain period of stay. But the benefit of being able to ‘pull the plug’ and regaining autonomy over one’s life constitutes perceived freedom (Baumeister 1990, Pearlman et al 2005). Higginbotham (2011) after much debate over the ingredients of tourism and process of assisted suicide concluded that “travel for assisted-suicide, instead, offers an alternative world of physical and psychological escape without any perceptible physical and psychological rewards on health and well-being”.

Scenario of Assisted Suicide Tourism around the World

The number of patients travelling and accessing AS routes have increased manifold since its legalisation, thereby drawing focus to this phenomenon and the probability of it expanding to countries that have not legalised the procedure yet. In Netherlands assisted suicide cases rose by 10% in 2017 and accounted for 4% of total deaths (6091 cases)²⁴ while for the year 2016-17, there was a 282% rise among the Quebecers (province in Canada) amounting to 638 cases in total²⁵. The alarming rise in such cases raises concerns about abusing of the law. A recent case that poses questions against the whole business of assisted suicide is the case of Mr Minelli who the founder member of Dignitas is. The charges against him state that Dignitas allowed assisted suicide of a distressed 80 year old German lady in-spite of three Swiss physicians disapproving the same. A decision in favour was received from a fourth doctor to execute the procedure. Claims are also made that the mother daughter duo were charged double the rates for the services rendered by the organisation and the ashes of the lady disposed off in Zurich and not as per instruction stated by her. It is said that the entire plan was put to work only to gain 100,000 Swiss Franc left by her to Dignitas. Although this is a one-off case, profiteering motives are a threat to these services. To provide some support in this regard a recent report published in the Journal of American Medical Association have confirmed that

²⁴ <https://www.dutchnews.nl/news/2017/04/number-of-official-cases-of-euthanasia-rise-10-in-the-netherlands/>

²⁵ <http://montrealgazette.com/news/local-news/assisted-dying-cases-have-jumped-282-since-last-year-report>

"Euthanasia and physician-assisted suicide are increasingly being legalized, remain relatively rare, and primarily involve patients with cancer. Existing data do not indicate widespread abuse of these practices."²⁶

The number of so-called tourists travelling to Switzerland, which is at the heart of providing assisted suicide services, has recorded a huge increase over the years 2008 to 2012. Annually, 600 cases of assisted suicides are carried out in this country which makes around 200 patients to travel overseas. Around 611 tourists travelled to Switzerland for suicide purposes from 31 different countries between this time periods. From Germany there were 268 tourists, UK 126, France 66, Italy 44, US 21, Austria 14, Canada 12, Spain 8, India 1 and Israel 8.²⁷ (Report published in Journal of Medical Ethics)

At present in the Switzerland region there exists six Right to Die organizations, namely - Dignitas, Exinternational, Exit ADMD, Exit DS, SPIRIT and StHD + SterbeHilfe Deutschland. Countries like Canada that recently enforced the right to die law in 2016, has a few organisations that assist in suicide like Dignity House by Dr Stuart Wiesberg. Numerous organisations around the world promote dignity in dying and help in bringing about changes in the law of the country and also provide legal support.

Although these organizations have made assisted suicide look like cinch, it is quite a meandering way. Due diligence in understanding the backdrop of the suicidal individual is undertaken. The patient suffering from certain impairment which is irreversible in nature, either mental or physical, has to undergo counselling before exercising ones right to die. The patient has to fulfil the conditions laid down by the organizations. The suggestion of allowing the patient to resort to assisted suicide should be suggested by at least two physicians. A legal documentation of the will to do so is drafted and signed, for the hospital to follow. Thereby, the physician/s injects the patient with a barbiturate or gases like helium/nitrogen, which allows the individual to conclude this life once and for all. The close members of the family are guided legally and emotionally during the execution of the entire procedure.

A particular patient who is willing to end his/her life usually travels with the family and close friends. It is an emotionally tumultuous affair to let someone die. There are certain last wishes that need to be fulfilled and concerns of last rights or burial wishes remain. Legally, documentations of will, appointment of attorney, physician's advices and other affairs need to be looked into meticulously. It is impossible for the people who are travelling to bid someone goodbye forever to be conversant with all this. The entire service is outsourced to the organizations that support assisted suicide. It is mandatory for the individual to subscribe as a member to avail the services of the organization. Organizations like Exit, Exinternational and Dignitas have numerous membership requests annually. To be specific Dignitas has 8432 members and Exit has 105000 members currently²⁸. The subscription fees charged is anywhere between 45 to 80 Swiss Francs annually or around 1000 Swiss Francs for lifetime membership (Gauthier et al 2014). Each year there is a long list of living wills that wait to be sanctioned by the organizations or precisely by the doctors. They not only provide the barbiturates on consultation of doctors but look into the pre and post death legal and informal formalities. The charges for these services which includes all medical fees and acts, administration, official documents, local funerary institute, transfer, cremation and urn and its return to the parent country range around €7500²⁹ in Switzerland region and around \$5000³⁰ in Canada. With certain extra charges it is possible to fulfil other wishes of the suicidal individual. This is besides the travelling expenses of the individuals and accommodation expenses of the relatives

²⁶ <http://dyingforchoice.com/resources/fact-files/assisted-dying-global-2016-report-card>

²⁷ <https://www.hindustantimes.com/world/suicide-tourism-to-switzerland-doubled-in-4-yrs-indian-went-there-to-die-in-2011/story-E3uXdv7oM1PdHQ2vpG2WtO.htmlhas>

²⁸ <https://www.exit.ch/en/en/exit-at-a-glance/>

²⁹ Email communication received from Exinternational

³⁰ <https://abcnews.go.com/Health/MindMoodNews/oregon-doctor-opens-death-clinic-physician-assisted-suicide/story?id=10994210>

during the period. Besides membership fees, an average of these expenses charged by the organisations for assisting suicides can be put together with the annual number of assisted suicide cases reported in a country, to arrive at an estimate of the annual earnings through assisted suicide tourism as shown in Table 1:

Table 1: Annual Revenue from Assisted Suicide

COUNTRY	(2017) AS CASES	AVERAGE EXPENSE	ANNUAL REVENUE
NETHERLANDS ³¹	6585	€5375 ³²	€35,394,375
SWITZERLAND ³³	965	€5375	€5,186,875
CANADA (LEGAL FROM JUNE 2016) ³⁴	1982	€5375	€10,653,250
	Total		€ 51,234,500

It can be seen that this industry has the possibility of generating €51 million annually. This is a rough calculation from the data collected from various sources; the real figure should be much higher. If assisted suicide is to be considered as an industry under the tourism genre then this revenue needs to be coupled with hospitality and airfare service charges. Since the law of active euthanasia or assistance in suicide has not been legalized in most of the countries the spread of the domicile of the patients consuming this service is vast, which implies huge consumption of air travel and hospitality services. The length of the stay usually is an affair that last for a long time.

The paper is not a debate about whether AS is responsible or morally good, neither is it an attempt to enforce the pros of AS. Rather, it is a simple prediction of the fact that increased demand, savings in the cost of continuing life support of a terminally ill patient and the revenue that can be generated from AS hold true possibility of it being legalized in various countries, which will see the advent of assisted suicide tourism in the country.

Conclusion

It is obvious that euthanasia and assisted suicide have become evident in many countries to become the ultimate exit way of the terminal patients. Despite vehement opposition from the orthodox groups, the concept is gradually becoming popular around the globe, where till date it is prohibited by law. It can be predicted that due to the changing mind set and need of the population, the law makers and state legislatures will bend to the social need to legalise euthanasia in many nations in the near future. This will enable the business of assisted suicide tourism to flourish. One may like it or not, one may accept it or not, one may feel it to be right or wrong, the business is inevitable. It will not be surprising to note that the global companies will be engaging in suicide tourism packages promoting them with penetrating advertisements, lucrative offers, discounts and alluring schemes to deserving tourists. In times to come, the services of assisted suicide will not only be limited to terminally ill patients, rather extend to facilitate individuals who desire to die irrespective of their mental and physical conditions because "To die proudly when it is no longer possible to live proudly³⁵."

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³¹<http://www.consciencelaws.org/background/procedures/assist019.aspx>

³² Canadian Dollars have been converted at exchange rate of 0.65 Euros as on 21st July, 2018. Average of 7500 Euro and \$ 5000 have been calculated.

³³https://www.swissinfo.ch/eng/society/a-way-out_growing-number-of-people-sign-up-for-assisted-suicide/43899702

³⁴ <https://www.cbc.ca/news/politics/medical-assistance-death-figures-1.4344267>

³⁵Friedrich Nietzsche (2016). "Twilight of the Idols", p.72

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Life as a Knowledge Journey and the Expected Implications for Contemporary Consumer Studies

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Key words

Branding, Consumers, Doxa, Episteme, Knowledge Journey, Phronesis

Abstract

Knowledge has always been a cross-disciplinary field, being claimed equally by social and natural sciences. Considering knowledge as the 'gold standard' in today's society and the ultimate existential goal, this research aims at bringing up an original undertaking - a conceptual model that articulates the classical Greek concepts of 'Doxa', 'Techne', 'Phronesis' and 'Episteme' with the cultural-historical school of psychology as well as with the latest developments in the cognitive bias/irrational behaviour studies.

The conceptual model assumes that a particular human lived experience and memory can be illustrated as a 'Knowledge Journey' that reaches 'areas' dominated by Episteme (regarded as true and certain knowledge), Phronesis (practical wisdom), Techne (operational, skilled know-how) and Doxa (simple beliefs or opinions). The Knowledge Journey trespasses the above-mentioned areas, evolving within a coordinate system of rational-irrational behaviour. Considering the cultural-historical school of psychology corner-stone idea that human mind must be understood as the emergent outcome of cultural-historical processes we consider that each individual's 'Knowledge journey' interacts and relates to other individuals' 'Knowledge journeys' in a multi-social-cultural-global space. Therefore, concepts such as Zone of Proximal Development could be used to explain how consumers' lived experiences and memories illustrated as 'Knowledge Journeys' are evolving along the above mentioned 'areas', oscillate between irrationality and rationality and also how the journey goes further, and consumers become more or less susceptible in acquiring additional knowledge and evolve into brand users, loyal consumers or fans. This model allows us to cluster consumers and also brands into 'Doxa', 'Techne', 'Phronesis' or 'Episteme' archetypes.

Impact of social network on purchase decision: a study on teenagers of Bangladesh

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Keywords

Social Network, Peer Communications, Social Network Groups, Brand Fan Pages, Paid Advertisement, Purchase Decision

Abstract

Social Network has enabled unique growth in our daily interaction with each other as it has become the modus operandi of the 21st century. With rapid development and acceptability of this platform, it now plays a big role in consumer purchase decision where teens are considered as the changing agent. This study attempts to reveal the factors of Social Network that influence the purchase decision among the teens of Dhaka considering Online Peer Communication, Social Networking Groups, Brand Fan Pages and Advertising on Social Network as antecedents; and Purchase Decision as outcome. Hypothesis have been developed accordingly and tested through applying Structural Equation Modeling with AMOS 20. Based on a survey among 381 college and university students across Dhaka city proves that the Social Networking Groups, Brand Fan Pages and Paid Advertising have positive influence on Purchase Decision whereas Online Peer Communication surprising came as insignificant. This research provides a guideline for the advertisers of Bangladesh who are willing to promote their product, and brand through Social Networking platform.

1. Introduction

Globally, the number of internet users exceeded 4 billion among which 3 billion people are exposed to social media every month, with 90% users accessing their preferred platforms through mobile devices (we are social & Hootsuite report 2018).

According to Bangladesh Telecommunication Regulatory Commission (BTRC) report in August 2018, 90.5 Mn people were using internet in Bangladesh among which 84.69 Mn people were using mobile internet. Hence, the internet penetration is 54.5% and mobile internet penetration is 51%. 30 Mn people actively use social media in Bangladesh with 28 Mn people accessing via mobile devices. Most of these social media users are exposed to social network, especially Facebook. Monthly active Facebook users in Bangladesh is 30 Mn. Dhaka, with 20M Facebook users, is the 2nd largest city across the world in terms of number of active Facebook users. Other than Facebook, YouTube, Instagram and LinkedIn are popular social networking sites. People also uses instant messaging apps, e.g., WhatsApp, Viber, Messenger to interact with each other promptly. These apps allow subscribers to open groups of common interest, and therefore many groups are formed within friends, family and office colleagues. Skype and Imo are two popular apps in Bangladesh that specializes in providing video chat and voice calls between internet enabled computers, tablets and mobile devices. Facebook live is very trendy these days where people can share their point of views and live experiences. Many online stores and individuals also use this live platform to showcase their product and generate sells.

Social Network, especially Facebook has become an integral part of advertising in Bangladesh now a days. Advertisers are now aware of the fact that they must invest in digital media in general and social networks in particular to stay connected with their target group. According to BTRC, top three mobile operators spent \$12.4 Mn in 2017-18.

Few years back advertisers used to spend mostly on traditional media (ATL) and if there was any budget left they used to consider digital platforms as an experiment. However, over the years with growing number of mobile internet penetration (51%), high speed internet connection through mobile devices (4G) and affordability of smartphone (less than \$40) and data (6GB in less than \$3.5 with 15 days validity) have led more people to be exposed to social network. Advertisers realized these facts and many advertisers now split their budget as Digital and Non-Digital. There are few Small and Medium Enterprises (SME) and individual sellers who are only targeting their consumers through online platforms.

2. Theoretical background and research hypothesis

Social Networking Sites are web-based services that allow individuals to construct a public or semipublic profile within a bounded system, articulate a list of other users with whom they share connection and, view and traverse their list of connections and those made by others within the system (Boyd & Ellison 2008). Social Networking Sites (SNSs) have seen an inorganic growth in quantity and popularity (Lutfiye Can and Nihat Kaya 2016). Recent studies revealed that people are using multiple SNSs Platforms (Olufadi 2016). 52% of the internet users subscribed to two or more of the following SNSs (Facebook, Twitter, Instagram, Pinterest and LinkedIn) compared with 42% who did so in 2013 (Duggan et al. 2015).

Consumers now a days seek peer opinions before making purchase decisions. Some of the consumers get product information from different social networking groups they belong. Curious people also tend to follow the brands they are interested in through liking brand pages. Paid Advertising also targets prospective consumers. Purchase decisions through social networking can be influenced by Peer Communication (X. Wang et al 2012), Social Networking Groups, Brand Fan Pages (Chi-Hui & Kuo-Chang 2017; Chetna, Pallab & Arun 2015, Lisette, Sonja & Peter) and Paid Advertisement (Bamini, Mohd & Wong 2014)

Some studies have been conducted on Social Media and its positive or negative impact on society (Faruq et al. 2017) and contribution in education system (Mouri & Ali 2016, Asad, Mamun & Clement 2012) in Bangladesh. Its impact in Marketing is also covered in other studies (Akhtar 2016). However, the factors that influence the purchase decision through social network is ignored. This study aims to reveal the influence of Peer Communication (PC), Social Networking Groups (SNG), Brand Fan Pages (FP) and Paid Advertisement (PA) on Purchase Decision (PD).

2.1 Peer Communication and Purchase Decision

Peer collaborations among teenagers in person emphasizing on products and services were primarily referred as Peer Communication. (Moschis and Churchill 1978). However, peer communication in social media requires interactions about products or services among consumers through internet enabled social networks (Dhar and Chang 2009).

People can connect with their peers in Social Media by adding them to their network of friends, which enables interactions, predominantly among peer groups (Ahuja & Galvin 2003, Zhang and Daugherty 2009). Social media brought changes that is also affecting the consumer decision making process and marketing communications (Hennig-Thurau et al. 2011; Shankar and Malhotra 2007). It changes the way consumers and marketers interact (Hennig-Thurau et al. 2004; Nambisan and Baron 2007). Peer communication through virtual means has intense influences on purchase decision making by consumers and, therefore on marketing strategies (Casteleyn, Mottart & Rutten 2009, Okazaki 2009)

Consumers' attitude towards goods and services are greatly influenced by their interaction with peers. (Churchill and Moschis 1979; Mukhopadhyay and Yeung 2010). It is also noted that there are reference group peers' influences consumer behavior (Bearden and Rose 1990). Past researches showed that peer communication has an intense influence on attitudes toward advertising (De Gregorio and Sung 2010), shopping orientations (Lueg et al. 2006; Mangleburg, Doney, and Bristol 2004), and purchase decision-making (Shim 1996; Smith, Menon, and Sivakumar 2005). Consumption

related peer interactions on a regular basis bring robust motivations on social consumption (Moschis and Moore 1984; Shim 1996)

From the above literature it is evident that Online Peer Communication may have influence on Consumer Purchase Decision. Hence, we can predict:

H1: Online Peer Communication Influences Consumer Purchase Decision

2.2 Social Network Groups and Purchase Decision

Social Networking Groups (SNGs) are created to provide smaller networks within the bigger and more diverse social network services. Often termed as a e-group or community, many Social Networking Services allow the users to create customized groups where they can post, comment and read from their common interest. The owners, moderators, or managers of the group can regulate members' behavior within the group and may edit posts in discussion threads if that violates policy. These groups may have open or close access depending on the intent of the owner and the nature of the group.

SNGs and their impact on purchase decision have been ignored in the existing literatures on Social Media and Consumer Behavior. However, the number of SNGs and frequent interactions among members are on the rise. The involvement and interactions among members are also sometimes on consumption matters.

SNGs can be within close peer groups. People from same educational institutes or offices or the likes sometimes open these groups to stay connected. However, people sometimes also subscribe to 3rd party SNGs like Desperately Seeking Dhaka or Traffic Alert. Lot of conversations of common interest are taking place in these groups which also includes opinions related to purchase. Hence, we predict,

H2: Social Networking Groups influence Consumer Purchase Decision

2.3 Brand Fan Pages and Purchase Decision

Facebook launched 'Fan pages' in 2007 that enabled subscribers to connect and associate with business and companies in the same style they interact with the profiles of other Facebook subscribers (Chetna, Pallab and Arun 2015).

Subscribers of social networking sites can become fans of brands on dedicated fan pages where they can express their passion about the brand and be united by their common interest in the brand (Kozinets 1999). The relationship between consumers and brands is partly reflected in brand fan pages (McAlexander, Schouten, and Koenig 2002). It also works as information source and provide social benefits to the fans (Bagozzi and Dholakia 2002; Dholakia, Bagozzi, and Pearo 2004). Businesses can create posts comprising stories, photos, videos, or other material in their pages and fans can then connect with these brands by reacting or commenting on them.

Consumers purchase decision is influenced by the interactions on social media by the brands, specially interactions that occurred in Facebook Page of companies (Hutter, Hautz, Dennhardt & Fuller, 2013). Consumers not only share their product experience but also explore other consumers' product reviews on various platforms including sellers' web sites, brand community, independent web sites, and consumer blogs. (Lee & Youn, 2009). The contribution of companies' fan pages is significant towards achieving sales and it has been accepted widely as marketing communication channel (Poyry, Parvinen & Malmivaara, 2013)

Thus, we assume taking into account consumers interactions with brand fan pages:

H3: Brand Fan Pages influences consumer purchase decision

2.4 Paid Advertisement on Social Network and Purchase Decision

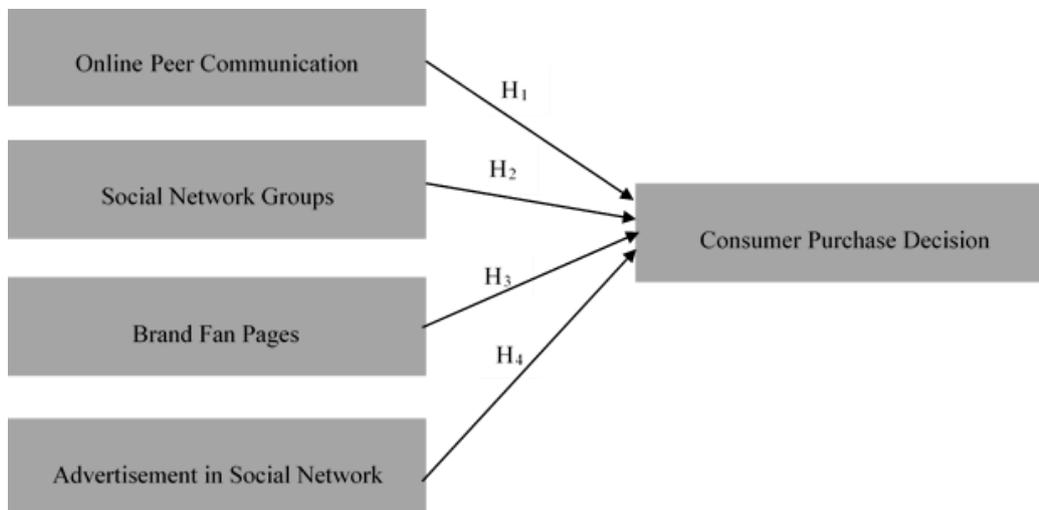
Social Network Advertising refers to online advertising that uses social network platforms, such as Facebook, Twitter, LinkedIn, Google+, YouTube, Pinterest, Instagram and others to market their message to a targeted group of people.

It's very difficult to disregard paid advertising on social network. There are 2.5 billion social media users out of 3.2 billion internet users worldwide. Facebook have more than 1.9 billion unique users per month. Hence, it is imperative to include social network in most of marketing communication strategy today. Online advertisement played an important role as a source of information for the consumers get relevant product information (Chi-Hui Chiang & Kuo-Chang Tseng)

The importance of advertising on social media has grown exponentially. From the beginning of advertising option by Facebook in May 2005, advertising revenue from social media was projected to have reached \$8.4 billion by 2015. Today businesses consider online advertising by default. People share their personal interest in social media and businesses can use that information to find new customers through interest-based targeting and advertising on social media. Firms regardless of size are present on Facebook, Twitter & YouTube and advertising on these platforms increases the chance to reach, engage and convert customers. Thus, we predict:

H4: Paid Advertisement on social network influences consumer purchase decision

3. Research Framework



H1: Peer Communication in social networks influences Consumer Purchase Decision

H2: Social Networking Groups influence Consumer Purchase Decision

H3: Brand Fan Pages Influences Consumer Purchase Decision

H4: Paid Advertisement on social network influences Consumer Purchase Decision

4. Methodology

4.1 Sample and Data Collection

Data were collected via face to face interviews from teenage students from 29 educational institutions. The institutions were both college and universities located in Motijheel, Shantinagar, Khilgaon, Gulshan, Banani, Uttara, Dhanmondi and Mohammadpur of Dhaka city. Every institute was first approached officially. A written requisition was presented to the authorities. The institutes that were compiled were had a greater rate of sample collection. However, when the data collection was not authorized, students were interviewed outside the campus to optimized cost and sample. Every sample was collected with the authorization of the respondent. Participants consisted of approximately 51% male and 49% female. In terms of level of education of respondents, 44.6% were college students and 55.4% were university students. As we targeted the teenagers, we selected only 1st and 2nd year students when it came to selecting respondents from Universities.

The questionnaire contained 24 demographic variables and 5 constructs divided into 27 items to understand the purchase decision-making process. 381 individuals were interviewed among which 359 were responded 100% to the questionnaire. All respondents have an active social media

account (Twitter, Facebook or any other). The first part of the questionnaire included questions to measure the demographic characteristics of the sample. The second part of the questionnaire included items to measure respondents' purchase behaviors and purchase decision making patterns based on the different aspects of social network. A common five-point Likert scales with anchors 1=strongly agree and 5=strongly disagree were used.

38% of the fathers have attained Higher Secondary Certification (HSC). However, the proportion is higher for mothers which are about 57%. About three fourth of students have fathers with a white-collar job. The mode monthly income of the of the family is 25,000 BDT to 50,000 BDT. 35% of the students have part-time earnings.

		Frequency	Percent
Age	Below 15	1	0.3
	15 - 17	80	21
	Above 17	300	78.7
	Total	381	100
Gender	Male	195	51.2
	Female	186	48.8
Residence	Posh Area	97	25.5
	Other	284	74.5
Father's Education	Below SSC	33	8.7
	SSC	42	11
	HSC	59	15.5
	Graduate	130	34.1
	Post Graduate	83	21.8
	Above Post Graduate	34	8.9
Mother's Education	Below SSC	54	14.2
	SSC	64	16.8
	HSC	103	27
	Graduate	116	30.4
	Post graduate	35	9.2
	Above Post Graduate	9	2.4
Father's Job Type	White Collar	265	69.6
	Blue Collar	116	30.4
Family Income	Below 10,000	10	2.6
	10,000-25,000	57	15
	25,000 - 50,000	143	37.5
	50,000 - 100,000	127	33.3
	Above 100,000	44	11.5

Table 1: Comparison of Sociodemographic characteristics of respondents

4.2 Analytical Tools

Both descriptive and inferential statistics were used. Simple percentage were used to describe the socio-demographic characteristics of respondents. A Principal Component Analysis (PCA) along with an Orthogonal Rotation (Varimax) using SPSS was performed on the survey data. Factor Analysis (FA) was used to separate the factors of social network that influences purchase decision. Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) were also conducted to identify the significant factors concerning purchase decision through social network.

4.3 Measurement Model Evaluation

Measurement model was evaluated through both convergent and discriminant validity tests.

Convergent validity tests were performed to realize if items effectively reflected their corresponding constructs (factors). It was assessed by examining the Composite Reliability (CR), Item Reliability, and Average Variances Extracted (AVE). Composite Reliability (CR) should be

greater than 0.7. Standardized factor loading, and AVE should be greater than 0.5, Cronbach's Alpha must be greater than 0.7. (Hair Black et al. 2006)

		Loadings	AVE	CR	Cronbach's Alpha
PC_5	<---	F1	0.58	0.76	0.8
PC_4	<---	F1	0.62		
PC_3	<---	F1	0.69		
PC_2	<---	F1	0.77		
PC_1	<---	F1	0.67		
SNG_4	<---	F2	0.51	0.65	0.72
SNG_2	<---	F2	0.79		
SNG_1	<---	F2	0.75		
BP_3	<---	F3	0.65	0.74	0.77
BP_2	<---	F3	0.82		
BP_1	<---	F3	0.73		
BP_6	<---	F4	0.58	0.67	0.74
BP_5	<---	F4	0.77		
BP_4	<---	F4	0.76		
ADV_5	<---	F5	0.64	0.68	0.75
ADV_3	<---	F5	0.69		
ADV_2	<---	F5	0.64		
ADV_1	<---	F5	0.67		
PD_6	<---	F6	0.58	0.62	0.74
PD_5	<---	F6	0.64		
PD_4	<---	F6	0.54		
PD_3	<---	F6	0.76		

Table 2: Convergent Validity

All item loadings are greater than 0.5, CR greater than 0.6, AVE greater than 0.40 and Cronbach's Alpha greater than 0.7. Hence, in terms of convergent validity item loadings and Cronbach's Alpha are fine whereas CR and AVE are little less than acceptable limit.

Discriminant validity was verified by determining if the square root of each construct's AVE was greater than its correlation with other variables (Fornell and Larcker 1981).

	Mean	SD	F1	F2	F3	F4	F5	F6
Peer Communication (F1)	2.47	1.14	0.67					
Social Networking Groups (F2)	2.63	1.22	0.57	0.69				
Brand Fan Pages - Pre (F3)	2.45	1.19	0.43	0.4	0.74			
Brand Fan Pages - Post (F4)	2.37	1.12	0.6	0.62	0.62	0.71		
Advertisement (F5)	2.57	1.24	0.53	0.54	0.64	0.59	0.66	
Purchase Decision (F6)	2.67	1.24	0.42	0.62	0.32	0.65	0.6	0.63

Note: the square roots of the AVE were represented by diagonal lines in bold

Table 3: Discriminant Validity

The results indicated good discriminant validity as the square roots of the AVE were all greater than the cross - construct correlation coefficients. Therefore, the model had a good internal fit.

4.5 Coefficient of Determination

R² value of the model is 59.08%. It means independent variables, i.e., Peer Communications, Social Networking Groups, Brand Fan Pages and Advertisement on social network explained 59.08% of the variance in the dependent variable, purchase decision through social networks. As R² is greater than 50%, the model is acceptable.

5. Results and Findings

Results of Exploratory Factor Analysis (EFA), Confirmatory factor Analysis (CFA), and the Structural Equation Modeling are reported in this section.

5.1 Results of Exploratory Factor Analysis (EFA)

Four frequently used assumptions were followed (Hair et al., 1998; Field, 2000): i) Kaiser-Meyer-Olkin (KMO) Measure of sampling adequacy to be greater than 0.5, ii) Minimum eigenvalue for each factor to be one, iii) Minimum loading for each factor to be 0.5 and iv) varimax rotation were used for it is good general approach that simplifies the interpretation of factors (Field, 2000).

According to Hair et al. 2010, factor analysis is appropriate if Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is greater than 0.5 and Bartlett's test of Sphericity are significant (less than 0.05). Here, KMO value is 0.898 (higher than 0.5) and significance level of Bartlett's Test of Sphericity is $p=0.000$ (less than 0.05) suggested that factor analysis is appropriate for analyzing our data.

After examining the pattern matrix of the EFA, the study found that 22 out of 27 items had loadings greater than 0.5 which suggested factor analysis to be appropriate. After confirming research constructs, principal components analysis and the varimax rotation method were specifically used to extract factors 22 items. Hair et al. (2010) recommend that each item factors loading must be more than 0.50 values are considered highly significant. Based on eigenvalue greater than 1, a six-factor model that explains 59.38% of the total variance has been developed. 22 items were grouped into six different factors like Peer Communication (PC), Social Network Groups (SNG), Brand Pages Pre-Buy (BP-Pre), Brand Pages Post Buy (BP-post), Advertisement on Social Network (ADV) and Purchase Decision (PD) by the analysis. The EFA result also showed -0.159 as the lowest and 0.787 as the highest factor loadings of the variables. The result of factor analysis showed that all the factors are acceptable for further analysis. Surprisingly brand pages are divided into two factors. We termed one as Brand Pages Pre-Buy (BP-Pre) and Brand Pages Post buy (BP-Post).

	Rotated Component Matrix ^a					
	PC	ADV	PD	BP-PRE	SNG	BP-POST
PC_Product Query	.743	.012	.068	.175	.158	-.032
PC_Buying	.761	.069	.112	.154	.116	.187
PC_Recommendations	.707	.113	.107	.153	.063	.128
PC_Information	.669	.204	.059	.142	.098	.037
PC_Encouraged	.595	.228	.064	-.159	.148	.283
PC_Product Experience	.451	.292	-.052	-.109	.454	.125
SNG_Talked	.196	.066	.265	.133	.742	.059
SNG_Advise	.252	.209	.223	.117	.638	.153
SNG_Influence	.160	.293	.286	.280	.367	.108
SNG_Experience Sharing	.056	.065	.066	.101	.730	.174
BP_Followed or Liked	.070	.241	-.088	.787	.049	.073
BP_Product Information	.120	.244	.057	.768	.086	.124
BP_Product Query	.178	.004	.106	.649	.235	.334
BP_Recommendations	.290	.126	.222	.338	.040	.664
BP_Purchased	.203	.100	.283	.337	.143	.630
BP_Opinion	.085	.187	.074	.049	.326	.695
ADV_Saw	.228	.601	.020	.386	.029	.048
ADV_Paid Attention	.006	.729	.033	.091	.057	.239
ADV_Clicked Ads	.167	.760	.045	.180	.158	-.036
ADV_Purchased	.152	.498	.326	-.038	.138	.395
ADV_Influenced	.133	.563	.337	.069	.180	.304
PD_Product Review	.291	.456	.312	.316	.170	.032
PD_Learned About Product	.222	.472	.232	.390	.079	-.057
PD_Bought	.151	.396	.555	.123	.228	.164
PD_Third Party Suppliers	.080	.004	.730	-.083	.133	.091
PD_High Involvement Products	.012	.068	.690	-.026	.205	.194
PD_Low Involvement Products	.094	.154	.731	.168	-.005	.036

Extraction Method: Principal Component Analysis.
a. Rotation converged in 9 iterations.

Table 4: Results of EFA

5.2 Results of Confirmatory Factor Analysis (CFA)

CFA was used to test how well the measured variables represent the constructs identified from EFA. The χ^2/df for this model was 2.717 that was smaller than 3 that was recommended by Marsh and Hocevar (1985). Goodness of Fit Index (GFI) was 0.883 that was marginally lower than the recommended value of 0.90 (Joreskog & Sorbom 1984). Moreover, the Adjusted GFI (AGFI) is 0.847 was greater than the recommended value of 0.80 by Anderson and Gerbig (1984). Furthermore, Comparative Fit Index (CFI) is 0.881 that was slightly lower than recommended value of 0.90 (Bentler, 1990). Finally, the Root Mean Square Error of Approximation (RMSEA) was 0.069, which also was smaller than the recommended value of 0.08 as suggested a good fit to the data by Browne & Cudeck, (1993) 0.08. The fit indices showed a good model fit to the data. The other model fit indices were IFI = 0.882, TLI = 0.858, and RMR = 0.089 (Table 5 & Figure 1).

Goodness of Fit Indices	Result	Level of acceptance	Reference	Determination
Chi-square/df	2.717	< 3.0	Marsh and Hocevar (1985)	Excellent
CFI	0.881	>0.90	Bentler (1990)	Slightly Low
RMR	0.089	<0.08	Hu & Bentler (1998)	Slightly High
GFI	0.883	>0.90	Joreskog & Sorbom (1993)	Slightly Low
AGFI	0.847	>0.80	Anderson and Gerbig (1984)	Excellent
IFI	0.882	>0.90	Bollen, K. A. (1989)	Slightly Low
TLI	0.858	>0.90	Bentler and Bonett (1980)	Slightly Low
RMSEA	0.069	<0.08	Browne & Cudeck (1993)	Excellent

Table 5: Summary of Model Fit

In summary, there was a fairly good fit between the data collected and measurement model which was further evaluated for construct reliability and construct validity. The construct reliability for two factors are above 0.70 and for other factors are above 0.60. the acceptable threshold is 0.70 as identified by Hair et al. 1998.

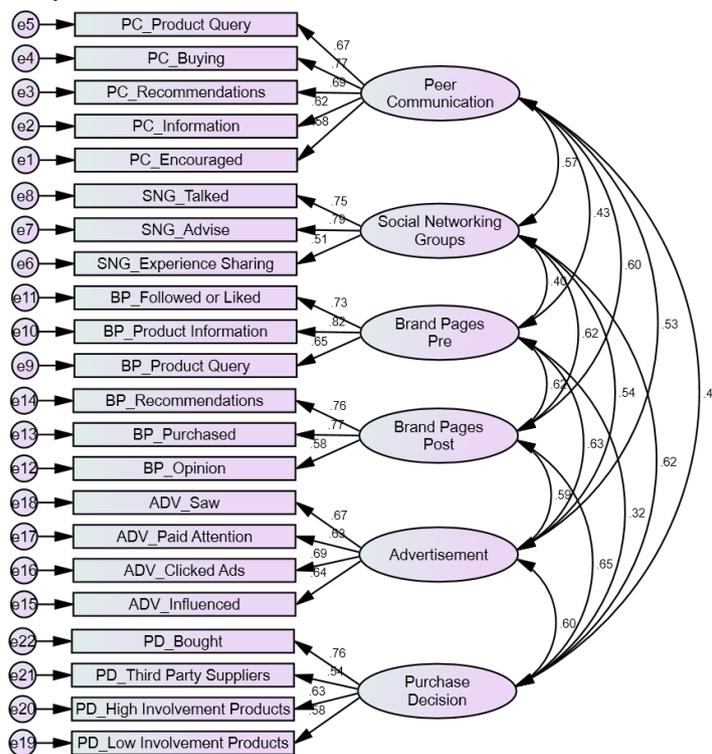


Figure 1: Confirmatory factor analysis of the constructs

5.3 Results of Structural Model

A multivariate analysis technique like covariance based structural equation modeling was used to identify the significant relationship between purchase decision and identified factors, i.e. Peer Communication (PC), Social Networking Groups (SNG), Brand Pages Pre (BP-Pre), Brand Pages Post (BP-Post) and Paid Advertisement (Adv).

Table 6 lists the structural parameter estimates and the hypothesis testing results. This study examines the impact of Peer Communication, Social Networking Groups, Brand Pages Pre, Brand Pages Post and Paid Advertisement on Purchase Decision. The Path diagram (Figure 2) revealed 4 hypotheses with reference to SNG, BP-Pre, BP-Post and Adv to be significant. Surprisingly, the hypothesis with reference to Peer Communication appeared insignificant. Purchase Decision was positively affected by SNG ($\beta = .341, p=.003$), BP-Post ($\beta = .498, p=.000$), Adv ($\beta = -.381, p=.000$) and negatively affected by BP Pre ($\beta = -.324, p=0.002$). Hence, the results showed the support for H2, H3, H4 and H5.

Factors	Estimate	S.E	C.R.	P	Sig.
PD ← PC	-0.148	0.099	-1.492	0.136	Not Significant
PD ← SNG	0.341	0.116	2.933	0.003	Significant
PD ← BP Pre	-0.324	0.105	-3.082	0.002	Significant
PD ← BP Post	0.498	0.125	3.993	***	Significant
PD ← ADV	0.381	0.1	3.802	***	Significant

Note: PD: Purchase Decision, PC: Peer Communication, SNG: Social Networking Groups, BP Pre: Brand Page Pre, BP Post: Brand Page Post, ADV: Advertisement

Table 6: Results of Structural Relationship

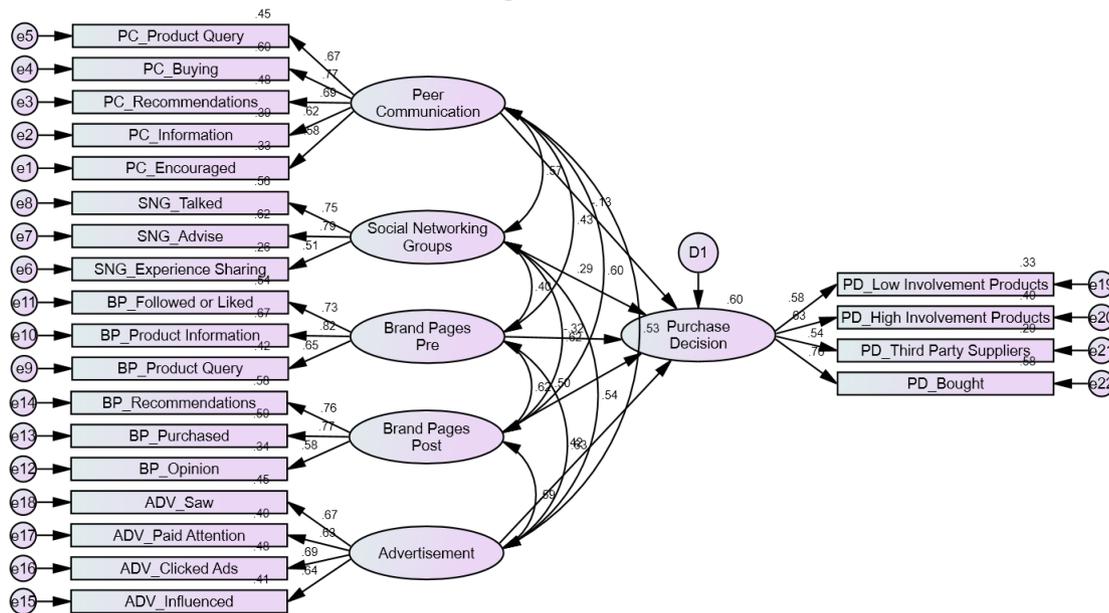


Figure 2: Path Model

6. Discussions and Conclusions

The study identified 5 factors through exploratory factor analysis that influence making Purchase Decision (PD) through social network. The factors are Peer Communication (PC), Social Network Groups (SNG), Brand Fan Pages - Pre (BP-Pre), Brand Fan Pages - Post (BP-Post) and Paid Advertisement on Social Network (Adv). These factors are confirmed by confirmatory factor analysis.

The analysis also endorsed that Social Networking Groups, Brand Fan Pages – Pre, Brand Fan Pages – Post and Paid Advertisement on Social Network have significant relationships with the Purchase Decision through social networks. The relationship between Peer Communication and Purchase Decision through social network appeared insignificant which is quite unexpected. Credible explanations to this anomaly can be found in the innate characteristics of teenagers in colleges and universities to accept information that can be quite different from the rationality possess by grown up customers.

Peer Communication through social network is very common in Dhaka where people talk about many things including the issues related to purchase a product or service. However, if such communication translates to purchase decision of teenagers is questionable. There are many groups in social network where people of common interest converge to share information which also sometimes related to purchase decision making. Most of the renowned brands today, have their own pages in social network, especially on Facebook, which are being followed by fans of those brands. People spend significant amount of time on laptops and smart phones these days. Hence, most of the brands tries to reach their consumers through advertisement in social network.

7. Contribution to the Industry

The findings of the research will help the advertisers and media investment management agencies to understand the factors of Social Network that influence consumers' purchase decision. As a result, advertisers and media agencies can bring more efficiency to the investment in media. Traditional media owners will also be benefited if they understand the rapid digital transformation is taking place in every sector including media.

8. Limitations and direction for future research

The research is limited to one vertical of Social Media only which is Social Network. It does not include other verticals of Digital Media like Online Marketing Communications (Web Sites, Search Ads, Display Ads, email) and Mobile Marketing. The research include only Dhaka Metro and it does not include other parts of Bangladesh and the Non-Resident Bangladeshis (NRBs).

In future research can be conducted on other verticals of Digital Media (e.g. Display, Search, Mobile, Email) and their influence of purchase decision. In the research finding we have seen Social Networking Group have positive impact on purchase decision. However, no research where found regarding Social Networking Group in existing literature of consumer behavior. Hence, this can be an interesting area to explore for future researchers. Surprisingly, it appeared that Peer Communication does not have any impact on purchase decision of teenagers of Dhaka. However, Peer is an important agent of consumer socialization that we all know. Further research can be conducted to deep dive into the matter. It can be because of geography or age group of the sample that we selected for the research.

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Behavioural Factors that Contribute to Employees' Pensions Participations: Organisational Culture Perspective

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Keywords

Automatic Enrolment, Behavioural Economics, Pensions, organisational culture, University of West London, Case study, Qualitative approach

Abstract

The research study highlights a number of recommendations that the University of West London should consider reducing the number of employees that opt-out of automatic enrolment, thus improving their pension provision for later life. This research study aims to investigate the various behavioural factors that contribute to UWL employees opting out of automatic enrolment. By using a qualitative research approach, it would allow for an extensive insight into the views of the employees at the university. This research suggests that there are multiple factors that drive employees to opt out of pension schemes. This research conducted an in-depth review of the current literature available on this topic. This study suggests that young people's attitudes, lack of knowledge, affordability, and trust and uncertainty all influence employee's pension decisions. The problem is mainly driven by the lack of knowledge employees have about pensions and how it may affect them, depending on their situation.

1. Introduction

The introduction of automatically enrolling employees into a workplace pension was an important development in pension policy in the UK. In October 2012, employees living in the UK were automatically enrolled into their workplace pension when they started a new job, and employees who had chosen to not join, were opted back in (Pension Advisory Service, 2017). Earlier studies into the effects of AE suggest that AE increases the number of employees enrolled into a private pension (Madrian and Shea, 2001). In the report by Madrian and Shea (2001), they found that when a US employer adopted the AE scheme, those participating in the scheme increased from almost 49% of old members to 85% new members. They claimed that their findings indicated that there is a 'power of suggestion'; which is the theory that participation in an occupational pension scheme is suggested by AE. They also emphasise the importance of establishing the main reasons behind Madrian and Shea's power of suggestion, as the reasons behind employee behaviours will provide suitable solutions of how to promote savings incentives (Madrian and Shea, 2001). In a report carried out by Clery et al (2009), they found that approximately 69% of workers are in support of retirement savings. However, 22% of workers stated they do not save for their impending retirement and 30% of workers are more in favour of having a high standard of living now than saving for their retirement (Clery et al, 2009).

Understanding and examining workers attitudes towards pensions is key when understanding the reasons why workers decide to opt out of automatic enrolment. The government recognised that a high percentage of workers were not adequately saving for their retirement, and as a result may not be able to retire comfortably (Pensions Advisory Services, 2017). Following this, the government made the decision to roll out the automatic enrolment scheme in late 2012 to help take the burden off the state pension and encourage workers to start building for their retirement (Pension Advisory Service, 2017).

2. Literature Review

The received perception is that a considerable percentage of individuals are not adequately saving for their retirement. The government introduced the Automatic Enrolment scheme in 2012 to help take the pressure off the state and increase people's retirement provisions to ensure they can live comfortably in their retirement. Companies are particularly interested in what drives people's retirement decisions and identifying the factors that contribute to these decisions (Gough and Sozou, 2005).

Behavioural Economics

Behavioural Economics is a widely expanding area in Economics and Finance, and it increases the explanatory power of economics by providing it with more realistic psychological foundations; drawing on sociology, psychology and neuroscience in an attempt to understand individual decision making and to expand on the policies that address the limitations in our decision-making processes (McDonald, 2008 and Lavecchia et al, 2015).

Importance of Behavioural Economics in Modern Organisations

Behavioural economics modifies the normal economic model to consider the psychological properties of preference and judgement, which create limits in rational calculation, willpower and greed (Camerer and Malmendier, 2007). Taking organisations into account, the definition of behavioural economics is broadened to consider how socialisation, networks, and identity mould individual behaviour in organisations. Consequently, behavioural economics of organisations comprises of both a special challenge and opportunity (Camerer and Malmendier, 2007).

The behavioural theory of the organisation was introduced by Herbert Simon who believed that the company is experiencing several constraints, including limitations to the capabilities of employees. A clear vision of the human capacity cannot be restricted exclusively to the theory of organisations, while widely shared consensus on the link between economic organisations and bounded rationality. Bounded rationality encompasses both public and marketing economics: an extended form of behavioural economics; however, this lessens the strength of the theoretical stance of the economics of organisations (Callens and Cherfi, 2012).

Importance of Behavioural Economics in the Education Sector

Education signifies a relatively new path for behavioural economics, a path that has many opportunities. This field is mainly interested in long-term decision making and the tendency of young people to make poor long-term decisions. Since the main brain function, that helps individuals control their impulses and focus on the future, does not wholly mature until the mid-twenties, young adults are more vulnerable to behavioural hindrances that may lead them to missing out on opportunities (Lavecchia et al, 2015). Students' decisions regarding universities are misunderstood. Policy makers face continuous pressure from their international competitors to increase the levels university completion and attendance rates, therefore an understanding of how students make their enrolment and completion decisions plays an important role in understanding the rates. Attending university involves a level of risk, and students are uncertain they will receive a return on their investment. Economists have depended on theories of expected value, human capital, and rational choice to explain the choices of young adults who appraise the complex probabilities, costs and benefits of attending university (Jabbar, 2011).

Behavioural Economics Approaches

Bounded Rationality

The origins of behavioural economics lay within the realms of bounded rationality. Herbert Simon stated that bounded rationality serves as a different basis for the decision-making model. He viewed the rationality of individuals as limited due to the lack of information available, cognitive limitations of their minds, and the limited amount of time they have to make their decisions. Bounded rationality expresses the idea of the practical impossibility of exercise of perfect rationality. Risk and uncertainty are two ways Simon recognises as limits of rationality, including incomplete

information about alternatives. He emphasises that individuals that want to act rationally should take account the objective and subjective environments (Schilirò, 2013). Another take on bounded rationality is that, due to an individual not having the capability and tools available to reach the ideal solution they instead apply their rationality only after having greatly simplified the choices available. Individuals are faced with uncertain futures and high costs in acquiring information, therefore, these two things impede on individuals making a wholly rational decision (Schilirò, 2013).

Nudge Theory

The concept of 'nudging' is a subtle change in government policy introduced by Richard Thaler to encourage people to make decisions that are in their best self-interest, therefore making it easier for them to go make certain decisions; such as saving for a pension (Chu, 2017). As Thaler and Sunstein (2008) point out: "By knowing how people think, we can make it easier for them to choose what is best for them, their families and society". Rather than limiting choice, nudges are used to increase the probability that the more 'sensible' option is made from a 'choice architecture'. Thaler and Sunstein used psychological theory and behavioural economics to produce different nudge groups. Each group accounts for bounded rationality and they are expected to justify why people do not always make rational decisions that preserve self-interest (Lunt and Staves, 2011).

Employee Pension

Since the introduction of the Basic State Pension (BSP), the UK pension system has been plagued with multiple changes, which lead to the development of a more complicated pension system. Since the continuing weakened value of the BSP, a growing dependence on means tested benefits and a patchwork of add-ons have pigeonholed the developments of the state system (Department of Work and Pensions, 2013a). Second-tier or supplementary pensions are provided to workers by the government, employers and financial institutions. Workers have two choices: a state pension that offers workers a smaller pension that is wholly indexed to prices after retirement; an occupational pension that offers workers a high pension but poor transfer between schemes, and a personal pension system that offers fully portable pensions, but these are based on uncertain investment returns and are subject to very high set-up and administration charge (Blake, 2000). Poor pension saving and the need to reduce state involvement have become main drivers in relation to pension policy over the last few years, with a focus on individual responsibility (Waine, 2009).

Automatic Enrolment

AE is aimed at workers with low to moderate income as these individuals are thought to face a shortfall in their replacement rate. The UK government uses replacement rates to gauge whether or not individuals have sufficient income in retirement. The replacement rate is income in retirement as a percentage of income in work. The introduction of AE was directed at people who were not accumulating enough savings in a pension scheme, or people who were part of a scheme where their employer was contributing below 3% and the employer contribution was not into a defined-benefit scheme (Department of Work and Pensions, 2013b, 2015a). The trigger for AE is set at the threshold for paying income tax i.e. the earnings trigger for 2012/2013 was £8,105, £9,440 in 2013/2014 and £10,000 for the last 4 years (Pension Regulator, 2018).

If employees decide to opt out of a pension scheme, they would need to do so through an opt-out notice. Depending on the scheme their employer has opted them into, there is a time-limit as to when employees can opt-out and receive a full refund of the contributions they have made. If employees opt-out after the specified time period, their contributions will remain in the pension scheme until their retirement (The Pension Regulator, 2017).

Pension Schemes at UWL

Local Government Pension Scheme

Local Government Pension Scheme (LGPS) is one of the largest pension schemes in the UK for people working in local government. They comply with the requirements set by the Pensions Act 2008; to be both an AE scheme and a qualifying scheme, which means it exceeds the government's

standards. When employees are paid, the employer and the employee both make contributions into the scheme to provide employees with retirement benefits when they retire. Contributions made are determined by triennial valuation of the fund by the pension fund's appointed actuary i.e. employees who contribute 6.5% of their salary into LGPS, UWL contributions 12.6% on top of this (LGPS, 2018)

LGPS offers employees a wide range of benefits that both full-time and part-time employees can use, however, employees are only entitled to this after they have been in the scheme for three months. Some of these benefits include: 1) early payment of benefits if the employee is made redundant or retired on business efficiency grounds 2) a tiered ill-health retirement package if an employee has to leave work at any age due to permanent ill-health 3) right to voluntarily retire from aged 60, even though the scheme's normal pension age is 65 (LGPS, 2018)

Teachers' Pension Scheme

Teachers' Pension are responsible for administering the Teacher's Pension Scheme (TPS) on behalf of the Department of Education. They help teachers or lecturers by delivering personalised, current and accessible pensions and to support the employers of teachers throughout England and Wales. TPS adhere to the requirements set out by the Pensions Act 2008 to be both an automatic enrolment scheme, and a qualifying scheme. Employees are eligible to enrol into a TPS scheme if: they are not already in a qualifying pension, they earn a monthly salary of £833 or more, and are aged 22 and over or under state pension age (TPS, 2018).

The benefits of enrolling into TPS are: 1) it is a contributory scheme whereby both employees and employers pay into staff pension with employers paying a bigger share 2) pension is based on a member's service and salary not on investments 3) the scheme provides regular income and lump sum upon retirement. If an employee decides to opt-out of TPS, they will be required to opt-out directly through TPS. In order to receive a refund on the amount contributed, employees must opt-out within 3 months of enrolment (TPS, 2018).

Relationships between Behaviour and Pensions

Young People

A continuing increase in life expectancy generates challenges, in relation to retirement savings and sustainability. These challenges have been worsened by workers under-saving for retirement. In the UK, approximately 11 million workers will receive lower pensions compared to the levels they are expecting (Department of Work and Pensions, 2013a). Pensions are based on a worker's contribution level during their life course, it is vital to understand the saving habits, attitudes, knowledge and expectations of individuals from a young age (Foster, 2016). According to a report by Clery et al (2009), older people are more in favour of savings, with the proportion of people saving for a rainy day at the lowest among those aged between 18 and 24. Younger people are also more likely to buy things they cannot afford, and therefore would rather keep the proportion of their salary that would have been contributed to their retirement fund. The main attitudes of young people are 'spend now', and therefore less 'save for later'. The Department of Work and Pensions suggested that myopia is one of the significant behavioural factors that increases young people's inability to save for retirement. Myopia is described as spend now focus, with people hesitant to part with their income in order to receive an uncertain reward to meet uncertain future needs (Clery et al, 2009).

Affordability

According to the Department of Work and Pensions (2015), affordability is said to be one of the main reasons for employees opting out of auto-enrolment. In 2013, Aviva stated that 45% of employees do not take up a pension due to lack of income (O'Loughlin, 2013). In the report by Clery et al (2009), 51% of their respondents agreed that they cannot afford to put any money aside for their retirement. They stated that this was the general view amongst those who were considered sick and disabled or on a lower salary. These factors usually co-exist, indicating that people's financial ability will greatly affect their self-perceived ability to save for their retirement (Clery et al, 2009).

Individuals tend to have various demands that compete with each other at different stages in their life, such as housing costs and debts; resulting in pension savings becoming less of a priority (Foster, 2016). There is also evidence that suggests that an individual's ability to save affects pension behaviour, as out of the people who said they cannot afford to save for retirement, 70% are currently not contributing to a private pension scheme (Clery et al, 2009).

Bryan and Lloyd (2014) suggested that when compared to individuals who are contributing into a pension, those who have opted out are more like to have attitudes that are in favour of spending for current financial needs that saving for retirement. They stated that approximately 50% of employee's that are not contributing to a pension say they would prefer to spend than save for the long-term, compared to 42% of employee's contributing, and 45% of opt-outs prefer a good standard of living today than saving for retirement (Bryan and Lloyd, 2014).

Lack of Knowledge and Information

A low number of people are said to have reasonable knowledge of pensions and the age at which they can retire (Clery et al, 2009). Appropriate decision-making regarding pension provisions is usually problematic especially when individuals are uncertain about what they will receive and how much saving will benefit them (Curry, 2004). Knowledge about pensions, or the lack of knowledge can have a significant impact on individual behaviour (Chans and Stevens, 2008). It can be costly for people to become adequately informed about pensions that are available at the workplace, with the benefits of joining a pension only being revealed at retirement. This can therefore lead people to procrastinate and consequently opt-out. However, if individuals have enough information it may change their pension preferences. By providing employees with adequate information about the pension system and the schemes available, it reduces the costs of being informed (Finseraas and Jakobsson, 2014). In a test conducted by Duflo and Saez (2003), they found that employees who were provided with information on pension savings at random were more likely to join a pension scheme, therefore emphasising the relationship between information asymmetry and opt-out rates (Finseraas and Jakobsson, 2014). A lack of widespread financial knowledge often results in financial decisions being made which are therefore inconsistent with individuals' financial needs (Clark and Strauss, 2008). However, even when employees are presented with adequate information, Strauss (2008) has argued that individuals would usually not take advantage of this efficiency (Foster, 2012).

Trust and Uncertainty

The issue surrounding trust has gained increasing momentum over the last few years. People are usually neither completely rational, in terms of making a calculated decision based on them understanding all the facts, nor irrational, simply based of the decisions made with blind faith (Clark et al, 2012). Zinn (2008) devised a strategy that individuals use to manage their uncertainty in which trust sits.

Existing research has suggested that individuals likely to have less confidence in their employers in general than they would in the government or financial companies (Clery et al, 2009). Interestingly, it has been stated that individuals are more likely to have more confidence or trust in their own employer to provide them with pensions than the government (Clery et al, 2009). This suggests that the interpersonal relationship between the employer and employee may enhance the potential to place trust in relation to pension savings (Gunawardena and O'Neill, 2008). However, the perceptions of employers in general may indicate that employers can also be regarded as part of the broader pension framework, about which there appears to remain significant mistrust. For example, current research has highlighted that around 40% of people do not trust the companies that provide workers with savings and investments (Kelly, 2007). On the whole, the relationship of trust between employers and their employees is likely to be a contributing factor when examining the level of success of automatic enrolment (Webb et al, 2014).

Research Gap

Prabhakar (2017) conducted research into the reasons why individuals decide to opt-out or not of automatic enrolment. From the research carried out by Prabhakar, he found that there are said to be multiple factors that influence people's decisions to opt-out of an occupational pension scheme. The exploratory nature of the author's research meant that qualitative methods was the most appropriate method of collect data.

Focus groups were used in this research. Discussions within the focus groups allowed the author to explore and highlight the mutual themes. Prabhakar used a market research company to recruit his participants, using people who had not taken part in a similar study previously. The author used Greater London as the location to conduct his research as a large number of employers had already implemented automatic enrolment at the time he conducted his research.

Prabhakar's found that firstly, people had poor knowledge of pensions and were uncertain about automatic enrolment. Secondly, the lack of affordability and preferable alternatives is cited as the key reason people opt-out. Thirdly, the author also found that men were more likely than women to prefer to spend their money on attractive alternatives. Prabhakar's findings suggest that there is patchy knowledge of the details of automatic enrolment and proposes an area for further research; into the information or advice that provided with automatic enrolment. Foster conducted two sets of research, researching women's pension planning in the UK (2012), and young people's attitudes to pension planning (2016).

Foster's 2012 study was conducted into young women's attitudes towards pension planning. This study assesses whether knowledge and choice, trust, responsibility, risk and uncertainty influence women's pension decisions. The research method used by Foster to analyse this was qualitative.

Semi-structured interviews were carried by Foster. This allowed his participants to express their own thoughts and opinions on pensions. He conducted interviews with five women in routine and manual work (hairdresser or bar worker), five women in intermediate work (nursing assistant and travel agent) and five women in professional and managerial work (lecturer or special education teacher). From Foster's research, it was discovered that a woman's willingness and ability to contribute to a pension scheme is dependent on the pensions offered by their employers, the pension requirements and immediate financial needs. Therefore, this research suggests that pension policy considers women's employment histories.

Foster (2016) provided extensive research into young people's attitudes towards pension provisions. From the author's research into the number of people paying into a pension, it was discovered that the levels are at the lowest amongst the youngest working cohorts. The author used qualitative research as a method of conducting data, carrying out semi-structured interviews to allow his participants to freely express their own opinions on pensions. Foster's data analysis focuses on identifying common themes, and if any new themes arose, they were explored in subsequent interviews. The author's findings identified a number of factors that help with understanding the challenges young people face when saving for their retirement. These factors include; knowledge and advice, trust, myopia and attitudes towards automatic enrolment. Foster suggested that further options outside automatic enrolment needs to be investigated, including alternative forms of savings that better suit the younger generation.

3. Methodology

The objective of interpretivist research is to form new, richer understandings and interpretations of social worlds and contexts. When applied to this research study, the interpretivist approach will look at the organisation being studied (UWL) from the viewpoint of varying groups of individuals. If research only focuses on the experiences that are common, the richness and variances between them and their individual circumstances will be lost, therefore the understanding of the organisation that the research delivers will reflect this. Interpretivist researchers try to offset this complexity by collecting data that is considered meaningful to their research participants. There are

numerous types of interpretivism which place different levels of emphasis on how to do this in practice. This research study will follow the phenomenologists strand, focuses on participants' lived experience; meaning their recollection and interpretations of their experiences (Saunders et al, 2016). Inductive approach starts with the observations and theories, and then the theories are proposed towards the end of the research process as a result of the researcher's observations. This type of research involves the search of patterns from observations and the development of theories from these patterns. Theories and hypotheses cannot be applied at the beginning of an inductive study, and the researcher is free to alter the direction of the study after the research process has begun. This strategy utilises fresh data to derive concepts through interpretations made by the researcher. The sampling method used in this research study is non-probability sampling. In non-probability sampling, elements do not have a predetermined chance of being selected as subjects. To ensure there is a richness of information, interview respondents are selected from across the organisation (UWL). Potential respondents were first contacted by management via email, and out of the 12 people contacted, 10 people agreed to take part in the study resulting in a response rate of 83%.

Snowballing sampling technique was also used due to it being challenging to identify members of the desired population. Rather than being selected, potential respondents are volunteered to take part in the research study. Initial contact was made with one respondent, who identified further members, who then identified further members, hence causing the sample to snowball (Saunders et al, 2016). Consequently, this snowballing research method would be applicable to this research study as it appropriate researches individuals who share mutual traits. The research study was aimed at support, academic and managerial staff working at UWL. The reasoning being this was because workers may have varying attitudes towards pension saving, and therefore have different reasons as to why they have decided to opt-out of automatic enrolment. The data collected was analysed using the content-analysis approach. This analytical technique codes and categorises qualitative data to allow the researcher to analyse it quantitatively (Saunders et al, 2016). The research collected was explored to provide an understanding of the phenomenon under investigation.

4. Analysis and Findings

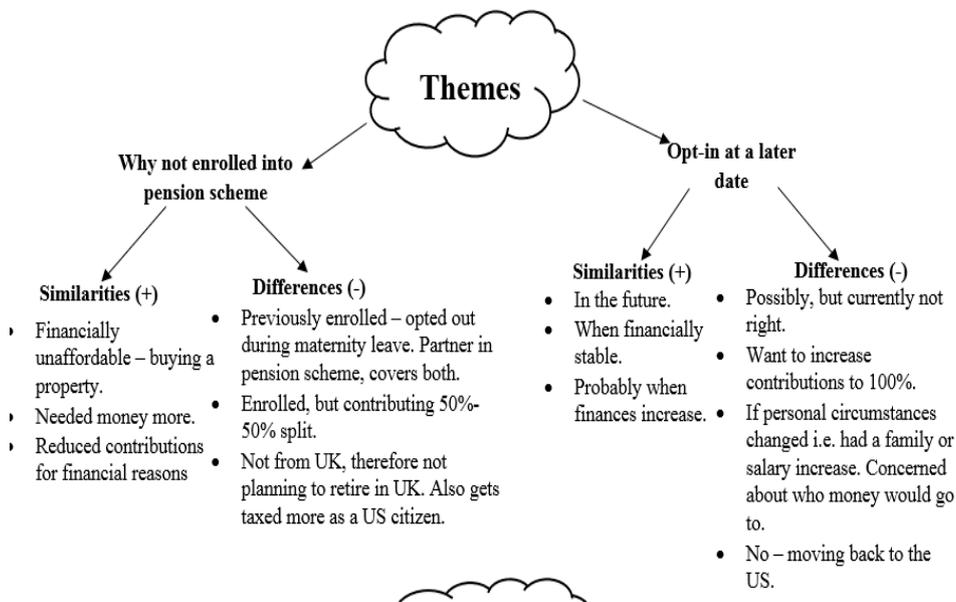
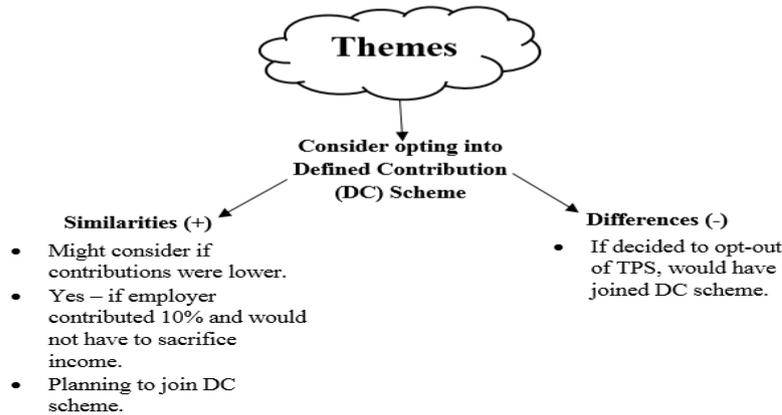
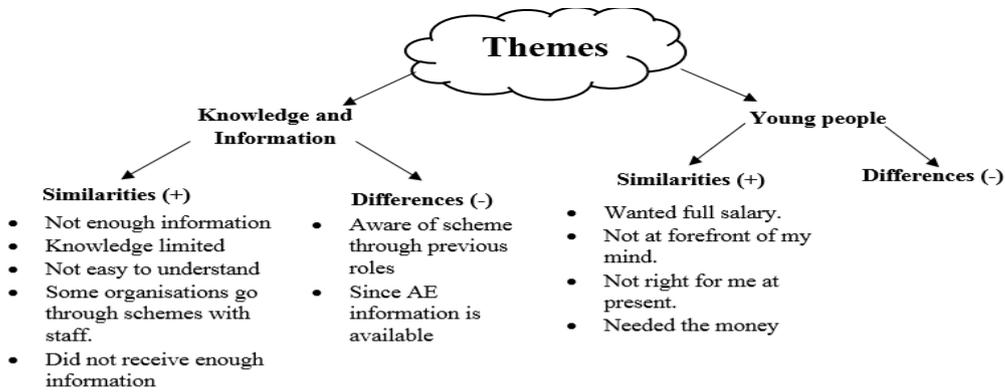
Thematic Analysis: Decision Tree

The data analysis procedure used was thematic analysis which is typically used in qualitative research. The essence of this approach is to search for themes within the data that has been collected. Thematic analysis offers a methodical yet adaptable and usable approach to analyse qualitative data, thus allowing for acute descriptions, explanations and formation of theories (Saunders et al 2016).

Interview Questions	Respondent A		Respondent B		Respondent C		Respondent D		Respondent E		Respondent F		Respondent G		Respondent H		Respondent I		Respondent J	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Are you enrolled into a pension scheme?		●		●	●			●	●		●			●	●			●		●
If not, why?																				
Are you planning on opting in at a later date?	●						●										●			●
Were you fully informed of the pension schemes offered before being enrolled?		●		●		●		●					●		●					●

- Respondents that indicated Yes
- Respondents that indicated No

The above is the interview data table. Where the fields have been left blank, the responses from the respondents were ambiguous and therefore are explained in the Comparative Analysis.



From the data collected, it is evident that the contribution rates are high, resulting in higher deductions from employee salaries. Respondent B stated that she contributed between £30 to £40 per month in her previous occupational pension scheme, whereas the contribution rates TPS scheme that respondent B was enrolled in to is significantly higher. Figures 1-4 show the increase in contribution rates for UWL employees who are opted in to the LGPS and TPS scheme over the last 6 years.

Currently, employees who are enrolled into the LGPS scheme with a salary of between £22,000 and £35,700 per annum are contributing 6.5% of their salary into this scheme. Those that are enrolled into the TPS scheme with a salary of between £27,048 and £36,410 per annum contribute 8.6%. The rate continues to increase as employee salary increases, reaching a rate of 12.5% for LGPS and 11.7% for TPS. Although UWL contribute a higher percentage on top of the employee's contribution and employees receive tax benefits, they prioritise their current needs over their retirement benefits. This is supported by Bryan and Lloyd (2014) who stated that 45% of employees are currently not enrolled into an occupational pension scheme and prefer a good standard of living now than save for their retirement. Clery et al (2009) highlighted that there is a clear link between a person's ability to save for retirement and their attitude to savings. The number of employees who stated that they could not afford to be enrolled into a pension scheme is higher among those who prioritise their present financial needs over retirement.

5. Discussion and Conclusion

Summary of Research Findings

Automatic enrolment was a significant development in the UK pension policy and has triggered a widespread interest across Europe. However, there is little known about people's attitudes to pensions and the factors that lead to employee's opting out of AE. Studying employee's opinions is important for understand and establishing these reasons. This research study presents the interviews conducted with UWL employees into the behavioural factors that contributed to them opting out of AE. This study has identified a number of factors associated with opt-outs. These include a lack of knowledge about pensions, a perceived inability to afford current contribution rates, the myopic views of young people and the lack of trust.

A number of conclusions can be obtained from the research findings. A majority of the respondents stated that they received poor information about the pension scheme there were opted into, with two respondents stating that this was one of the reasons why they opted out. This highlights that the lack of information of pensions was important for the power of AE. Employees require adequate information and guidance to make necessary decisions for their future. Literature suggests that when employees are provided with good quality information on the pension schemes, it is more likely that they will join the pension scheme; therefore, highlighting the strength of the relationship between information and opt-out rates.

From the data collected, the findings showed that financial affordability was a prime reason for UWL employees opting out of pension. It was identified that the contribution rates of both the LGPS and TPS was too high for some employees and therefore they could not afford to contribute, which was a major catalyst for employees opting out. The literature discussed stated that the lack of an individual's financial resources can majorly affect their ability to save for their retirement, thus remaining opted into an occupational pension scheme. Literature also suggests that employees do not take up a pension due to the lack of income. When conducting this research, employees readily commented on the high contributions rates being unsustainable which imposed barriers to them contributing to their retirement, especially when they require their finances for alternative matters.

It was also highlighted that there was a level of myopia among younger people. Based on the analysis of the findings, it is apparent that younger people would prefer to spend their money on alternative things and also put off their retirement as they do not consider it to be important at present. Younger people tend to believe that they still have a long time to think about their retirement and believe that pension planning is not necessary until later on in their life.

Two respondents highlighted that they were hesitant about whether they will be able to access their pensions in the future, emphasising that there is a lack of trust and a level of uncertainty. The relationship and the trust that employees have with their employers plays a significant role in whether employees decide to remain opted in a pension or not.

Finally, two respondents stated different reasons that contributed to them opting out of automatic enrolment. One respondent stated that she originally opted out during maternity leave

and did not opt back in because her husband is contributing to a pension which covers them both. Also, another respondent stated that she does not contribute to a scheme because she is from the US and is not planning to retire in the UK. Which is a factor that many employees may face as the UK is not their permanent domicile.

The overall attitude towards pension savings was favourable with the majority for the respondents stating that they find pensions important and useful for later in life.

Managerial Implications

This research study has investigated the behavioural factors that contribute to UWL employees opting out of automatic enrolment. If we look back at the research questions presented at the beginning of the study, it is possible to conclude that there is a link between contribution rates, young people, lack of information and trust on opt out numbers.

6. Limitations

This research study has a number of limitations. Firstly, these findings are taken from a small sample size of UWL employees, and therefore cannot be used to produce robust results for the whole population. It would be more reliable if samples were taken from other institutions to act as a comparator and therefore provide more informed findings as it would be representative of a wider population can be generalised.

Additionally, due to the time constraints no more than 10 employees were interviewed. This data collection method gathered a significant amount of data in the allocated time frame and eliminated the need to wait for respondents to respond. A questionnaire would have enabled the researcher to contact more UWL employees and possibly receive more feedback. Therefore, it would have provided a wider sample from across the university, thus eliminating the previous limitation.

7. Further Research

This research study concentrated on the behavioural factors that lead to employees opting out of automatic enrolment in the case of University of West London. To gain a fuller understanding on the how the factors discussed can influence opt out rates, further research can be carried out on different universities in the countries that offer automatic enrolment and use this as a comparator. The findings can also be shared and therefore provide future recommendations to help tackle the pension provision problem in the UK. Another suggestion could be using a larger sample size from UWL and comparing the findings with the findings from another university. This will allow for the results to be generalised more. Finally, further research can be conducted into the individuals who are not planning to remain in the UK on a permanent basis and their approach to retirement savings.

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Brand-Self Congruence and Brand Preference: A Study on Mobile Phone Users

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Keywords

Actual Self-image, Brand image, Brand preference, Self-concept, Self-image congruity.

Abstract

Purpose- The aim of this study was to analyze consumer's perceived images of different mobile phone brands against their actual self-image in order to know the impact on the brand preference.

Methodology/sample- In this study questionnaires were filled by 400 respondents, where the respondent individuals belonged to different groups. To analyze the data regression and Correlation tests were applied and the relationship between dependent and independent variables were analyzed.

Findings- the relative results clearly indicated that individuals in Pakistan prefer those mobile phone brands which go along with their actual self-image, as there was a positive relation. Though, the strength of the relation was moderate, which showed that there are other factors which should be considered.

Practical Implications- The result of the research will help the marketers and brand managers in building up a brand image that is similar to the consumer's self-image. It will also help them to understand how much it is important to maintain a brand image which has an association to the consumer's self-image. As today not just the functional aspects of a mobile phone matters but the brand image of mobile also matters because through the brand consumer express their own image to others.

1. Introduction

McDowell (2006) defined a brand as a name, term, sign, a design or even a combination of all of these elements, which differentiates a product or service from others in the market, particularly its competitors. Brand names generate feelings that ultimately increase the worth of a product or service past its effective value and/or product category, whereas brand image focuses on the meaning that a target audience derives from a particular brand (Nienstedt et al., 2012).

Solomon (1983) & Kressmann et al. (2006) mentioned in their studies that self-concept purpose like self-esteem need and self-consistency dictates self-congruity (Aaker, 1997; Biel, 1997; Malhotra, 1981, 1988; Sirgy, 1982). That is to say that the more a consumer believes his/her ideal self-image to identify with the brand-user image, the more probable it becomes that the consumer will conclude that his use of the brand will meet his self-esteem requirements. This is due to the discrepancies between a consumer's actual and ideal self, which help to enhance his/her self-esteem (Rosenberg, 1979). Another self-concept notion also maintains that people are likely to behave in ways that identify with their self-image, thus relating to the need for self-consistency. Consumers have their beliefs about their uniqueness, lifestyles, habits, values and preferences and when their self-theories are created and enhanced, they strongly want to protect them. Any threat to self-image of consumers can cause mental collapse and psychosis (Lecky, 1945; Epstein, 1980).

Previous research has recommended that consumers prefer and buy products/brands that they believe identify with their self-concept (Ericksen 1996; Graeff 1996; Mehta 1999; Sirgy et al. 1997, 1991; Sirgy 1982). While consuming products, the self-image of consumers interacts with the brand image or product and establishes a connection, which is called self-image congruity (Sirgy, et al. 1997). Many researchers suggest that this phenomena of self-image and brand image interaction can influences different consumer behaviors (Ericksen 1996; Sirgy et al. 1997; Jamal 2004; Jamal & Goode 2001). It is very difficult to gain customers' attention, create an acceptance for a product or service, and retain consumers' interest when the information a brand develops is inconsistent with the customer's self-image (Heath & Scott 1998). Brand/marketing managers should maintain this link between the perceived image of a brand and their own self-image (Zinkham & Hong 1991).

However, for different products categories, consumers demonstrate diverse intensity of self-image congruity (Kapferer, 1997 & Graeff 1996). However, there is one more factor to consider, i.e. the degree to which self-image is triggered when analyzing the brands against their self-concept because it can moderate the effect on brand evaluations which can be created through the self-image congruity (Crimmins, 1992, Kardes, 1999 & Graef 1996).

Many researches are conducted to evaluate self-congruity and brand preference but none of the researches focused on mobile phones; only one study has studied the relationship between self-congruity and brand loyalty, with the focused product being a cell phone (Hong, 1995; Koksal & Demir, 2012). This study maintains that an evident link and direct relationship between self-congruity and brand preference on mobile phone is established, as it has become an important part of our life.

1.1. Hypothesis

If the brand image is found to be in consistency with the self-image, it is highly plausible that this brand is going to be preferred by consumers. This theory, commonly known as image congruence, is the vital point of their study. A research was conducted in the jewelry market of UK regarding image congruity and maintains that image congruity strongly predicts consumer brand preference and satisfaction (Jamal & Goode, 2001).

Yet another study looked at the two variations of self-image, known as ideal self-image and actual self-image. It was concluded as a result that ideal self-image has a strong positive relationship with consumer satisfaction, and a negative relationship with actual self-image. However, both dimensions had a relationship with the loyalty aspect. Consumer satisfaction played a mediation role for ideal self-image and loyalty (Abdallat, 2012).

Many researchers claim that while self-image congruence may be generally related to consumer satisfaction but, for instance in the context of the automobile market, when a customer has high level of expertise, self-image congruency may not affect satisfaction judgments of the customer. The study concluded that among the automobile users, a strong link exists between self-image and brand satisfaction, and among brand preference and satisfaction in general. The previous researches on travel destination market also concluded the same results (Sirgy et al. 1997), retail banking (Jamal 2004) and precious jewelery market (Jamal and Goode 2001). In determining consumer choice, self-concept plays a vital role and consumers mostly prefer brands whose image is consistent with the images of their self-concept (Belk, et al. 1982; Ericksen 1996, Mehta 1999, Sirgy et al. 1982; 1997; Zinkham & Hong 1991; Jamal 2004; Jamal and Goode 2001). On this basis, the hypothesis developed is as below:

H1: Consumers prefer brands whose image positively correlate to their actual self-image.

1.2. Limitation

This study only focuses on one product category. i.e. mobile phone for theory testing. There can be many other product categories that can also be selected for this topic. Given the time constraints, only one product has been chosen.

Another limitation of this study is that only the actual self-image is chosen from all the dimensions of self-concept. There are also other dimensions of self-concept that could have been

chosen for this study, but again the time constraint and also the secondary data available on other dimensions was not enough to have a thorough understanding in this regard.

2. Literature review

2.1. Self-concept

Research has been suggestive of the notion that consumers generally perceive other consumers that they want to be a lot more similar to their own selves over the ones that they do not like. Correspondingly, consumers also like people that they see to be consistent to them compared to the ones less consistent. Projecting these results to the behavior of consumers directs to the forecast that people would purchase those brands that they think are used by the people who they think are just like them (Chaplin, 2005; Ross, 1971).

In this context, a study examined self/product congruity in three product categories and the results suggested three propositions. First, a convenience product was selected, and the assumption made was that self-image congruity did not directly affect the preference of a brand by consumers, and indirect impacts were assumed for functional congruity. Then, a shopping product was selected, and the results showed that self-image and product image congruity have direct and indirect effects on brand preference. Lastly, a specialty product was selected, and results showed that the direct effects were significant for the self-concept and product-image congruence. Therefore, except for convenience product and for both the specialty and shopping products, self-concept and product-image congruence were found to have direct effects on brand preference. Furthermore, the specialty product had the most pronounced direct effect of self-concept and functional congruity on brand preference (Landon, 1974; Wook Han, 2006).

2.2 Self - concept congruity

Self-congruity evolves as a consequential enlargement of self-concept. Self-congruity can be defined as the extent to which congruity is found between consumer's perception of a brand or product and their perceptions of their own selves (Sirgy, 1982). Jamal & Al-Marri (2007) advanced the study of Blackwell (2006) and Sirgy et al. (1997), who emphasized that brands are also assigned attributes that correlate with personal images of consumers, as in a brand can be youthful and friendly, which are varied when compared to utilitarian or functional brands, like costs and benefits in terms of performance, quality and price. The personal images are mirrored through the general users of a brand and by factors such as advertising, price and other brand associations through marketing activities, as consumers collate their self-images to a typical user of a brand (Sirgy 1982). Suppose there is a car buyer who considers himself to be modern and friendly, this consumer will use a brand which is used by people who are considered modern and friendly. This phenomenon pertaining to the juxtaposition between product-user image and consumers own self-image is known as self-image congruence (Sirgy, et al. 1997).

Brand personality is a vital part of brand image and also consequential for product differentiation. A study was conducted on brand personality and brand user-imagery congruence, and the findings revealed that self-brand congruity that is based on brand personality must be treated as a completely separate topic for further research (Parker, 2009).

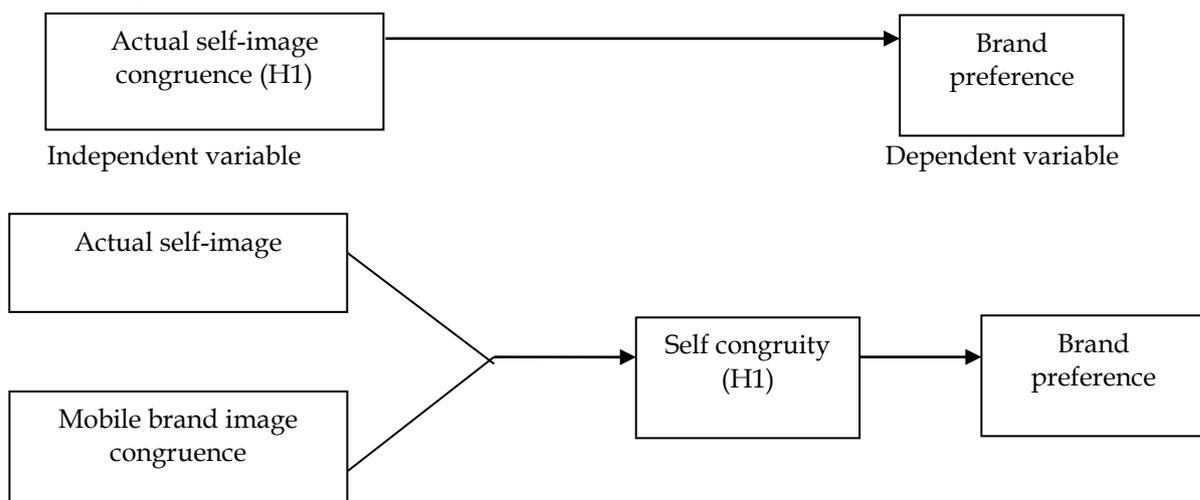
If the brand image is found to be in consistency with the self-image, it is highly plausible that this brand is going to be preferred by consumers. This theory, commonly known as image congruence, is the vital point of their study and the above discussed works of various researchers support this notion. A research was conducted in the jewelry market of UK regarding image congruity and maintains that image congruity strongly predicts consumer brand preference and satisfaction (Jamal & Goode, 2001).

Findings suggest that in automobile market self-image is good indicator of brand satisfaction, but this does not apply to the consumers with a higher level of expertise. Through this, marketers and brand managers can enhance their brand attributes and also devise their positioning strategy by analyzing the brand image alongside the self-image of the target consumers (Jamal & Al-Marri, 2010).

In another research conducted to understand the effects of image congruence with particular reference to counterfeit products and their evaluations, results revealed that image congruence strongly affected consumer attitude and intention to purchase. Also, it came to light that the ideal self-image has a positive relationship when genuine products are considered, and actual self is considered more when counterfeit products are considered (Peng, Wong & Wen, 2012).

It has also been suggested in previous research that consumer behaviours are bound to be affected by the self-image a consumer wants to depict in different situations (Schiffman & Kanuk 2004). Each person's social surroundings also form an important part of such situations and include the personality and image of those with whom they interact (Belk, 1975), both in the context of significant others and other interpersonal relationships. In 1997, Graeff researched the influence of actual self and ideal self on product evaluations by manipulating the consumption situations. The results of his study conclude that when the consumer's self-image and brand image were congruent, there was a favorable impact on the consumer's attitude as well as purchase intention.

Figure 1: Conceptual Frame Work



3. Methodology

The research method adopted for the study is explanatory in nature. For this research, quantitative method was selected after reviewing the literature because most of the research conducted on the same topic with different product categories used a quantitative approach. The traditional method involved data collection for the respondent's interpretations of the product-user image, and then the respondent's interpretations of their own self-image by relating it to product and its user image. Traditionally, these were measured through the semantic differential scale, then calculating the discrepancy scores mathematically and in the end, adding up all the results of discrepancy scores for each dimension. However, by the time researchers started to analyze the method, they found problems with the traditional method due to which results were not reliable. Sirgy, who conducted various studies on this topic, evaluated this traditional method and highlighted three major problems; first was the usage of discrepancy score, second was the usage of irrelevant images that were not related to consumer's perceived image about a brand; and third was the usage of compensatory decision rule (Sirgy et al., 1997). He discussed these problems in detail and then suggested a different way to address these issues by majoring the self-image congruity directly.

Sirgy et al. (1997) assessed the validity of this new approach by conducting six studies and comparing their results. In this new method, respondents were required to think of any brand and then of a person who is a consumer of that brand, and resultantly rate the statements on a Likert scale by indicating their agreement or disagreement about how similar they think the person is with the image that they actually perceive about their own selves i.e. the actual self-image. The target

population for this research included all the mobile phone users in Pakistan. For this research, convenience sampling was conducted to select a sample of four-hundred consumers (n=400) from many thousands of mobile phone users. The data collection instrument for this research was a questionnaire. From reviewing the literature, it came to light that most of the research in this domain included a questionnaire as the research instrument. Data integration was done through the use of SPSS software. The hypotheses were tested statistically by running regression analysis and correlation test in order to measure the correlation between dependent and independent variables will be measured.

4. Analysis

4.1. Reliability Test

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.960	11

Table-1 shows Cronbach's alpha to be **0.959**, indicating high level of internal consistency for the scale with this particular sample.

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.954	0.956	10

Table-2 shows Cronbach's alpha to be **0.954**, indicating high level of internal consistency for the scale with this particular sample.

4.2. Hypotheses testing

H1: Consumers prefer brands whose image positively correlate to their actual self-image.

Following Sirgy et al (1997), correlation as well as regression were conducted to analyze the relationship as well as its strength. Actual self-image congruence was chosen as the independent variable, while brand preference was the dependent variable. The results were as follows:

4.2.1. Correlation

Table 3: Correlation

		Actual Self	Brand Preference
Actual Self	Pearson Correlation	1	.641**
	Sig. (2-tailed)		.000
	N	402	402
Brand Preference	Pearson Correlation	.641**	1
	Sig. (2-tailed)	.000	
	N	402	402

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

The Pearson correlation value has come out positive, indicating that there is a positive correlation at the value 0.641**. Also, given the fact that this value is significant, it can be concluded that the collected data supports the hypothesis H1, thus rejecting the null hypothesis. Also, Table-3 shows the sig. value to be 0.000 which is lower than 0.05, indicating the existence of a relationship among the two variables i.e. actual self-congruence and brand preference, and also that it is significant. This result suggests that consumers prefer only those brands whose perceived image in the mind of consumers is consistent to their actual self-image.

4.2.2. Regression

Table 4: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.641 ^a	0.41	0.409		0.6536

a. Predictors: (Constant), Actual Self

Table 5: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.103	.128		16.442	.000
	Actual Self	.542	.032	.641	16.687	.000

a. Dependent Variable: Brand Preference

The r-value equals to 0.641, whereas r^2 is 0.410, this means that the effect of self-image congruence on brand preference is 41% and the rest is due to the discrepancy of other factors. This finding thus concludes that there is a linkage between actual self-image congruence and brand preference as suggested by Sirgy et al. (1997).

$R = 0.641, p < 0.001$

From the above data it can be seen that:

$a = 2.103$

$b = 0.542$

$p = 0.000$

Here, the value of p is less than 0.05 therefore the relationship is reliable.

Regression equation

$y' = bx + a$

$y' = 0.542(x) + (2.103)$

$y' = 0.542(x) + 2.103$

Brand preference = 0.542 (Actual self-image congruence) + 2.103

Interpretation: 1 unit increase in 'x' will bring 0.542 changes in 'y'. Therefore, brand preference (y) can be predicted from any given value of actual self-congruence (x).

5. Findings

The correlations results indicate that for actual self-image congruence, which was the independent variable, and the dependent variable of brand preference, the Pearson correlation value is positive, indicating a positive, significant correlation at the value 0.641**, thus supporting hypothesis H1 and rejecting the null hypothesis. Table-4 also shows that the sig. value is 0.000 which is lower than 0.05, indicating that the presence of a relationship among the two variables i.e. actual self-congruence and brand preference is very much significant. This result also suggests that consumers prefer only that brand whose perceived image in the mind of consumers is consistent to their actual self-image. Similarly, the result of regression shows that the r-value equals to 0.641, whereas r^2 is 0.410 ($r = 0.641, p < 0.001$), indicating the influence of self-image congruence on brand preference at 41%, and the rest is due to the discrepancy of other factors. This finding, therefore, concludes that the correlation does exist between actual self-image congruence and brand preference as suggested by Sirgy et al. (1997).

6. Discussion and Conclusion

Consumer purchases are well-defined and intentional in nature because when consumers go out to purchase, they want a brand that is different from other brands and through which they could differentiate themselves from others. Therefore, there would be a difference in the preference of brands with regards to intentions for purchase. Consumers demand for such a product that could differentiate them from others, make them stand out and give them a feeling that this brand is exclusively made for them. They want a brand which matches their personality and is just like them (Dolich, 1969).

The conclusions drawn as a result of this research are congruous with the conclusions of Sirgy et al. (1997) who examined six different studies with the same methodology. These results are also congruous with the findings of Graef (1996), who investigated the congruence between brand image and two variations of self-image, namely actual self-image and ideal self-image. Both the studies established a strong relationship between these two dimensions of self-concept and brand preference.

This research also establishes that consumers prefer their actual self to be similar with the mobile phone brand image. The study findings suggest that consumers evaluate their actual self-concept against brand image and then prefer a brand where a positive correlation exists between these two elements. Through correlation and regression analyses, we found that there is a positive correlation between actual self and brand preference, and both are moderately related to each other, with the result that there is a 41% influence of actual self-image on brand preference, while the rest is due to the discrepancy of other factors. It is also discussed by the researchers that self-congruity is not the only factor in consumer purchase decisions, and there are other factors like conspicuousness of consumption, activation of self-concept while making the purchase decision, high and low involvement of consumer while making the purchase, etc. Hence, these and other factors that are not known should also be considered in the model.

This research establishes that people are aware and conscious of their self-image and brand image congruence for mobile phone brand. Hence, the implications for marketers are that when they are developing their promotional activities, they should consider actual self and brand image congruence, as it is an important aspect.

7. Recommendations

According to the findings of our study and the conclusions made, the following recommendations can be drawn:

Brand image is the major aspect that helps a product to remain competitive in the mobile phone industry. Therefore, it is very important to hire people who are skilled, creative, and think out of the box, and who will manage the brand well enough for it to stand out among many other brands in the industry.

Marketers use several product-related aspects like packaging, TV ads, billboards, hoardings, panaflexes, digital advertisements, etc. to develop and build up the brand image. Marketers can further use these elements in delivering a brand image that people can associate with themselves. They can associate cues to link the brand to a certain situation that will be related to the consumer and it will help them more to associate with the brand based on its suitability to their image. Customer loyalty could be the most desirable attribute through which companies can achieve this goal. Any complaints or negative associations that are raised about the brand should be removed immediately before it damages the brand completely. Also, companies can take precautionary action to avoid these negative associations before they happen in the first place.

Brand image can be either made or destroyed by the employees as they are the ambassadors of the company who carry the image to consumers either positively or negatively. If they are not satisfied with the company the company should take actions to turn their attitudes from negative to positive and for this they can setup incentive programs, recognition ceremonies, initiate events that would involve the employees in healthy activities and they feel relaxed and help them in changing

their mood and releasing work stress. These activities will lead to positive attitude of employees and they will become loyal toward the company and will be motivated to turn the customer towards the company and make them loyal to ensure repeated purchases. The employees are an important part of the company and act as company ambassadors; therefore, these people need to be kept motivated so as to keep up with the desirable image.

8. Further Research

Studies that focus on investigating the likelihood of enhancing the self-evaluation of consumers with respect to the linkage they develop between self-image and brand image need to be conducted that identify possible ways of strengthening this relationship. Similarly, studies also need to focus on identifying the reasons behind the decreasing self-evaluation in this context.

Future research can also investigate a multi-dimensional measure of self-concept, which can also include other facets of self-concept apart from actual self-image.

This same study could be done for other product categories as well, as this study only focused on mobile phones.

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Big Data Analytics: Towards recuperating National Student Survey (NSS) in Modern Universities.

“The case of The University of West London”

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Keywords

Student Satisfaction, Student Expectation, Attainment, Case Study, University of West London, Quantitative

Abstract

This research paper explores the topic of “Does Attainment impact on National Student Survey (NSS) Student Satisfaction responses? The case of The University of West London”. The aim of this research paper is to explore whether Student Satisfaction as measured by the NSS is impacted by students attaining high grades, observing that student satisfaction at UWL has been on an increasing trend over the previous 10 years at a time when tuition fees, and therefore student expectation have also been increasing. Whilst there is a large body of research into the concepts of student satisfaction, student expectation and the concept of ‘student as a customer’ following tuition fee increases, there is little research on the impact of student attainment on student satisfaction. This research paper uses a quantitative research approach as this approach will help to bring numerical, data driven evidence to identify the link between high student attainment and the probability of a positive experience at University. The research also questions any correlation between ‘Teaching and Learning’, ‘Assessment and Feedback’, ‘Organisation’ and ‘Resources’ with student satisfaction to facilitate better strategic decision making around policies to improve student satisfaction. Additionally, the choice of questions and use of quantitative data analysis mirrors the approach adopted both internally and externally to capture student satisfaction.

To support the quantitative research, approach this paper has followed a positivistic research philosophy and deductive research strategy. Moreover, the researcher has opted for a cross-sectional, single case study research design; using University of West London (UWL) as the case study. The sampling technique used in this research was convenience sampling as questionnaires were offered to any student approaching UWL’s Ealing campus Academic School Administration Office reception. Due to the quantitative approach, a mono-method strategy was used to collect the data and analysed by SPSS to identify reliability and significance of correlation between student satisfaction and the identified themes of questions.

The results of the study show that Student Attainment does not have a significant impact on student satisfaction, supporting the existing theory that satisfaction actually drives student attainment. Moreover, the research supports existing research that satisfaction with ‘Employability’ and ‘Teaching and Learning’, specifically contact time with tutors is the most significant aspect to focus on when considering methods to increase student satisfaction. The paper concludes with the recommendation that engaging students to feel that they a part of the University community appears to be one of the key methods to increase satisfaction given the complex nature of student expectation and satisfaction of a ‘product’ they are unfamiliar with, and that there may be more value gained in seeking a view of student satisfaction once students have completed their studies.

1. Introduction

This research project case study will investigate student perceptions on the factors that influence student satisfaction as currently measured by National Student Survey (NSS) responses. It

is the intention of this study to investigate and understand whether students directly attribute the attainment of good marks with a positive student experience. The provision of a good student experience is the first objective as set out in The University of West London's (UWL) 5-year strategic plan, *Ambition 2018* (UWL, 2017) with reference made to course design, increased graduate employability, embedded scholarly research and innovative delivery systems. By understanding what, if any, impact attainment has on the perceived student experience, Senior Managers at UWL may be able to use that information to improve strategic planning and decision making. Examples of where this information could be of strategic value may include considering future course and assessment design and delivery systems which are created with the intention of maximising both attainment and student experience. Increasing the student experience is of particular relevance given current discussions around the proposed introduction of accelerated and intensive two-year degree courses, proposed revisions to the fee and funding structures for English Universities and attempting to mitigate the effects of Britain leaving the European Union. UWL provides an interesting case study as it is a widening participation University (UWL, 2018), with an unusually diverse mix of age ranges with many students being the 1st in their families to attend University (Dent, 2017, pp. 101; Leathwood and O'Connell, 2003)

It can be observed from Figure 1 that overall student satisfaction, defined by the NSS as students responding that they 'agree' or 'strongly agree' with the question 'Overall, I am satisfied with the quality of the course' (Hefce, 2018), at UWL has been on an increasing trend from academic year 2011/12 to academic year 2016/17. The trend of increasing student satisfaction at UWL is framed in a rapidly changing higher education landscape, most notably with the increase in student satisfaction as seen in Figure 1 occurring at the same time as the rise in tuition fees for Universities in England from £3000 to £9000 per year from September 2012 (Bates and Kaye, 2014; Callendar and Mason, 2017). The introduction of the increase in tuition fees from academic year 2011/2 is the justification for the choice of this as the base year in the dataset used in Figures 1 - 5, as opposed to using a wider range of data.

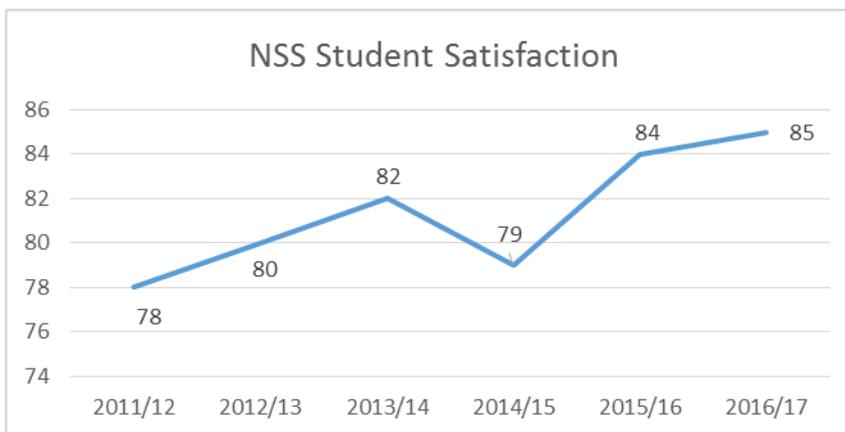


Figure 1: UWL overall student satisfaction results from NSS survey (Hefce, 2017)

Figure 2 (below) demonstrates that the number of 'good degrees', accepted as being a 1st or 2.1 (Dent, 2017, pp. 97) awarded by UWL has also increased over the same timeframe, whilst Figure 3 isolates the award of 1st class degrees. The rising number of 'good degrees' being awarded is due to a range of factors, including; increasing student numbers, the raising of entry requirements and profiles, a higher proportion of students progressing to full degrees from lower awards (DipHE, Foundation Degree, etc...) or joining UWL from collaborative partner institutions and the annual revision of academic regulations relating to awards following benchmarking with the rest of the HE sector.

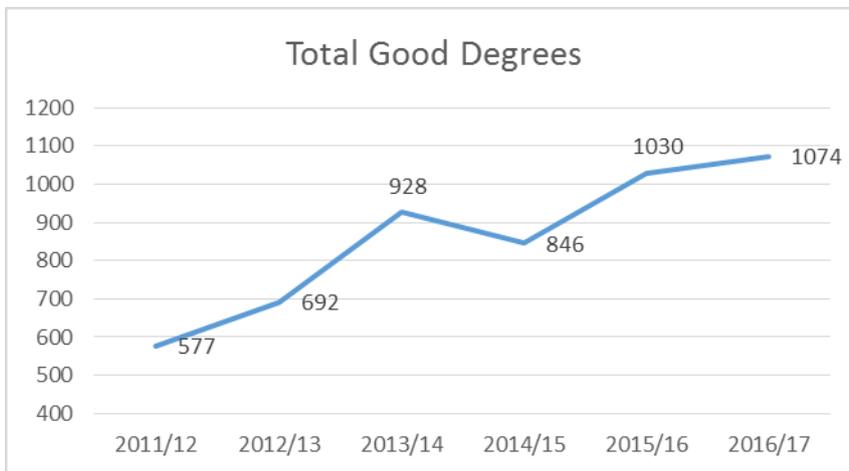


Figure 2: UWL 'Good Degrees' (awards at 1st or 2.1 level)

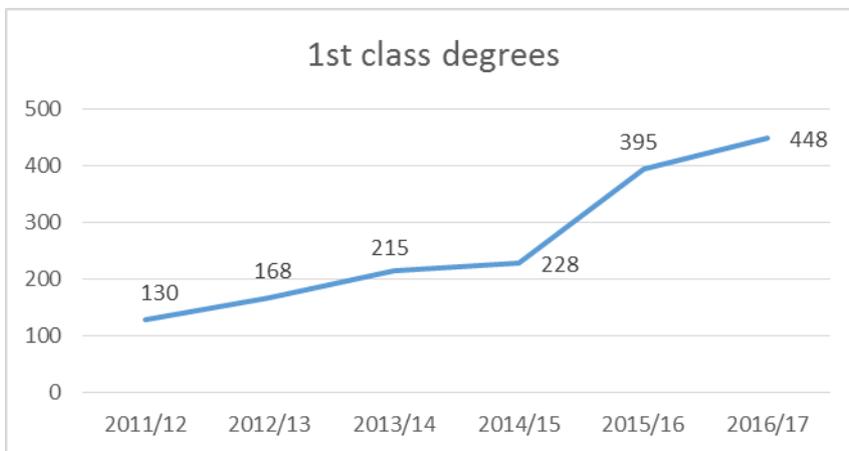


Figure 3: UWL 1st class degree awards

Widely accepted as the most useful and frequently used analysis tool for the analysis of data in organisational sciences (Tonidandel and LeBreton, 2011), regression analysis conducted on the data for student satisfaction and awards in Figures 1 and 2 indicates a positive correlation between the award of 'good degrees' and student satisfaction. The results in appendices i and ii demonstrate an adjusted R Square value of 79%, and an adjusted R Square value of 80% between student satisfaction and students obtaining 1st class degrees, indicating that students obtaining a 1st class or 2.1 degree are likely to respond in the NSS that they were satisfied with their course.

To further consider student satisfaction in the context of rising tuition fees, comparisons have been run between UWL and institutions in Scotland, where students are not charged tuition fees (Figure 4) as well as extending the regression analysis back to 2005 when the NSS was first used in its current form (Appendices iii and iv).

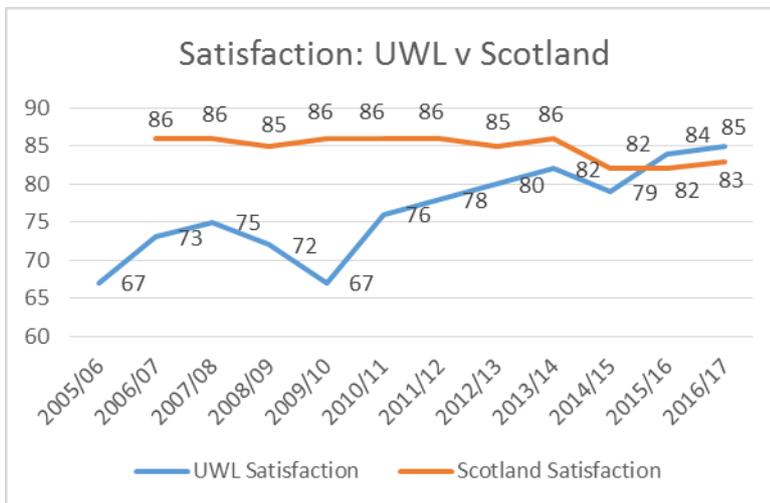


Figure 4: Comparison of student satisfaction between Scottish institutions and UWL

In Figure 4 it can be observed that student satisfaction in Scotland remained constant at either 85% or 86% from 2006/7 to 2013/4, with a minor dip to 79% in 2014/5 before recovering back to 83% by 2016/7. One possible justification for this is the increasing number of institutions being considered in NSS data from 8 institutions in 2006/7 to 21 institutions in 2016/7. With relatively few institutions being considered, a single outlier can have a significant impact on the overall results, which can be seen with City of Glasgow College returning overall satisfaction of 18% in 2015 and 31% in 2016 significantly impacting the overall Scottish student satisfaction mean. The significance of the comparison between student satisfaction at UWL and across Scotland indicates that tuition fees may not be a causal factor in student satisfaction. This is something that will be explored in greater depth throughout the research project.

As with appendices i and ii, appendices iii and iv consider the regression analysis conducted on UWL's awarding of 'good degrees' and 1st class degrees respectively however, they consider the entire period that NSS data exists from UWL, 2004/5 – 2016/7, rather than focussing on the years where students were paying the increased £9000 fee. The analysis on this larger data set demonstrates that there is a 62% probability of UWL students being satisfied if they were awarded a good degree between 2004/5 and 2016/7 as opposed to 79% between 2012/3 and 2016/7, a rise of 27% probability. Furthermore, there is a 56% chance of students obtaining a 1st class degree reporting as being satisfied between 2004/5 and 2016/7 as opposed to 81% of students reporting as satisfied between 2012/3 and 2016/7, a rise of 44% in probability. This demonstrates that, since the rise of tuition fees in England since 2011/12, there has been an increase in the likelihood of students at UWL being satisfied at the NSS when they achieve better marks however, it is not known whether this was a conscious decision.

Through a combination of the literature review in section 3; research into the formulation of NSS questions and UWL's internal Module Evaluation Questionnaire and via analysis of the responses to a questionnaire to be completed by students, this research project aims to identify the key factors that comprise a student's overall satisfaction within their time at UWL. The questions asked to final year undergraduate students in the NSS are grouped into seven broad themes; 'Teaching on your course', 'Learning Opportunities', 'Assessment and feedback', 'Academic Support', 'Organisation and Management', 'Learning Resources', 'Learning Community', 'Student Voice' before asking for 'Overall Satisfaction on the course'. These themes provide a basis for the generation of the questionnaire used in this study (appendix xxvi) which will see questions grouped in the following four categories; 'Teaching and Learning', 'Assessment and Feedback', 'Organisation' and 'Resources' before asking a single question to measure overall student satisfaction. The questions that form these groups will have their responses aggregated and tested against student satisfaction responses to identify the impact each grouping has on student satisfaction.

Given the correlation between the recent rise in NSS student satisfaction scores for UWL and the number of 'good degrees' and 1st class degrees achieved by its students as identified in Figures 1, 2 and 3, this research study seeks to test the hypotheses H₁, H₂, H₃ and H₄ which are discussed in greater detail in 1.4.

2. Literature Review

This literature review aims to consider some of the fundamental topics relating to student satisfaction, including the concept of 'student as customer' and how institutions approach the concept; student expectation. The literature review will also consider the recent rise in tuition fees in England, the influence of league tables, the National Student Survey (NSS) and management theories which evaluate service quality such as SERVQUAL and Total Quality Management (TQM) to establish how and why student satisfaction is measured, and how it can be improved.

The focus of this study, which is to link student satisfaction directly with academic performance, seeks to investigate an area that is currently very under researched in the fields of higher education and student satisfaction and is drawn from reading around the topic including identifying trends and models within student satisfaction (Wiers-Jenssen, Stensaker & Groggaard, 2002) and on the teacher influence on student achievement (Brophy, 1986).

The concept of 'student as a customer'

Following the Browne report in 2010, which allowed Universities in the UK to raise their tuition fees to a maximum of £9000 per year, there has been an increasing focus on student expectations, with them progressively viewing themselves as customers of Universities (Laing & Laing, 2016). The general concept of 'student as customer' has become so commonplace within the management of and literature considering HEIs in England that recent studies have declared "one area where the debate needs to stop is whether students are customers. That ship has sailed, what needs to be determined is how to steer it" (Guilbault, 2018). Cuthbert (2010) observes that a student is more than just a customer, due to the unique complexity between a student and the University they attend, and the theory is.

The concept of 'student as a customer' is explored by many scholars, including Sharabi (2013), who identifies a shift in higher education provision from being a supplier' market to a customer' market and explores the importance of implementing and monitoring service quality. In addition, the research of Budd (2017) demonstrates that students at English universities perceive that their institutions should play a considerable role in their time at an institution and emphasises the link between fee payment and the concept of 'student as a customer'. Furthermore, Tight (2013), observes that students have not only been considered as customers, but as consumers, clients, co-producers and apprentices. This highlights the variety of internal and external approaches and expectations of educational institutions to interacting with students and further explored by Koris & Nokelainen (2014) state that HEIs have increasingly adopted a customer driven service model who operate "in a dynamic environment of intense competition and students from all around the world may choose the best place for them to study".

There is continued debate and discourse across literature and between scholars and academics on the best ways to approach working with students when considering the best way to maximise student satisfaction. Nevertheless, it is almost unanimously accepted by those considering the issue that students need to be treated as the customers of the product Universities are offering. By placing students, as opposed to academic staff or research profiles, centrally when considering strategic decision-making, Universities are better placed to maximise student satisfaction. By taking this approach when considering matters such as course portfolio and curriculum design, investment into facilities and the adoption of human and technological resources to support students pastorally, Universities are far better placed to serve the needs of students as the primary customer (Budd, 2017; Sharabi, 2013; Tight, 2013).

Reynolds and Dang (2017) identify and explore different methods of approaching the delivery of a University course to students in their role as a customer. The authors identify the pedagogical, or educational, paradigm; that of delivering educational expertise and marketing the courses appropriately as very separate to the business paradigm; that of creating a marketing a service dependant on the demands of the prospective student body. The fundamental difference between the two paradigms is concluded by the authors as 'Educate' (Pedagogical paradigm) vs 'Satisfy' (Business paradigm). Furthermore, the authors state that to improve student satisfaction, institutions would be best served adopting the business paradigm by including the student body in areas of course management such as curriculum design which are traditionally dealt with internally due to the perception of 'instructor as expert'. The rationale for this, according to Reynolds and Dang (2017) is that if students are able to define their expectations more clearly, universities could approach satisfying these expectations in a more targeted manner.

Institutions adopting the business paradigm identified by Reynolds and Dang (2017) may well draw on the general principles of TQM (Wajtrakul, 2013) requiring consideration of student satisfaction to be at the forefront of strategic decision making. The principle of the student as a customer makes them a far more influential stakeholder in the educational experience (Eagle & Brennan, 2007), proposing that they ought to be viewed as a "professional customer or client" more than a "simple consumer".

Mark (2013) draws reference to previous literature that indicates the shift towards the view that customers, in this case students, are, in part, responsible for ensuring their own satisfaction by engaging in a partnership with suppliers, in this case, Universities. This model adds support to the theory discussed by Bates & Kaye (2014) relating to the rise in student expectation around contact time. Mark (2013) also references TQM, noting a reluctance for Universities to adopt the principle notion that 'the customer is always right', arguing that students have a short-term view, and cannot be knowledgeable about the product to know if it is not delivering the quality it should be. In their 2007 study, Lomas acknowledges that the extent to which respondents concurred with the concept of students as customer varied between academic disciplines and institutions due to internal business culture. There was, however, an identifiable trend that governors and university senior management were much keener to adopt the concept of 'students as customers' than teaching staff. This trend offers support to Reynolds and Dang's theory that academic staff traditionally prefer the 'instructor as expert' view of course management. Additionally, Guilbault (2018) records a response from one faculty member that "students are NOT customers by any definition of the word. The sooner institutions of higher learning disregard a "customer service' model the better". Sharabi (2013) identifies three tiers of provision; Co-ordination (senior management), Boundary (academic staff and support services) and Customer (the students themselves) with the co-ordination tier and customer tier more likely than the boundary tier to value the input of students into the monitoring and planning of delivery of a service.

Glaser-Segura, et al (2007) expand on this view, developing the work of Sharrock (2000) in identifying four stages of students as customers depending on their level of transaction and relationship with the university; these stages are defined by the authors as Customer, Client, Citizen and Subject. The subject is a subordinate of the University with no input and in receipt of instruction from the institution; the citizen exercises rights within the university system and it is identified as a co-member of the university; the client is uninformed and merely pays the university to provide expert knowledge, while the customer in the model is fully knowledgeable having conducted research prior to joining, and is in receipt of customer defined instruction and guidance. The varying levels of input the student as customer has in the above models mirrors the roles of the student identified by (Cuthbert, 2010), with students identified as learners, clients, members, citizens and people engaging in aspects of University life ranging from its governance to being members of a sports society. The complexity in identifying what constitutes the student being a customer further complicates the contrasting view of a student from the institutional staff members (Eagle and Brennan, 2017; Guilbault, 2018; Lomas, 2007; Tight, 2013). The work of Voss, Gruber and Szmigin

(2007) does, however, surmise that students contact with staff is often the most important factor in ensuring student satisfaction, mirroring the research from Bates and Kaye (2014). The observed diversity in the range of views universities and faculty staff have of students, and indeed that some students may have of themselves, explains why there a lack of an integrated approach to TQM frameworks in the education sector has been (Shams, 2017).

Student expectation and satisfaction

Despite spending up to 14 years in education, as the higher education landscape differs significantly from that of schools and colleges, many undergraduate students join their chosen university with unrealistic expectations (Money, *et al*, 2017). Student perception of quality at University is dependent on their expectations and values, and new undergraduate students may have unrealistic expectations, leading to a feeling of dissatisfaction (Money, *et al*, 2017; Voss, Gruber and Szmigin, 2007). By understanding what students expect from them, universities may be able to manage student expectation and, in turn, increase the likelihood of student expectations being met which will therefore increase the probability of a rise in student satisfaction (Voss, Gruber and Szmigin, 2007). The importance of understanding student expectation is explored by Sander, Stevenson, King and Coates (2000) who observe that universities need to adapt the way in which they approach student expectation. By moving from an 'inside out' approach of education, simply assuming academic staff know what students require and expect, to an 'outside in' model, which requires researching what students expect from their time at university, HEIs are better placed to understand student expectation. The study also indicates that by surveying incoming students, universities can not only understand but also manipulate expectation, particularly that of students from widening participation backgrounds, to result in improved academic performance and, consequently, satisfaction.

Whilst considering service quality, Sharabi (2013) states that due to the provision of service being as reliant on the process as it is on the end result, merely obtaining a degree may not be sufficient to guarantee satisfaction with the educational service received. Sharabi (2013) identifies rude or obsolete teaching and supporting services such as administrative support, pastoral care, maintenance and IT as of equal importance to the obtaining of a degree when evaluating overall student satisfaction. Senior, Moores and Burgess (2017) surmise that University managers can "no longer expect students to be satisfied with excellent teaching alone", further observing that "Students expect the provision of excellence with regards to professional skills that they can transfer to the post-graduation workforce".

The impact of tuition fees

This study is considering recent student satisfaction at UWL, framed in the context of a marketplace where the cost of Undergraduate degrees in England has risen from £1000 in 1998 to £3000 per year from 2006/7, rising further to £9000 per year in 2012/3 (Bates and Kaye, 2014; Callendar and Mason, 2017). Since 2017, Universities in England have been able to charge an additional £250 per year dependent on an institutions Teaching Excellence Framework (TEF) rating (Gunn, 2018) as well as increasing interest on tuition loans from Student Finance England (SFE) (Independent, 2018). Although this study is not considering tuition fees themselves as a variable, with the above discussion of students as customers, the author notes there is an assumption that expectation will be higher as the cost of degrees rises and therefore satisfaction with a student's time at University will be harder to achieve.

Bates & Kaye (2014) observe that 'Tutor support and the role of the lecturer', 'Resources' and 'Employability' are all core components of student expectations in an increasing 'consumer culture'. Bates & Kaye (2014) also draw a clear distinction between the eras of 'pre-fee rise' and 'post-fee rise' with regards to students' expectations. Their paper demonstrates that expectations from students who now see themselves as customers, and

therefore, their satisfaction, differ in an environment of higher tuition fees, with one student on the lower fees quoted as stating “I’d be expecting caviar in lectures” if they were paying the increased fee.

Lenton’s study of the NSS (2015) highlights the importance on monitoring student satisfaction post fee-rise and is one of the few studies that draws a link between attainment and student satisfaction. Lenton does, however, perceive student attainment to have a near negligible effect on their satisfaction, and that it is linked in a wider context to a sense of self-development and employability, rather than seen as a variable in its own right. This supports the findings of Langan, Dunleavy and Fielding (2013) in noting that ‘satisfaction with feedback’ was one of the most unreliable predictors of overall satisfaction and expands on their analysis of the use of NSS data, which concludes that student satisfaction is a complex indicator with many contributing factors. Research claims that for an institution to improve its overall student satisfaction rates it would be beneficial to consider and measure currently unexplored attributes, such as student attainment (Fielding Dunleavy & Langan, 2010).

Burgess, Senior & Moores (2018) observe that the UK provides a ‘natural experiment’ of the effects of fees on student satisfaction with Scottish institutions opting to charge no fees for Undergraduate degrees while Universities in England do charge tuition fees. However, their research identifies no observable link between tuition fees and student satisfaction, noting the best correlation occurring between the course being ‘well designed and running smoothly’ and overall satisfaction in England having increased in recent years.

Supporting this surprisingly counter-intuitive result, Budd’s research (2017) notes no observable difference in the levels of engagement or satisfaction between fee paying students in England and those who did not have to pay for fees in Germany. Budd’s 2017 study claims that any observable differences between the student’s experiences were based on other aspects of the institutions organisational culture and not on fees. The structuring of the loan repayment system for students in England at the beginning of the 2017/8 academic year only sees loan repayments begin after the graduate begins earning over the threshold of £21,000, and having any outstanding debt written off after 30 years (Callender and Mason, 2017). Additionally, this earnings threshold for repayments is due to increase from £21,000 per year to £25,000 per year for students who started their degrees in 2012 or after in a move that is set to reduce monthly repayments for millions of students (FT, 2018). The loan repayment system is credited with reducing the gap in attendance between rich and poor students in England (Economist, 2017). One Economist (2017) article notes that university attendance from poorer areas is rising slower in Scotland, where no tuition fee is charged, than in England and estimates that around three-quarters of all graduates in England will never pay back the full value of their student loan. This claim differs from the research conducted by Callender and Jackson (2005) which identified concern from prospective students that accruing higher levels of debt may dissuade them from attending university.

This is particularly relevant for UWL as a widening participation institution, appealing to a demographic of poorer students who are often the first in their families to attend University (UWL, 2018), as there is no prior experience of University for them to draw their own expectations from. Consequently, expectation will likely be formed from a student’s experience of previous education provision at high school or college or from experience of provision of other goods and services, often which do not require the levels of engagement required at a University (Fearne, 2008; Money, *et al*, 2017). Examples of this are the expectation of both the high level of service and product guarantees received when as a customer purchasing a new mobile telephone.

Setting expectation and measuring satisfaction: OfS, NSS, TEF and League Tables

With Universities operating in an increasingly marketised industry (Rudd, 2017), and reflecting a shift towards the ‘Business to Customer’ model (Senior, Moores and Burgess, 2017), the use of league tables, surveys and metrics to quantify university performance has become increasingly common. The results of the NSS, TEF and league tables from the Guardian, Times and Sunday Times

Good University Guide and Complete University Guide all feature prominently in the advertising of most Universities, including UWL.

In reaction to the marketisation and privatisation of the higher education sector in the UK, the Quality Assurance Agency (QAA) has implemented the TEF as a means of 'putting students at the heart of the system' (Maskell and Collins, 2017). TEF aims to ensure quality of teaching and learning as well as measuring value for money and better informing students' choices regarding where to study by ranking institutions as Gold, Silver or Bronze (Rudd, 2017).

Critics of the metrics by which institutions are measured highlight the 'crude and distorted' view of teaching 'excellence', stating that they are a further example of the marketisation of education in recent years. Rudd (2017) highlights the potentially damaging sector wide pedagogical impacts of the increased use of metrics such as TEF and league tables such as the Guardian or Times and Sunday Times Good University Guides. The adoption of metrics and league tables is an attempt to employ a 'one size fits all' approach which over-simplifies the complex nature of student engagement and satisfaction (Maskell and Collins, 2017). Additionally, Christie (2014) states that these metrics are counter-productive for Universities, and the increase in external accountability "threatens the moral purpose of higher education as a guardian of independent knowledge with responsibility 'for conserving, understanding, extending, and handing on to subsequent generations the intellectual, scientific, and artistic heritage of mankind.'" Furthermore, TEF has created controversy amongst the student body, with 25 Students Unions boycotting the NSS survey in 2017 due to its impact on TEF and institutions with a Silver or Gold rating being able to charge additional fees (THE, 2017b). Moreover, the addition of graduate earnings as a metric after the first TEF has been criticised for undermining the testing and skewing results back in favour of Russell Group institutions whilst deflecting attention away from teaching (THE, 2017c).

3. Methodology

This study adopted the approach of issuing self-administered, Likert scale-based questionnaires with ranked questions from 'strongly agree' to 'strongly disagree' to students at UWL which will be completed anonymously. The aim of the questionnaire is to obtain responses identifying students' satisfaction with a range of factors and overall student satisfaction with their course, in order to test the hypotheses H₁, H₂, H₃ and H₄. Although the approach is modelled on existing methods of evaluating student satisfaction, this chapter explores the academic rationale behind the authors chosen approach. Utilising the 'Research Onion' as identified by Saunders, Lewis and Thornhill (2015, pp. 124), this chapter will consider research philosophy, approach, strategy and design. Additionally, the chapter will consider the chosen population of respondents and investigating sampling techniques and data analysis tools employed throughout the research.

The importance of establishing a robust methodology prior to collecting data has been outlined by Bryman and Bell (2015, pp. xxxiii) as it enables researchers to make appropriate choices about which methods and techniques to employ, thereby promoting high quality research. 6 and Bellamy (2012, pp. 12) also observe that sound methodological principles allow a researcher to reach conclusions by designing all stages of the research project based on those principles whilst Sekaran and Bougie (2013, pp. 20) state that "a sound methodological design adds rigor and a degree of exactitude to a purposive study".

Additionally, this study is Cross-Sectional as it seeks only to understand the impact of attainment on student satisfaction from current students at UWL, rather than recently graduated members of the alumni association, looking to potential, future students or considering students at other Universities in England. This approach is particularly relevant as the students being surveyed are studying in an uncertain climate with rising student tuition fees in England and the proposed introduction of new funding and study methods. These external factors can be combined with UWL's recent rises in student satisfaction and league table rankings and unusual demographic profile to provide a unique case study. Furthermore, the targeted respondents are studying in UWL's two recently re-developed campuses (Ealing and Brentford sites), which have recently had

significant financial investment. The investment into facilities has been identified by Senior Management as a significant factor in improving the recent student experience and UWL being ranked 2nd nationally for spend per student (Complete University Guide, 2018; UWL, 2018b).

The questionnaire itself (as seen in appendix xxvi) was designed in two main sections, with the main section asking a range of questions split into four main categories; Teaching and Learning, Assessment and Feedback, Organisation and Resources, with a final question on overall satisfaction. The second section asks four demographic questions to identify the students' academic school, year of their course, gender and age, which may be utilised for further analysis.

4. Data Analysis

Of the 231 responses that were collected, only 19 came from the Brentford Campus – 8.22% of all responses – and in total 5 questionnaires (2.16%) were discarded for being incomplete or answered entirely with a single response for each question.

In considering the demographic information in Table 5, it can be observed that almost half of respondents are Undergraduate students not in their final year and as a result may not have the opportunity to complete the NSS should they withdraw from UWL due to dissatisfaction with the course or institution. The author notes that this may result in a disparity between the previously published NSS results and those gathered as part of this survey as students viewing their tenure at University through the prism of their being a valued customer may well change service provider before getting to the point of award if they are sufficiently dissatisfied.

5. Discussion on Data Analysis

Scrutiny of the correlation and regression analysis conducted on the responses to questionnaires will allow the author to test the four identified hypotheses, in order to address the research aims and questions of the study. The established research aims were to identify the impact of identified factors on student satisfaction, and to ascertain whether attainment is the most important factor. The established research questions were: 'Do students directly attribute attainment with a positive experience at University?', 'Is attainment the most significant factor in determining student satisfaction?' and 'Should UWL focus primarily on increasing student attainment in increase student satisfaction rates?'

4.6 Correlation Analysis on key questions vs Student Satisfaction

The results of the correlation analysis in appendix v demonstrates no observable linear relationship between Q11 '*With better organisation I could have received better marks*' and overall satisfaction with a Pearson's r (the relationship between variables) value of +.055 and, furthermore, are not statistically significant as the p value result is above .05 at .414 (Bryman and Bell, 2015, pp.360).

The analysis between responses for student satisfaction with Q7 '*The marks I received are good*' and Q8 '*The marks I received are fair*' are both statistically significant with a p value of .000 and a weak, positive relationship with a Pearson's r of +.425 and .319 respectively.

As a result of the low correlation coefficients observed above, further correlation analysis was run against the aggregated results for the three questions relating to marks (Q7, Q8 and Q11), as well as the combined factors in the questionnaire based on the groupings of questions in NSS questionnaires and UWL's MEQ; Teaching and Learning, Assessment and Feedback, Organisation and Resources. In all five sets of results, which can be seen in appendix vii, the correlation analysis returns a p value of .000 meaning the results can be considered significant. The resulting Pearson's r for the five groupings of questions all return a weak to moderate positive relationship between student satisfaction and Marks (.387), Organisation (.490), Assessment and Feedback (.507), Resources (.534) and Teaching and Learning (.614).

The above correlation analysis has also been conducted on the responses from final year students only, with the results discussed below. When the analysis is applied to responses from final year undergraduate students for Q7, Q8 and Q11 (appendix viii) there is a reduction in either

statistical significance, observable relationship, or both for all three questions. For Q7, p value rises from .000 to .013 and Pearson's r drops from .425 to .275. For Q7, the p value rises from .000 to .067, making the results statistically insignificant with Pearson's r dropping from .319 to .204. For Q11, p value is still statistically insignificant at .304 with a Pearson's r of -.116 which, if significant, would indicate that student satisfaction may actually drop as attainment rises.

This trend of seeing a weakening of the relationship between satisfaction and individual markers continues when considering correlation analysis against the aggregated results (appendix viii). The p value for the aggregated marks questions rose from .000 to .118, and whilst Pearson's r value still demonstrates weak to moderate relationship, there was a reduction in the strength of relationship for all five factors. Pearson's r values dropped from .387 to .175 for 'Marks'; from .490 to .315 for 'Organisation'; from .507 to .398 for 'Assessment and Feedback'; .534 to .476 for Resources and from .614 to .576 for Teaching and Learning.

The above results support research which notes that student satisfaction is a complicated concept to predict, with various contributing factors that will differ from student to student (Bates and Kaye, 2014; Hassan, et al, 2008; Langan, Fielding and Dunleavey, 2013). The findings of the analysis also support the supposition that Teaching and Learning, and contact time are the key factors in providing a positive student experience (Bates and Kaye, 2014), even if the relationship is only moderate. It could be proposed that the perceived effect that learning, or at least the development of new skills and knowledge, has on a students' graduate employability is one of the factors behind this (Budd, 2017; Jones, 2010; Senior, Moores and Burgess, 2017).

With the above correlation analysis showing a weak - moderate relationship at best between the factors identified in the questionnaire and student satisfaction, the study will now utilise bivariate regression analysis to consider the probability of student satisfaction increasing if marks, or satisfaction in other areas, increase.

Bivariate Regression Analysis on key questions vs Student Satisfaction

For consideration of all the bivariate regression analysis considered below, this study will use the adjusted R Square value rather than the R Square or R value. This is done to demonstrate the probability that improving marks, or the experience within one of the groups of areas questioned, will improve student satisfaction. The rationale for using the adjusted R Square value is that whilst the R Square value, also known as the 'coefficient of determination', is that the adjusted R Square value ignores inputs or variables that have no impact on the outcome of the data, providing a more statistically relevant output in determining the strength of impact of the independent variable on the dependent. Whilst the R Square value demonstrates the causal effect of the independent variable on the relationship with the dependent variable rather than simply the presence of a relationship as is evidenced by the R value, also known as the 'coefficient of determination' (Bryman and Bell, 2015, pp. 353-354) the use of the adjusted R Square value provides more rigorous testing.

Appendix ix provides the results from the regression analysis on the three combined questions from the completed questionnaires that were targeted directly at addressing students' own perceptions of their marks; Q7 '*The marks I received are good*', Q8 '*The marks I received are fair*' and Q11 '*With better organisation I could have received better marks*'. The results from these questions can be considered significant owing to the Significance F value of .000, however the adjusted R Square value of .146 demonstrates negligible impact.

When further considering the impact of marks on student satisfaction, Appendices x, xi and xii show the output of analysis comparing responses to the individual questions regarding student marks and responses to satisfaction. In Appendix x, the comparison between responses to Q7 '*The marks I have received are good*', and in Appendix xi, responses to Q8 '*The marks I have received are fair*' with student satisfaction both return a Significance F value of .000, but with adjusted R Square values of .177 and .098 respectively. With such low adjusted R Square values, students do not identify any link between their attainment and their satisfaction further disproving the hypothesis H₁ against individual measures of attainment vs satisfaction as well as the aggregated response score. Appendix

xii provides the analysis of responses to Q11 '*With better Organisation I could have received better marks*' and cannot be considered as the Significance F value is .414 and, therefore, the results are rejected. Due to the results from the above regression analysis, and the correlation analysis in 4.6, it can be stated that the hypothesis H₁, 'Students equate receiving good marks to having a positive experience at University' is rejected. The evidence indicates that achieving good marks, and certainly students' own perceptions of whether or not the marks they receive are good, fair and if relevant levels of support were provided to achieve them do not have a direct impact on student satisfaction.

As with the correlation analysis in 4.6, the regression analysis has not identified any observable relationship between questions deliberately intended to examine the impact of attainment on satisfaction. Further analysis was run on the combined factors of Teaching and Learning (appendix xiii), Assessment and Feedback (appendix xiv), Organisation (appendix xv) and Resources (appendix xvi). This analysis was conducted in order to identify whether other factors were identified as having a probable statistical impact on overall satisfaction and to compare this against the outcome for marks to test the hypotheses H₂.

Whilst the results for all of the groupings were observable, with Significance F values of .000, none of the adjusted R Square values were high enough to be considered statistically important; at .374 (Teaching and Learning), .254 (Assessment and Feedback), .236 (Organisation) and .282 (Resources). In relation to the hypotheses H₂, 'Attainment is the most significant factor when considering student satisfaction', whilst the analysis does not indicate a strong relationship or observable causality between any of the factors in all cases, responses to the individual and aggregated questions relating to marks do demonstrate a weaker relationship between attainment and student satisfaction, so the hypothesis H₂ can be rejected.

As was done with the correlation analysis, the regression analysis has also been applied to responses from final year undergraduate students only. This has been done in order to test the hypotheses H₃ 'Final year Undergraduate students equate receiving good marks to having a positive experience at University' and the hypothesis H₄ 'Attainment is the most significant factor when considering student satisfaction for Final year undergraduate students'. This has been done in order to investigate whether the research questions are applicable to final year undergraduate students as this may still have an impact on senior management decisions around issues such as assessment frameworks and regulation changes.

Appendix xvii provides the results from the regression analysis on the three combined questions addressing students' own perceptions of their marks; Q7, Q8 and Q11. The results from these questions demonstrate an adjusted R Square value of .018, reduced from .150 across the whole respondent population, mirroring the weakening relationship observed in the correlation analysis in 4.6. Considering the results of the analysis conducted on each of the individual questions (appendices xviii, xix and xx) this trend continues with shifts from an adjusted R Square value of .177 to .064 for Q7 and from .098 to .030 for Q8, whilst the adjusted R Square value for Q11 moves from -.001 to .001. Of more importance is the increase in Significance F values to .118 for the aggregated marks, .067 for Q8 and the value for Q11 dropping from .414 to .304 when considering final year undergraduate students' responses only. These Significance F values mean the results are statistically insignificant and, coupled with the low adjusted R Square value for responses to Q7, the hypothesis H₃ 'Final year Undergraduate students equate receiving good marks to having a positive experience at University' is rejected.

Further analysis was run on the combined factors of Teaching and Learning (appendix xxi), Assessment and Feedback (appendix xxii), Organisation (appendix xxiii) and Resources (appendix xxiv). This analysis was conducted in order to identify whether other factors were identified as having a probable statistical impact on overall satisfaction and comparing this against the outcome for marks to test the hypotheses H₄.

As with the data analysis for the entire respondent population, whilst the results for all of the groupings were observable, with Significance F values ranging from .000 to .004, none of the adjusted R Square values were high enough to be considered statistically important. Furthermore, the trend of

a weakening of already low relationships and probability when considering responses from final year undergraduate students continues. There were shifts in adjusted R Square values from .374 to .324 for Teaching and Learning, from .254 to .148 for Assessment and Feedback, from .236 to .088 for Organisation and from .282 to .217 for Resources. In relation to the hypotheses H₄, 'Attainment is the most significant factor when considering student satisfaction for Final year undergraduate students', as with the testing for hypothesis H₂, responses to the individual and aggregated questions relating to marks demonstrate a weaker relationship between attainment and student satisfaction. As a result, as with the previous three hypotheses, the hypothesis H₄ can be rejected.

5. Discussion and Conclusion

As was identified in the literature review, student satisfaction is an incredibly complex topic to attempt to understand and quantify (Bates and Kaye, 2013), with a wide range of potentially significant factors having impact on students' own perception of satisfaction. The analysis of data from the questionnaires completed by UWL students indicates that there is no single factor that has a significant impact on the satisfaction of the student body as a whole. Furthermore, we observe a weakening of the relationships between student satisfaction and the five examined factors and a reduced probability that the factors will have an impact when considering the responses final year undergraduate students only. This may indicate that as students grow into their studies they become less reliant on the institution, its staff and facilities, and therefore develop into independent learners who participate far more in their own development. A further possibility is that, as suggested by the research of Douglas, Douglas and Barnes (2016) and Gibson (2010), it may be the case that the link between attainment and satisfaction is actually that satisfied students perform better, rather than high attainment driving student satisfaction.

Whilst there was a very weak relationship and causality observed through both correlation and regression analysis, the results of the questionnaire demonstrate that Teaching and Learning has the highest relationship with overall student satisfaction. This evidence appears to be contrary to the findings of Senior, Moores and Burgess (2017), who state that it is not sufficient to provide excellent teaching alone when aiming to provide student satisfaction. The analysis shows, however, that the relationship is weak and other factors have only marginally less impact on student satisfaction, does support their claim that student experience cannot be enhanced by providing excellent teaching alone. The results of this study echo the views of academic staff surveyed by Lomas (2007) and the 'teacher as expert' model explored by Reynolds and Dang (2017) when comparing the business and pedagogical paradigms of approaching delivery of university courses. With such a weak relationship between any of the factors considered and student satisfaction it can be considered that undergraduate students are either not mature enough or not experienced enough with the style of education delivered at University to accurately define their expectation. As a result, they are not in a position to judge what methods of delivery will provide them the best experience at University. That final year undergraduate students perceive Teaching and Learning to have less of a relationship on their satisfaction may indicate that, by the end of their studies, they have developed into independent learners, more fully utilising the facilities and research skills they have acquired far better than students at other stages of study.

Given that student satisfaction, which has been on an increasing trend at UWL over the past 10 years, cannot be attributed to any of the factors explored as part of this study, it is necessary to consider some of the reasons for the increase. As outlined in *Ambition 2018* (UWL, 2017), UWL has worked to develop its portfolio of courses whilst also developing links with industrial partners; the intention being to increase student employability after graduation. As of 2017 over 97% of UWL graduates were in employment or further study within six months of graduating according to the nationwide 'Destinations of Leavers from Higher Education' (DLHE) survey. The commitment to ensuring UWL graduates are employable and increasing results from DLHE in recent years can be seen to provide evidence to the growing body of research suggesting that employability and the 'graduate earnings premium' is one of the primary factors behind both participation in and

satisfaction with higher education (Bates and Kaye, 2014; Budd, 2017; Burgess, Senior and Moores, 2018; Jones, 2010; Lenton, 2015). Furthermore, as with all institutions, UWL has reacted to previous NSS and internal satisfaction surveys to continually update and improve their offering. Additionally, there has been significant investment into facilities and resources available to students in the past five years, including a recent £50 million development of the Ealing site with UWL recently being recognised as the 2nd best HEI for spending on facilities in the UK (Complete University Guide, 2018; UWL, 2018b). This investment has incorporated the opening of a new library with greatly increased resources, improved teaching rooms and specialist spaces including an in-house radio station, music studios, a mock court room and a nursing simulation suite at the Brentford site. Finally, there have been significant developments made in supporting services at UWL including the recent formation of Engagement and Retention and Student Welfare teams and the Students Union, voted as the best Students Union in England in the 2017 NSS (UWL, 2018c), having increased involvement in support and representation of students.

When considering the context of UWLs rising student satisfaction in a time when tuition fees and therefore student debt are increasing, it certainly appears that the increased financial burden does not have a significant effect on student expectation or satisfaction; the results of this study concur with the research of Budd (2017) and Burgess, Senior and Moores (2018). Analysis would also suggest that the structure of student loan repayments, with the threshold for repayments due to rise from £21,000 to £25,000 (FT, 2018), and the 'graduate earning premium' offsetting any increased expectation from prospective students means the presence of a tuition fee does not impact on expectation. Budd (2017) found no observable difference in student satisfaction between students in England and Germany, and differences between average national NSS scores for institutions across the UK with varying fee structures are negligible with 84% overall student satisfaction in England and Wales, and 85% in Scotland and Northern Ireland (Hefce, 2017). Therefore, it can be surmised that whilst the introduction and subsequent increase of tuition fees in England has brought about the concept of 'student as a customer' and has led to a great deal of discussion and research into student satisfaction, there is no obvious advantage to student satisfaction to charging a lower fee, or no fee at all.

As observed in the introduction to this research project, UWL is somewhat of an unusual case study as it does not have a typical demographic for Universities in England. UWL is based in an affluent part of the country (West London) and as a result living costs are likely to be significantly higher than in many other areas of the country. However, as a widening participation institution it has a commitment to focus on working with under-represented social groups, including people from low income backgrounds and people from lower socio-economic groups (UWL, 2018). The portfolio of courses offered at UWL is largely vocational with a key focus on graduate employability, additionally nearly 40% of students are aged 25 or over, thus the cohort of students at UWL may have differing expectations than those studying at older, more traditionally focussed universities. It is therefore a recommendation that the above study be replicated and conducted with students at other universities in England to address whether attainment is linked to student satisfaction for students in a more traditional university setting.

The findings of this research project conclude that attainment does not have an impact on student satisfaction for students at UWL. It also highlights that there is no simple method of continuing to increase student satisfaction as there is no clear factor that has a significant influence on satisfaction across the student body at UWL. In an era of increasing marketisation and with new metrics, league tables and a new regulator (Office for Students) demanding demonstrable value for money, the task of keeping students satisfied is becoming increasingly difficult. Whilst employability appears to have emerged as an important factor in satisfaction, it may prove difficult to assess potential employability whilst still in full time study, adding rationale to the above recommendation of surveying recent graduates. It would also be negligent of HEIs in England to focus purely on employability whilst neglecting areas such as teaching and learning, assessment frameworks and investment in resources. Ultimately, to achieve student satisfaction, a joined-up approach to the

entire student journey is required, taking students from a position of being consumers of the product to co-producers and citizens (Cuthbert, 2010; Sharrock, 2000; Tight, 2013), who become employable through independent learning and as a result of the enriched educational environment they have spent at least three years participating in.

6. Limitations

Limitations of the study include; a tendency for students to be at the Ealing campus rather than the Brentford campus, the need for students to have approached the school office themselves and the lack of 'out of hours' service provision. However, the adopted approach should limit the sampling error and increase heterogeneity of the population (Bryman and Bell, 2015, pp 187, 200). It is also relevant to note that there may be a significant amount of non-response from students offered the questionnaire but electing not to undertake it. Whilst efforts were made to avoid sampling error, there is no guarantee that an even distribution of students across the 8 academic schools can be achieved.

Further potential limitations of the study include the absence of responses from academic schools based at Paragon may see localised issues having a disproportionate impact on the results. Again, considering Table 4, it can be noted that CNMH is significantly the smallest academic school in terms of students eligible for the questionnaire, so the largest discrepancy is with SHSS.

7. Further Research

Further recommendations for future research include restricting the study to final year undergraduate students only. If a study were to mirror the target audience of the NSS and obtain a larger number of responses, the results may provide a better data set to be able to analyse findings. By adopting this more targeted approach and, as a result of the entire target population having been through two years of University life, expectations and therefore the determinants of satisfaction may be better defined and, as a result, be easier to identify. It would also be sensible to include questions relating to employability and whether students feel supported or prepared to find work post study. It may also be of academic significance to conduct a qualitative study with current students to explore what they feel impacts upon their experience. Whilst this study based the questions and their groupings on existing surveys of student satisfaction, by conducting structured or semi-structured interviews or focus groups, students would be able to explore what they feel contributes to their satisfaction. The findings from these interviews could be coded and interpreted as they were presented or used to help formulate a questionnaire more suited to students at UWL.

A final recommendation for future research, given how important employability appears to be linked to student satisfaction, is to target alumni to see how valuable an 'investment in the self' their education has been. Whilst there may be complications with contacting former students or gaining their co-operation with such a study, there may be value in allowing a student to have completed their time at University before gaining more retrospective feedback. This would contrast with current satisfaction surveys which are conducted mid-study and could therefore be skewed by individual issues or problems occurring shortly before the satisfaction surveys are completed.

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Impact of arousal on the consumer's memory for advertising

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Keywords

Arousal, Memory; Advertising.

Abstract

Marketers have long used arousing messages in an attempt to increase advertising effectiveness. Yet, it is unclear whether arousal is helpful in increasing memory. We propose and show that arousing messages influence immediate versus delayed memory in different ways. The effect on immediate memory is negative, whereas the effect on delayed memory is positive. These effects, however, occur only when arousal is relevant to the ad claim; when arousal is irrelevant, it has no effect on memory. Furthermore, relevance plays a role only when considering explicit memory. When considering implicit memory, the effect of arousal is not contingent upon relevance.

The impact of ICT in leadership in Kuwait Schools

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Keywords

ICT; leadership; teachers; school; Kuwait

Abstract

The role of teachers is very vital concerning the integration of information and communication technology (ICT) in schools. Also, teachers that are motivated reflect higher levels of the use of ICT their classroom. The efficiency of a range of non-instructional activities of teachers which include the preparation of administrative reports, distribution of textbooks, grading and student's attendance can increase through the use of information and communications technologies (ICTs). The effectiveness of teachers in carrying out their responsibilities increases with the use of ICT, especially if they are supported and well-motivated. The productivity of fundamental instructional responsibilities which include writing up comments on the papers and reports of students, developing quizzes and examinations and preparing class outlines and lesson plans are greatly improved by ICT. The use of ICT can furthermore, be applied in the quick identification of resources about education, including digital materials and collaborative projects. Therefore, this project aims at studying how ICT can impact the leadership skills of teachers in Kuwait schools and produce a recommendation on how they should integrate and use the ICT in schools to improve the leadership skills of teachers in Kuwait.

Introduction

The past decade has experienced rapid growth in the area of information and communication technology (ICT) use. This growth has brought about widespread impacts on the daily activities of human beings and also on the society (Uluyol, and Şahin, 2016). As such, the number of rising interests, focus and investment on the use of IC in education worldwide, is not new. Not only is there endeavours regarding the use of ICT for the improvement of education but. There is also the emergence of the knowledge economy that has likewise resulted in an increased emphasis on education. Much production of some blueprint on ICT in education has been in existence in several countries (Pelgrum and Anderson, 1999). What such blueprints demonstrate is that the embedding of ICT innovations has increased in the educational sector, within a broader structure of education reforms. The purpose of such reforms is for the development of the abilities of students in critical thinking, information seeking and analysis, problem-solving, self-learning and also, communication ability, the ability to collaborate and learn, and abilities that were not considered to be of much importance in the older school curriculum.

There is evidence to prove that ICT industries are the mainstay of several nation's developments. A similar trend is also being found in Kuwait, which is a developing country. The total expenditure of ICT in Kuwait shows that an increasing number of local firms are including ICT in the running of their businesses. The Kuwait government has given precedence to ICT as a significant national issue and therefore, set up new agencies and policy projects to speed up its implementation and in so doing, transform the country into a developed and knowledge-based country (Tipton, 2002). Also, it speeds up the society's quality of life and economic development (Lu, 2001).

Fiske and Hammond (1997) in the argument concerning technology's possible role in education stated that instructional technology is perceived as a key to the quality of education, as the new millennium proceeds. Several instructors are of the view that the use of a computer for instructional purposes are effective in improving teaching and learning. On the contrary, the

responsibilities of a teacher can be transformed from being a giver of information to a mediator, resource and technology manager, mentor, co-learner, coach, guide, counsellor and facilitator to students, by using computer technologies (Jonassen et al., 1999). The arguments of Attaran and Vanlaar (2001) indicated that technology has succeeded in ensuring schools' record keeping time reduces as a result of technology as well as simplify administrative duties. Furthermore, a professional band is created between teachers and administrators because of computer networking.

However, it provides teachers with useful techniques for enhancing successful instructions. Moreover, students can meet the necessary educational requirements through the use of a computer. Its use also satisfies an instructional need by personalising the material to the learner's level of competence. In this manner, the use of computer offers an active collaborative learning environment and makes it possible for there to be flexibility that is currently not available in the traditional classroom (Arokiasamy et al., 2015).

Also, the statement made by Otto and Albion (2004) shows that it is impossible for ICT to fully integrate into teaching and learning, even though it is prevalent in schools in recent times. According to this thought, Sheingold and Hadley (1990) drew attention to the fact that integrating technology does not only involve assisting people in the use of a computer. It, however, involves assisting teachers in the integration of technology as a learning tool. It is necessary for technology to be as transparent a tool as a pencil in an ideal teaching and learning setting. Consequently, the integration of technology in classrooms revolves around teaching and learning and not around technology (Mills & Tincher, 2002).

Literature Review

The process of implementing ICT in schools is complicated, and it requires a conceptual and academic change. The process requires the teachers' leadership ability as they are the ones that have been delegated to assist with ICT's dissemination within the organisational culture (Halverson & Smith, 2009; Kaniuka, 2012). From the research literature, it is obvious that it is not all the time that the integration of ICT into teaching pedagogy is according to expectations, even with its great intrinsic educational potential (Peeraer & Petegem, 2012). The teachers' skills and philosophies, as partners in change creation, are among the significant factors that affect the efficacy of the implementation of ICT in schools and the successful integration of the educational change (Borko, 2004; Brinkerhof, 2006). The researches that have been conducted on the implementation of ICT in schools propose that it is the knowledge and behaviours of teachers towards the change that are the major factors that decide its success or failure (Giles & Hargreaves, 2006; Hattie, 2009). It also comprises the views of the teachers concerning their obligations as leaders of this change (Buckner & McDowelle, 2000; Crowther et al., 2002;). Most times, studies on the leadership of teachers examine their impact beyond the school parameters (York-Barr & Duke, 2004). From such researches, there is an emphasis on the perception of leadership as being part of a project that aims at creating programs for excellent teachers' professional development and career paths (Stronge et al., 2011), while attempting to influence their professionalism while supporting other teachers and to improve the school (York Barr & Duke, 2004).

Regarding this situation, teachers endeavours in leadership are considered to be for the improvement and development of the school as part of an overall, system-wide change, and not just for improving a class or an individual's level (Katzenmeyer & Moller, 2001). It is necessary for the teacher taking on the duties of a leader to manage change, contribute to it, and learn from it (Cochran-Smith, 2003), and at the same time, deal with the uncertainties that come along with it. It can do so by reacting to sudden and unpredictable circumstances (Shulman, 2005). Regarding an uncertain circumstance, for example, the case of ICT implementation in teaching, there is a movement of the emphasis from the necessity of knowledge of the content and educational expertise to a need for the capability of leadership and the capacity to handle change (MacDiarmid & Clevenger-Bright, 2008). In line with this context, the teacher in a leadership position has the responsibility of helping pilot the change in the school, to ensure it creates a culture that considers

ICT to be an inseparable aspect of the setting of the school and its lifestyle (Shamir-Inbal et al., 2009). On the other hand, existing researches that have investigated teachers in leadership positions regarding ICT implementation in schools are very few (e.g., Kwok-Wing & Pratt, 2004).

Teachers in leadership positions

In line with this broad definition, the research currently being carried out selected teachers that their superintendent has identified to be excellent leading teachers. The processes of change are part of teachers' development at the forefront of leadership. Teachers that take on leadership roles and can lead and handle change, as a result of their sense of empowerment (Dembele & Schwille, 2006; Muijs & Harris, 2003). The cause of this sense of empowerment is the process determined by the leading teachers themselves on a personal level, whereas, the relationships, circumstances and ways of achieving such sense of empowerment are provided by the organisation (Hargreaves, 2005; Sandy, 2010).

Research on the topic of leadership involves teachers' methods of influencing beyond the classroom. It also investigates leading teachers; attributes, their behaviours, and the earliest circumstances that made it possible for their ability to influence within the school (Darling Hammond & Youngs, 2002; Stronge et al., 2011). Teachers in leadership positions have three identified techniques (Little, 2010). The first technique perceives these teachers to be among the project to create a platform for the career and professional development for teachers, to reward excellent teachers. Furthermore, it perceives that as using their influence to support teachers that are still beginners and to ensure that there are improvements in the school. The second technique perceives teachers in leadership positions as the ones managing the public affairs of the institution, the ones who have the responsibility of advancing programmes that are determined by external factors, and which mostly involves improving teaching and learning according to the improved academic achievements attained by students (Murphy, 2005; York-Barr & Duke, 2004). The third technique perceives teachers that undertake leadership responsibilities as part of a system-wide reform (Cunningham, 2009), in which the teachers' responsibilities are connected with the policy of the school vis-à-vis the reform, as long as such reforms usually involve creating new professional responsibilities for teachers (Avidov-Ungar, 2018).

Style of Leadership and integration of ICT at schools

The definition of integration of ICT into education according to Eib and Mehlinger (1998) states that it is a process that involves the frequent application of instructional technologies including such software and computers to support teaching and learning across levels and topics. Several studies have been dedicated to ICT's integration in schools. Such investigation also studied its impacts on student learning and achievement, and impediments which stop it from being used successfully (Becker, 1993; Butzin, 1992; Kozma & Croninger, 1992). Even though some academics have pointed out the advantages of ICT integration into education (Holinga, 1999; Taylor, 1992), the discovery made by others shows that ICT's application in the classroom presented little or no positive improvement in the achievement of students (Slavin, 1991; Stevens, 1992). However, to Picciano (1998), the advantages of the integration of ICT on the achievements of students vary from grade to grade.

The proposition of Baily (1997) states that the application of ICT should be centred around teaching and learning because of its possible use in the classroom. To Levinson (1990), ICT not only provides support to teaching and learning, but it is possible also, to use it to resolve common problems in schools such as scarcity of teachers and high costs of education. New solutions that could deal with the variety of needs emanating from the classroom in this era of information could be created by technology (Krajcik et al., 1998).

It is necessary for principals to integrate ICT into their day-to-day practice in this era of information. They should also ensure the availability of positive and consistent leadership for the use of technology in the process of teaching and learning. Hope et al. (2000) stated that the comprehending the technologies and their applications for task accomplishments are part of

technology leadership. The arguments of Gibson (2002) regarding a research that studied administrators' responsibilities technology's integration into three United States school districts' learning environment, states that it is mandatory for the school principals to channel their energies on ten groups of technology: existing practice, resources, curriculum, planning, staff development, impediments, support, communications, staff issues and implementation. Along these lines, it is necessary for principals to understand the new technologies' capabilities, to be proficient in their use, and be able to promote a school culture that encourages the school to explore new methods in teaching, learning and management (Schiller, 2003). For that reason, leaders that can spearhead the process of change and support a learning community for the integration of technology are required in schools.

Fullan (2003) states that it is the support of school leaders that ensures the success of large-scale change or school reform endeavours. Also, Schiller's argument points at the significant role of principals in facilitating pedagogical change (p. 4). According to the conclusion he reached on his research on the elementary school principal as a facilitator of change for ICT, Schiller (2003) states that principals that adopt an active technique towards innovation can encourage an environment in which both their staff and students can greatly benefit. Therefore, the awareness of principals, their comprehension and ICT use are crucial to being able to use computers in the school effectively (Smith et al., 1999). It is pertinent for a school administrator to be conversant with ICT and know what to look for in the classroom if there must be effective supervision, assessment or support for a classroom teacher (Fleit, 2000). Hope et al. (2000) support this idea. According to their observation, it is necessary for school leaders to use technology personally. They should also create awareness on the use of technology, and they should model the practice to the school staff.

In the same way, Stegall (1998) believes that principals have to use computers, they have to look for help and advice from professionals, they have to form a technology committee, visit other schools, deliberate on concepts and employ and train teachers that are knowledgeable about technology. Consequently, it is necessary for a school to get a leader that is conscious of technology's potentials and its future development, and that also knows the possible ways in which the school can integrate this technology into teaching and learning. This is relevant for successful ICT development within the school.

As a result of ICT's great potential to affect education, the exploration of the factors that affect the effectiveness of the endeavours of ICT is necessary. According to several investigators, the success of any innovation in education is majorly determined by effective leadership (Bennett, 1996; Fullan, 1993). Becker (1993) has a contrary opinion that leadership is more significant for ICT's successful integration in schools today. To Rieber and Welliver (1998) effective leadership is necessary for the enhancement of the transformation in the system of education nowadays. Such leadership is successful because it leverages on ICT's potentials. Others believe that leaders play a key role in the success or failure of integration efforts (Salzano, 1992). Lockard et al. (1990) support the view which states that leadership plays a significant role in ICT integration efforts, Their explanation states that the integration of ICT is a huge task that involves contemplating on several problems and making many decisions. Dede (1992) supports this view by pointing out that likely impact leadership can have on the success of ICT integration is evident since they provide support, make decisions, influence and model behaviour.

Research Methodology

The main area of concentration of this project is on the primary and secondary research for information gathering and providing recommendations on ways in which ICT affects the leadership in schools.

Primary Research

The major use of the mixed methodology technique in the primary research to collect responses to provide schools with an appropriate recommendation. A mixed methodology is a technique which utilises quantitative and qualitative research techniques for information gather

(Bryman, 2017). The major benefit of using the mixed methodology is because of its ability to gather quantitative and qualitative data (Bryman, 2017).

Quantitative Research

The major focus of quantitative research is to gather quantifiable data. It is possible to use several techniques to gather information. Such techniques include the distribution of questionnaire, online survey, and so on (McCusker, and Gunaydin, 2015). Quantitative research's major advantage is its easy way of gathering information. Another advantage it has is that it can also analyse the results in graphical formats including tables, line graphs and pie chart (Shaw, 2017). However, its disadvantage includes its inability to give a detailed response concerning the research (Shaw, 2017).

Methods: The online survey is the technique that this project will use for quantitative research. It is the SurveyMonkey that will be used to create the online survey. After creating the online survey, the link will be shared amongst people to gather their responses. Survey Monkey was selected primarily because it free and it can auto-generate response analyses.

Participants: The teachers in the Kuwaiti schools make up the respondents of the online survey. The online survey technique was selected primarily because arranging to meet all the teachers face-to-face is difficult. Besides, this research intends to gather a minimum of 50 responses.

Qualitative Research

The major focus of qualitative research is to gather descriptive data including observations, expressions and perceptions (Parker, 2017). Using several techniques for information gathering is possible. Examples of such techniques include observation, focus group and interviews (Parker, 2017). Quantitative research's major advantage is its ability to provide detailed responses concerning the research (Woodgate et al., 2016). Nevertheless, its major disadvantage includes its time-wasting characteristics, and it is expensive to conduct (Woodgate et al., 2016).

Method: This project will use interviews and focus group for the qualitative research.

Participants: The head of teachers in Kuwait will make up the participants of this interview. Furthermore, the focus group will be conducted among the head teachers in Kuwait schools.

Analysis

This section will discuss qualitative and quantitative research's response analysis. The analyses for the responses obtained from the survey would be done using graphical representations such as graphs and charts. Besides, the data would also be analysed using the tabular format. Nonetheless, the qualitative analysis of the responses will be done using content analysis that classifies, summarises and tabulates the received data (Graneheim et al., 2017).

Outcomes and Discussion

The secondary research provides the general impact of information communication technology (ICT) in the school section can. On the other hand, the primary research derives ICT's actual use and how it affects schools' leadership and ways it can be used to improve the leadership skills. Nevertheless, the research is constrained to the leadership of teachers in Kuwait school. Besides, a clear recommendation on the use of ICT to improve the leadership skills of teachers in Kuwait school is provided in this project.

Conclusion

This project aims at providing a recommendation of the use the ICT to improve the leadership skills of the teachers in Kuwait schools. The research questions identified in this research project that will be used to solve the objectives of this project are linked to the following table

The research questions that will be used to solve the objectives are linked

No	Research Questions	Objectives
1	What are the benefits of using ICT in schools?	Objective 1
2	How will the use of ICT affect the leadership in school?	Objective 2 and 3

Risk Assessment

The risks that can be faced during the project was identified, in the following table.

Risk	Impact of the project	Mitigation plan
The researcher can fall sick during the project	Medium	When the time plan is made, the reasonable time frame is provided for any unavoidable circumstances.
Getting responses for the primary research	High	Request for appointments from the participants and giving them the flexibility to choose the location and time

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The Efficacy of Modern Technology on Premier League's Revenue Stream: Towards a viable Social Media Business Model Analysis

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Keywords

Modern Social media technology, Premier League, Revenue, Comparative Study, University of West London, Qualitative, Cross Sectional, Social Media, Big Data, Business Model, Novel model.

Abstract

Inspired by a lack of empirical study around "Modern Social media technology in the Premier League's and the Premier Leagues Revenue stream". This research aims to explore and evaluate the Premier League as a business. By examining different areas such as regulation, financial rules and strategic planning by the usage of modern social media technology influencing the business side of the sport that generates extortionate revenue. Modern social media technology such as social media and the Internet are a major part of our everyday lives and the Premier League as a corporation accounts for a substantial proportion of Revenue in England and is highly under-researched.

The growth of revenue has been directly aimed around how it interacts with football, the sport has now produced a big fan base throughout communities like a subculture. This dissertation investigates the usage of modern social media technology to assess whether or not it is effective in generating revenue. In order to understand this further, this study aims to explore the relevant literature and critically evaluate the relationship between the generation of revenue stream and the Premier League clubs. Following this, the research methodology will be presented through secondary research by collecting data from Social Media Platforms, clubs' annual reports, companies' house financial records, newspapers and previous studies. The results will be analysed within the literature review to conclude that by looking at the previous study on Financial Fair Play Rule this research outlines that there are strengths and weaknesses and that trends need to be followed. The key findings were that there were clear trends in the top two-tier teams in how they utilise modern social media technology in comparison to the bottom two-tier teams. There is also a clear trend in that they do not fully utilise modern social media technology and this shows in their revenue intake.

The research paper outlines the objectives being met along with the answer to the question asked, "Does modern social media technology have an effect on revenue stream in the Premier League?" resulting clearly in the findings that there is an effect of social media technology in generating the revenue stream. Recommendations are made for the football clubs to think of themselves more of a business and less of a club, and it is important that they fully grasp the advantages of social media technology in modern times.

1. Introduction

The world governing body of football FIFA states the contemporary history of football began in 1863 in England (FIFA.com, 2018). What began as a simple sport has now evolved into a multibillion-pound industry (Wilson, 2018). As one of the greatest viewed sports in the world, football has been attracting large corporations such as Coca Cola and Pepsi who compete for advertisement. From advertising in the stadium to on the team's shirts, advertising can even find its way in social media.

According to a finance report of 2016/17 (Deloitte, 2018) "the annual review of football finance" was the most remarkable ever noted of their Annual Review of Football Finance, with the

27th edition replicating a new era of improved lucrativeness and financial steadiness for football clubs. The transfer of players is another crucial factor to making football fair and competitive along with the changeability of the revenues of the clubs from one to other. Professional football has become more than just a top sport – it is a swiftly developing business and can consequently be analysed as such using modern micro and macroeconomic management models.

2. Literature Review

The beginning of Premier League was considered the “Big Bang” moment for football (Rodrigues, 2018). Made up of 20 shareholders (each club) that all work within the rules of football (Premierleague.com, 2018) each season runs from August to May with each club playing 38 games each. The Premier League is the most watched sports league around the world, broadcasting in 212 territories to 643 million households and a potential TV audience of 4.7 billion people worldwide (Sharma, 2018).

According to FOX (2018) in the 1980s there was a lot of talk about dismantling the old league system in favour of a 'super league' known as The 'Big Five' (Arsenal, Everton, Liverpool, Manchester United and Tottenham Hotspur). They were all in favour of a super league holding only 12 teams in total as they felt they were the higher earners (Rodrigues, 2012). Contrary to this, the introduction of shared broadcasting rights meant an equal share of revenue generated from broadcasting on TV (Premierleague.com, 2018). This eliminated the “big five” notion and now each team has an equal opportunity to attract a worldwide fan base.

The Premier League was created in collusion with the successful bid of Sky Corporation UK “Sky” specialising in TV and Broadband, which promised to bring a lavish range of fresh production techniques, wall-to-wall coverage and instant reaction from players and managers (Motson, 2010). Where football fans had their doubts about this (Williams, 1999, 2006) 18 Years later Sky have still adhered to their promise, additionally, according to Cortsen (2013) Arsenal's home game against Manchester United was broadcasted live across nine pubs in the UK in 3D.

Social media technology

Advancing social media technology could be the cause of the major increase in football revenue. The Premier League is continuously advancing, for example, the recently introduced Goal Line Social media technology (GLT), also known as Hawk Eye. It is a technical means of instantly determining if the whole of the ball has crossed the goal line with the use of seven cameras on every angle of the goal post (Football Social media technology, 2018). This was officially introduced into the Premier League in August 2013 where all 20 stadiums were equipped with the social media technology. However, La Liga in Spain have a different approach to this social media technology, despite the drama of a wrongly disallowed goal during the clash between Valencia and Barcelona on the 26th of November 2017, they will not be implementing this form of social media technology (Liga et al., 2018).

What is Modern Social media technology?

Modern social media technology is a progression of old social media technology with new features and alterations. A good example of developments in social media technology is the continuing advancement to portable phones “the mobile phone”. The mobile that can be brought with us any place, is the perfect case in point of technological development or simply, modern social media technology. The first mobile phone was created on 3rd April 1973 by Martin Cooper, a senior engineer at Motorola. This mobile was just for making and receiving calls. It then advanced to sending and receiving messages. Nokia was the first mobile manufacturer in 1993 which supported sending SMS text messages and then progressed onto 2002 when, the generation of a built-in camera phone became publicly available (CBC, 2018). For years these features were convenient and satisfactory, and people may have presumed it couldn't get any better. Then came the launch of the smart phone that completely revolutionised social media technology, our lives and the football industry.

Social Media Platforms

A social platform is a modern form of web-based social media technology that aids the development, distribution and organisation of social media services and solutions. It offers the facility to build social media websites and services with widespread social media network functionality (Techopedia, 2018). Social media platforms have become a norm in every day society. It is a form of social media technology that businesses cannot survive without as it is a faster way of interacting with customers, especially as its accessible through the smart phone. Football clubs also use all forms of social media and have generated a big fan base throughout the world, platforms such as Facebook, Twitter and at present Manchester United are focusing on creating their own social media platform (Ir.manutd.com, 2018). According to Sportskeeda (2018) football is amongst the most followed sports on social media. Since the revolution of social media, the number of followers and interactions between each team on social media has shown that the football on the field wasn't enough entertainment for connection. According to Forbes, the top clubs with social media followers are Arsenal with 60.4 million followers, Chelsea with 69.2 million and Manchester United an astonishing 110.3 million people watching their social media activity.

The Relationship Between Social media technology and Football

As previously mentioned social media technology has continued to grow in our day to day lives, however, has social media technology changed the football game?

Football has grown massively global, especially since the internet became more powerful after 1989 when Tim Berners-Lee created the World Wide Web AKA the internet, in a bid to better share information (ABC News, 2018). This allows football teams to use the internet as their new main source of Marketing. Therefore, football on the pitch extended beyond Just the football ball and what kits the players are wearing. Everything around football is now analysed and used as a source of income. As the money generated in football is extortionate, social media technology is, or should be, a way clubs and federations take advantage of marketing prospects. These opportunities can take advantage of newly introduced social media technology to the soccer world. The Brazuca ball was one of the most technologically innovative footballs ever made for the FIFA world cup in Brazil 2014. Scientists evaluated the official World Cup soccer ball and gave it high marks for aerodynamics (Latimes.com, 2018). The Brazuca has a rubber bladder so that the ball can move more rapidly and glide softly in the air. It's also lighter than most other soccer balls. In 2018, Adidas Soccer announced the Telstar 18 "*The smart ball system*". It is one of the most technically advanced footballs with an NFC (Near Field Communications) microchip placed inside the ball (Bradley, 2018). The microchip will permit FIFA to relate directly with the football from a smart device or smart phone. Every football creates a distinctive identifier that unlocks private information for the user on their smart device about the specifics of the ball such as speed.

Goal-line Social media technology (GLT)

Hours of investment and research has gone into advancements in footballs social media technology such as goal-line social media technology (GLT) also known as Hawk Eye. Used by the top European leagues and introduced to the Premier League (EPL) in 2013 and Ligue 1 and the Bundesliga in 2015-16. It was also introduced to the 2016 European Championship (AS.com, 2018). It is a technical means of instantly determining if the whole of the ball has crossed the goal line with the use of seven cameras on every angle of the goal post (Football Social media technology, 2018). In August 2013, 20 stadiums in the Premier League were equipped with this new social media technology. However, in 2017 despite the drama of a wrongly disallowed goal during a game between Valencia and Barcelona on the 26th of November 2017, La Liga refused to implement goal-line social media technology (Liga et al., 2018).

Video Assistance Referee (VAR)

This advanced social media technology means the referee watches the video play back or proceeds with action recommended from the VAR's (Football, Social media technology, 2018). The

video footage is looked over by the VARs, who then instruct the referee of the decision they made. The video assistant referee evaluates video replays of the event, and where there is uncertainty over a decision and they can pass on that information to the main referee. The referee can either accept the information from the VARs and takes the appropriate action or review the video footage on the sideline himself in the case of uncertainties. This follows the success of trailing the video playbacks FIFA successfully implemented this new form of social media technology at the World Cup in Russia in 2018. The figure below indicates the three incidents and one administration in where the VAR's can assist.

Business in Football

Professional football clubs are just like other organisations; they are made up of tangible and intangible assets. Their financial sections are professionally managed and marketed to attain profit. Football administrations and authorities should carry out the same roles of management as in any business as there are many factors of management in the football industry to be aware of.

Financial Factors

Financial performance is constructed on various factors of a football club that should be outlined their annual financial review. Player transfer is an important factor to making the game non-discriminatory and competitive and contributes to the generation of revenues from one club to another. The transfer of players is considered the key movement of football business as it changes the game on the field for one team but is also a finance transaction that can help improve revenue for another team. According to UEFA the most successful governance project that was introduced was the Financial Fair Play policy. The regulations were first introduced in June 2010, and then updated in 2012, 2015 and 2018 to reflect alterations in the environment. However, the essential principles and objectives are still the same. One major rule introduced the Financial fair play is according to the regulation's handbook *"Directly restricting some of the most excessive loss-making clubs, by concluding 28 settlement agreements designed to bring these clubs back to operating at break-even, in many cases featuring specific transfer and wage restrictions"*. In simple terms it means a club can only spend on buying players what they made in profits from merchandise sales, sponsorships and match tickets and not from the Billionaire owners' pocket.

Broadcasting Rights

The Premier League sold all seven packages for season 2018/2019. The packages are broken down in categories such as A-G. Each having different rights of broadcasting. For example, Sky will get to choose first which ten games they want to show, which generally leads to showing the top tier teams. The reason for this is Sky Sports paid £3.58bn for four a package, BT sports paid £885m for two packages and Premier Sports In the UK for £671m for one package (BBC Sport, 2018). The rights consist of 200 live matches per season split into seven packages.

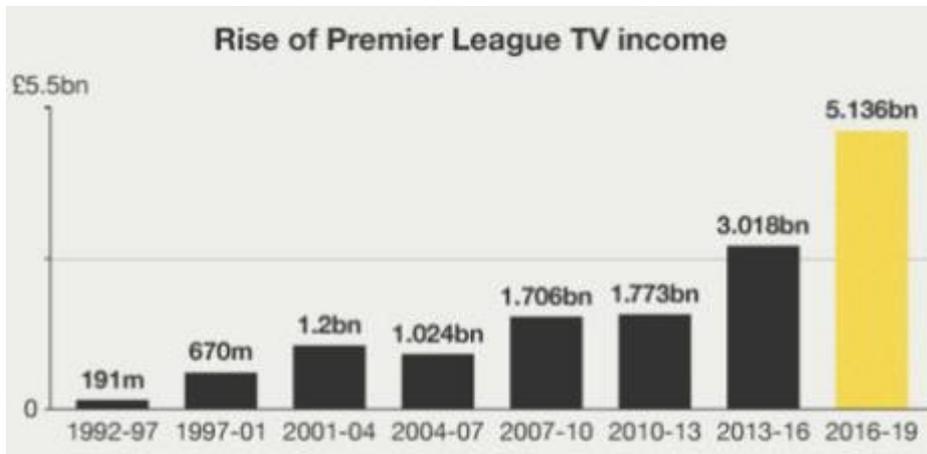
Sky Sports - Packages B, C, D, E Totaling 128 matches in the Premier League per season

BT Sport - Packages A, G 52 Premier League matches per season

Premier Sports - Package F, Saturday 15:00 pack - 53 matches per season

This generates an overall revenue for broadcasting equaling £5.136bn excluding overseas TV deals which is expected to be worth over £3bn (total sportek, 2018). There have already been sales for 2019/2022 season in a landmark move for football where Amazon, the American corporation, will show 20 games streaming to their Amazon Prime members. That deal is a momentous moment for the way live sports rights are sold. Amazon have strategically chosen to broadcast their first game on Christmas day 2019 (BBC Sport, 2018). Their strategy is to use this as an opportunity to promote their deliveries, music, books and movies and attract more customers. This is an example of the Premier League becoming a bigger part of the corporate world.

Figure: 1



Source: BBC Sports

Broadcasting fees money pool is setup with two separate portions, as outlined above, domestic TV deals and overseas TV deals. Domestic deals money is divided fairly, 50% of dividend goes to all 20 clubs equally, 25% merit money is divided depending on their league position, and 25% facility fee is given to each match televised.

The Overseas TV rights money is 100% divided equally among all 20 clubs. However, in June 2018, Premier Leagues top six teams won a battle for larger shares of overseas rights. Coming into effect on in 2019/2020 meaning that any additional monies to the £3bn overseas deal, will be divided among the top six teams (Conn, 2018). Another momentous moment for Premier League.

Regulatory factors

Taxation policy is a factor that had a big impact on the football business and particularly on the players. The high taxation rates could possibly be discouraging for someone who wishes to move to the English Premier League and they may favour countries with lower tax rates. The fact that the tax rate is lower in other countries may account for why Messi, Neymar and Ronaldo, the three best footballers in the world and do not play for the Premier League despite Premier League being the most watched sport in the world. The stern health and safety protocols in football are also a significant factor when examining politics in football whereas the FA state in their health and safety guidelines have extensive risk assessment procedures to be adhered too. Albeit, apart from those two politic factors there appears to be little macroeconomic environment with more focus on the microeconomic.

Economic factors

Just like any other industry Football clubs must adhere to the same inflation and interest rates. Football players' salaries are significantly growing, there has been some cases where their salaries are greater than the club's annual turnover. The worldwide recession which had significant levels of unemployment didn't seem to be an impeding factor for the football industry, in comparison with the effects it has had on numerous other industries.

According to the study carried out by Glen (2009), football clubs have three revenue streams, broadcasting, merchandise sales and sponsorships, and two of which had barely been affected by the worldwide recession. The only revenue stream that looks as if it had appeared to have been affected was sponsorships.

Corporate Social Responsibility factors

The social environment is conceivably the best example when discussing the exactitudes of the football industry. The increase of Corporate Social Responsibility (CSR) in the football industry came to exist in order to preserve the socio-economic power and the advancement in commercialisation. Corporate social responsibility has risen and is continuing to rise as an important matter in current business management, whereas 'ethical' decision-making is progressively receiving immense support from within any organisational beliefs (Savia, 2018).

Regardless of the intelligence or the demographics of the usual football fans, their club has a motivating and everlasting bond with the fans, therefore, regardless of their regimes, football is a significant part of fans lives inhabiting their free time and money that clearly generates revenue. Hooliganism which was once referred to as the 'The English Disease' in the 1970's, is now referred to as a cold sore (Ingle, 2018) and that may be because of the Corporate Social Responsibility (CSR) programs that are growing in the football industry. This may be either to create a strong social profile or even to give back to the public.

3. Methodology

Research Philosophy

For the purpose of this research the adopted philosophy is Interpretivism research. The motivation for Interpretivism is profound in meaning with multiple interpretations and is highly intricate. Interpretivism research philosophy from a subjective view that will allow for a more in-depth explanation of the discoveries of this study. It has been disputed that an interpretivism approach is appropriate in the case of businesses and therefore can be applied in analysing revenue in the Premier League. As the topic of the investigation is more toward the technical side of football, the data is subjective.

Research Strategy

Inductive being the research that is apprehensive with discovering a phenomenon from another perspective. Using an inductive research strategy will allow for the expansion of existing theory/data that will generate a better theoretical viewpoint that is currently in the existing literature, or even the creation of a fresh theory. This being applied to this report will help generate a better understanding of why there was a huge revenue increase. Moreover, Saunders (1997, p.348) outlines that in giving an overview of an investigation there can be two different methods to the process; depending on whether you start from a deductive perspective or an inductive perspective. The deductive perspective is established by articulating conclusions based on strong, analytical data whereas the inductive perspective is more subjective and looks to form a decision from previous research and personal opinion. In light of this information the correct strategy to be taken in this study is inductive.

Research Approach

Mixed methodology in both qualitative and quantitative research methods are considered both factual and detailed. It is animated to know the meaning of both quantitative and qualitative data prior to reviewing the literature for your study. Emgo.nl (2018) defines qualitative and quantitative data as: "Qualitative data is data in the form of descriptive accounts of observations or data which is classified by type. Quantitative data is data which can be expressed numerically or classified by some numerical value". Therefore, for the purpose of this study, qualitative secondary research will be carried out such as analysing data statistics that are used such as social media on Twitter, Facebook and Instagram where it would outline the development of clubs and players in the social media world. As the other variable being used is revenue, this will be a quantitative approach as numbers and figures will be collected and applied to the research.

The majority of the literature review in this dissertation and previous studies on the Premier League outlined what forms of social media technology are being used and what social media platforms are generating more fan bases which may lead to higher revenue. By adopting a qualitative approach, the data will provide a more accurate understanding of the topic.

Research Design

In order for this study to follow guidelines, it is important for the researcher to follow a certain research design. The research design of this report has five different research design approaches. Cross sectional study is one, where the researcher compares the outcome and the findings in the study at the same time. Cross-sectional studies are just selected based on the inclusion and exclusion principles set for the study. Once the data has been selected for the study, in this case

will be which football teams from the premier league to use, the design will follow the study to assess the revelation and the results (Pforte, 2016). Another form of design is Longitudinal study which an observational research technique in which data is gathered for the same subjects constantly over a certain period (Wigmore, 2018) and therefore data will be collected from the selected football teams in relation to the revenue they make today in comparison to ten years ago. Experimental research is where the researcher manipulates a certain variable, randomises and controls the remaining of the variables for an outcome. Therefore, the Premier league will be the experiment and will use the variable of revenue and compare it to what revenue comes from social media platforms and also branding and merchandising. According to (Provenzo, 2015) comparative research aims to compare and contrast cultures, nations and societies and also different institutions. The comparative research for this study will be to research the data available from Premier League's two top tier teams and two bottom tier teams to compare and contrast the revenue gap therefore cross sectional.

Sampling techniques

The sampling technique that will be used is convenience sampling, which is a usage of non-probabilistic sampling in which the author will demonstrate their own judgement to hand pick cases that would make up the sample for compare and contrast. Convenience sampling best enables a researcher to answer their research questions and carry out their research objectives.

As the research design is cross-sectional, convenience sampling combines well with this type of research. As a very small sample size of four football teams will be, it was critical that specific teams were selected that were predominantly informative in order achieve the best possible answers to the research questions and meeting the research objectives (Lewis et al 2016). This study will only carry out secondary data. As previously mentioned by Saunders (1997) secondary data is divide into three types; 'documentary, multiple source, and survey-based data'. Therefore, for the purpose of the convenience samples of documentary evidence appear to suit best with this type of sampling.

Snowballing sampling will follow on from convenience sampling. Snowball sampling means, in theory that once you create the data you have the snowball rolling. As the data available in relation to research around the business side of football leagues is not examined much, in the further future studies it can grow from this research (Statistics How To, 2018).

4. Analysis and Findings

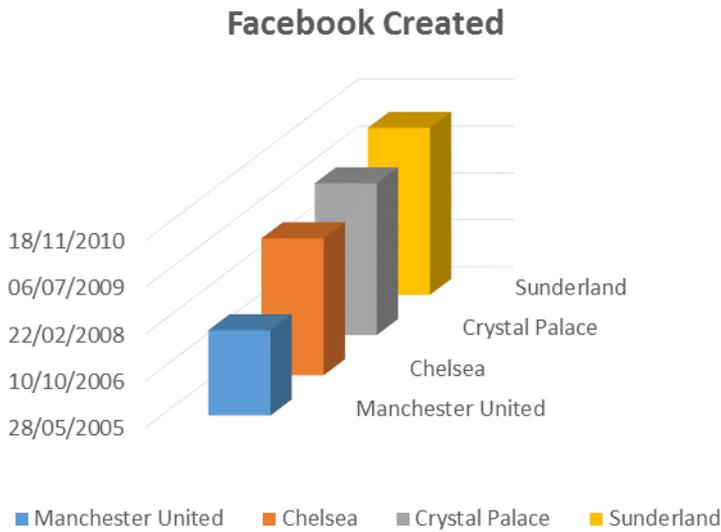
Secondary Data

This chapter will outline the findings for the report that will relate back to the literature review. To achieve the aims and objects of this report secondary data will be analysed extensively to compare with existing literature review and analyse the difference with these findings to achieve a new outcome to give recommendations. The report will focus on comparing secondary data available on Manchester United F.C and compare this with secondary data with another top earning club such as Chelsea F.C. It will also analysis secondary data from two lower table clubs such Sunderland A.F.C and Crystal Palaces to make an overall comparison on social media technology and the revenue generate from different clubs.

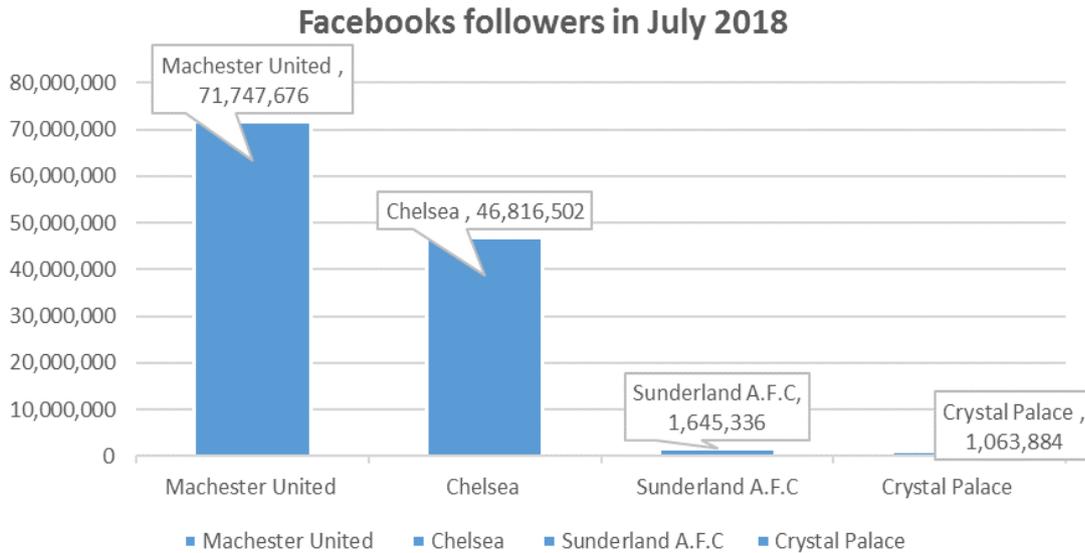
Theme 1 - Facebook

Facebook was created by a Harvard student Mark Zuckerberg in 2004, however it wasn't until September 2006 that they opened up to let anybody or any organisation in the world join (Times, 2018). The chart below demonstrates Manchester United joined Facebook 2007, then Chelsea joined in 2006, Crystal Palace joined in 2009 then Sunderland A.F.C was the last team to join in 2010. This chart shows there was a 2 year and 5-month difference from when Manchester United joined to when Sunderland A.F.C joined Facebook.

Figure 2: When football clubs joined Facebook



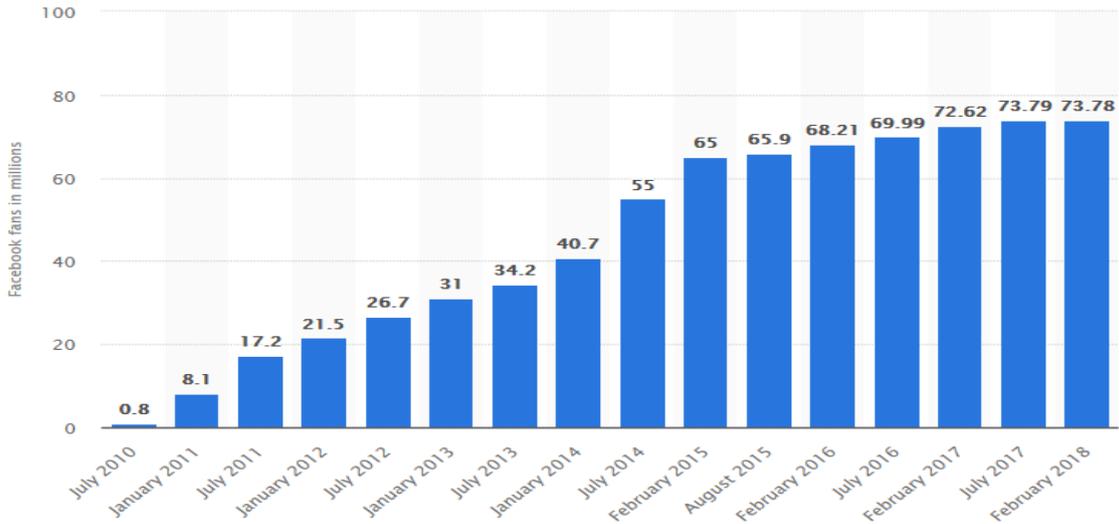
Source: Facebook
 Figure 3: Facebook followers



Source: Facebook

The chart above outlines how many followers each club has as of July 2018. Manchester United have almost 80 million followers which is approximately 79 million more people than Sunderland and Crystal Palace despite them all playing in the same league in 2017/2018. The chart below according to Statista (2018) shows Manchester United Facebook followers' growth since 2010, showing on average an additional 5 million followers per year.

Figure 4: Facebook followers from 2010-2018



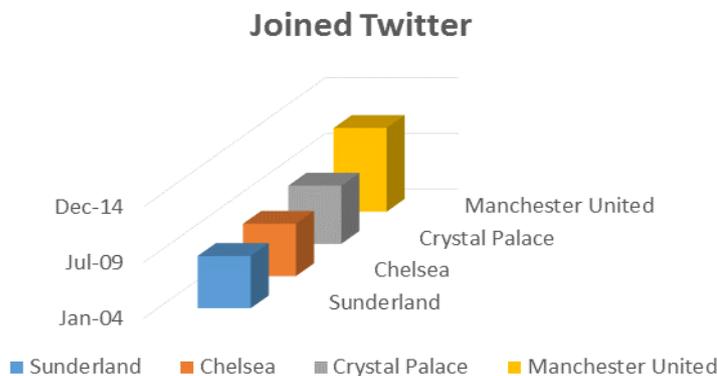
Source: Statista, 2018

Concluding on the above findings, Manchester United were clearly ahead of other clubs when it came to their marketing strategy on Facebook. They joined Facebook in 2007 which was only one year after Facebook opened to the public. They continuously grow on Facebook which improves their branding image. Manchester United’s followers increased by 7.9 million in one year on Facebook where Sunderland and Crystal Palace joined in 2009 and 2010 and still have less than 1.5 followers, which means both Sunderland and Crystal Palace need to focus more on postings on Facebook.

Theme 2 – Twitter

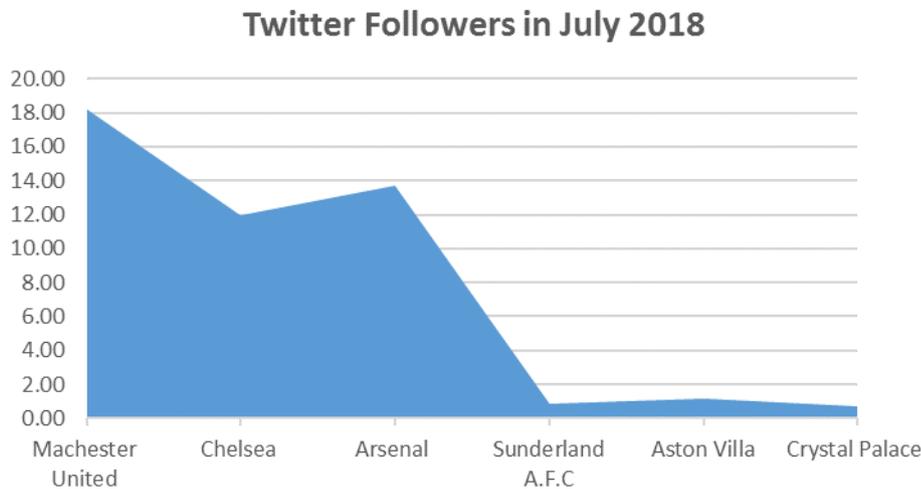
Twitter began in 2006 when the American podcasting company Odeo, recognised the need to reinvent their company with new innovative ideas (Carlson, 2018). That’s when Twitter began as a social media platform that is used to upload news updates now known as “Tweets” instantly for anybody in the world to see. Twitter actually took off in 2007 when they used a marketing project to display streaming twitter messages on gigantic plasma screens at the South by Southwest festival. On that day, Twitter usage increased from 20,000 tweets to 60,000 in just one day and is now used by almost every company in the world to display instant messages to their followers. The charts below will demonstrate statistics of the club’s chosen for this research in relation to when they joined and how many followers they have to date.

Figure 5: When football clubs joined Twitter



Source: Twitter

Figure: 6 When football clubs joined Twitter



Source: Twitter

The charts above show that the club with the most followers is Manchester United with 18.2 million followers, they joined Twitter in April 2012. The club with the least followers is Crystal Palace who have 730k followers, they joined in October 2009. Chelsea currently have 12 million followers and they joined Twitter in March 2009. Sunderland joined Twitter in March 2009 and currently have 860k followers.

It may appear from figures and stats that Manchester United was behind the other three clubs by being the last club in the entire Premier League to join Twitter, however this is not the fact. In 2012, the Head of Marketing for Manchester United Jonathan Rigby stated “there will be no official Twitter site until we have satisfied ourselves that we have determined a role for Twitter”. Clearly suggesting that Manchester United wanted to create a genuine business case for the use of the new platform and try incorporating a commercial element into their Social Media strategy with advertising prospects for news sponsors (Walsh, 2018) giving a clear indication that they create a substantial business case for the use of all social media technology.

Theme 3 – Social media technology

Section 0 of this report outlines different types of social media technology used in football. Factors that could possibly have a huge impact on generating revenue. Every football club in the Premier League now makes use of regular updates via their website, Twitter and Facebook. The proper use of social media platforms has been beneficial for the clubs. These benefits comprise of giving them the opportunity to further approach not only their existing fans, but potential fans around the world. Information provided in Themes 1 and 2 outline that all four clubs in this research are availing of social media platforms however further findings for this study show a breakdown of additional social media technology each team utilises.

Table 1: Social media technology used by different clubs

Manchester United F.C	Chelsea F.C	Sunderland A.F.C	Crystal Palace F.C
Viper pod	Apex System	G.L.T	Viper pod
Digital App	Digital App	Digital App	G.L.T
G.L. T	G.L. T		Digital App
Drone Social media technology			
Apex System			

Source: Created by Author

Vipor Pod is a key element of sport, it is a matchbox-sized GPS tracker device that is placed between the shoulder blades of the player. It monitors heart rate and measures various traits of physiological performance (Wright, 2018). Digital App are apps in the app store that the club is

creating independently. G.L.T is the goal line social media technology where cameras are placed around the goal post to determine if the ball crossed the line. Drone Social media technology is a flying camera, it looks like a mini helicopter that flies around catching the game at every angle, assisting in making important game decisions such as who to take on and off the pitch. Apex System the most advanced athlete performance-tracking device ever to be created to date. This device is worn on the shoulder of a player. It highlights the fitness, speed and endurance to match the benchmarks set by world class players (Statsports.com, 2018).

Figure 7: Apex system updates



Source: Statsports.com

Comparing the technologies of all clubs, again it shows that Manchester United is ahead by availing of all social media technology available. Chelsea uses Apex system which appears to be one of the most popular now, however Chelsea, Sunderland and Crystal Palace don't appear to use Drone social media technology.

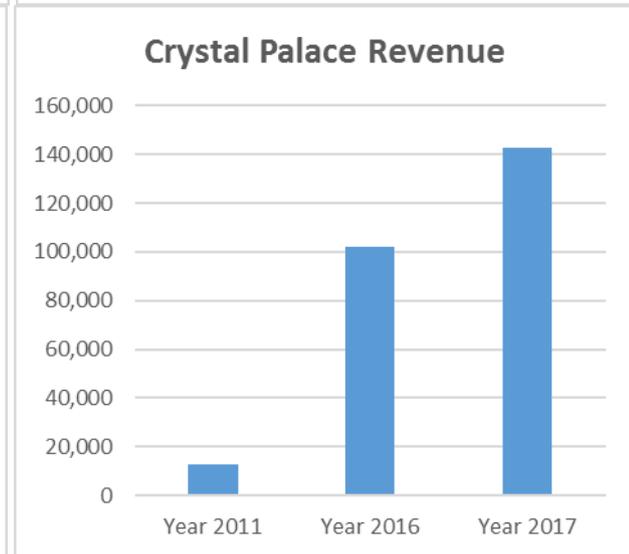
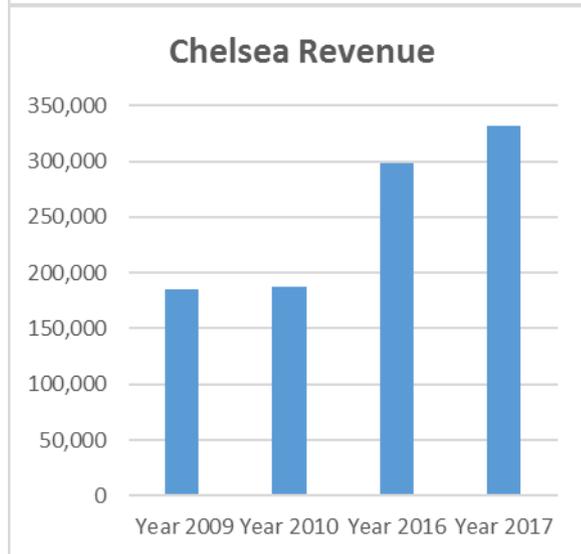
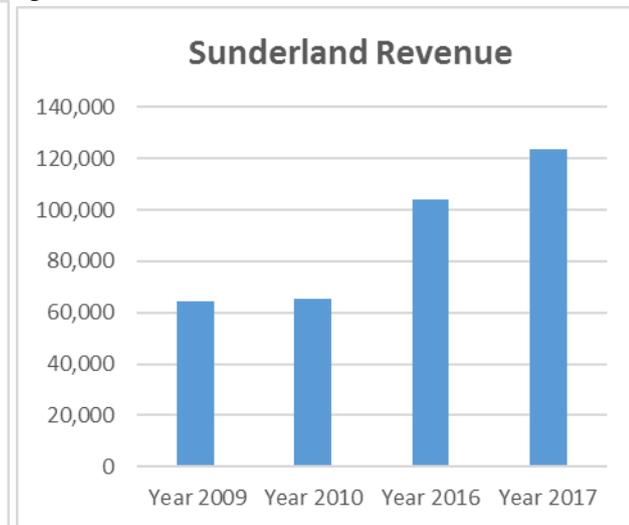
Theme 4 - Revenue

Revenue research was carried out for comparison purposes. As outlined in Chapter 1, 1.8 Premier League teams were operating at a loss over a ten-year period. In 2016-17, none of the 20 clubs documented a loss, and they all posted record revenues meaning in total, the Premier League brought in €5.3 billion in revenue (deloitte, 2017). Charts below will outline what revenue each club earns in the millions.

Figure 8



Figure 9



Source: Companies House

By comparing 2009, 2010 with 2016, 2017, with the exception of Crystal Palace whose accounts only became available on company's house from 2011 should give a clear view of increased revenue.

5. Discussion and Conclusion

The purpose of this research was to answer the question "does modern social media technology contribute Premier League's Revenue stream?" Having reviewed the relevant literature review on social media platforms, what different technologies are currently being used by the top two teams in the Premier League and the bottom two teams to make a comparison from the findings along with a comparison of the revenue generated by each club. Findings show that there is a clear, direct positive relationship between the variables. As indicated in the findings there appears to be a huge gap between the number of social media followers between the top two clubs and the bottom two clubs, and a parallel gap between the same clubs and their revenue intake. Relating back to the question asked and objectives outlined it is important to summarise the research findings in order to determine if the research question answered and whether the research objectives have been met. Based on the first objective "To analyse what different types of social media technology is being used in the Premier League to identify if it is contributing to different clubs earning different revenue". Research and findings show that there are many different types of social media technology outlined in section 6.4

Figure 11, and these technologies are available to all football clubs, however only Manchester United are the only club utilising the social media technology to a maximum. Research shows that Manchester United are the only club using Drone Social media technology. Drone Social media technology gives the ability to video record training session in order to monitor a player's style and trends, like all devices with the ability to playback to learn from mistakes can only assist in improving skills.

Manchester United club's brand has become the first football club whose brand is worth over \$1 billion USD. Billion Dollar Devils they are now being referred to with the club's overall brand value of \$1.2 billion, in light of this it is recommended that all clubs should stop running themselves as a football club but more along the lines of business. The people who run these lower tier clubs are the custodians of the clubs and have a responsibility to ensure the future of these clubs. They must fully grasp the advantages of social media technology like Manchester United, such as Twitter and Facebook, while also taking every opportunity to brand themselves along with their business model. If VAR's are assisting in the decisions being made on the field, this leaves little room for human error. It is recommended that all football clubs' avail of the Drone and the Viper Pod for player improvement. Findings clearly demonstrate the need for this equipment.

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The impact of SMS marketing on consumer behavior

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Key Word

SMS marketing, Consumer behavior, Mobile phones.

Abstract

The use of mobile phones has become norms around the globe. Emergence of new mobile phones with new application has even created more curiosity among customers. The major use of mobile phone is to make calls to family members, colleagues and friends. As a matter of fact, it seems that major purpose to carry mobile phones is to be engaged in its different applications. Text messaging or prominently called Short Message Service (SMS) has become the necessity of young ones. It has given rise to marketing of different products and services that are within the reach of just few clicks away. Most of the organizations in Pakistan and around the world has made a SMS an important tool for marketing of their products.

This study revolves around the impact of SMS on consumer behavior which includes dependent and independent variables. SMS is considered as independent variable and dependent variables focuses on consumer attitudes, intentions to purchase, and consumer behavior in general. More precisely four independent variables include entertainment, informativeness, irritation, and credibility. One major reason of text messaging is entertainment, fun for the people as there is no other means that could be fast and less expensive. Informativeness is another element that is considered important for consumers' behavior. People are attracted by different advertisement messages that may contain important information for the products and services companies offer. Information may include products applications, performance, design and others. Irritation is an element which makes consumers unhappy, dissatisfied and annoyed. Consumers' may feel the messages manipulated, insulting and unwanted. Credibility is the fourth element and is equally considered important for consumers' behavior. People may feel that messages they receive from different companies are not trustworthy, honest and true. This may be because consumers perceive brands as inferior quality and rejected. The study has used quantitative approach of over 300 sample size from Rawalpindi, Islamabad. The targeted population is all those individuals that may use mobile phones. People of age group from 21 to 60 years are selected. Data is collected through questionnaires which consists of 5 points Likert scale is used ranging from strongly disagree to strongly agree.

The study concludes that SMS marketing has strong impact on consumer behavior if they believe messages entertaining. Most of the consumers feel that marketing messages are very useful and very informative. On the other hand, consumers may feel irritating if they perceive messages as misguided and manipulated. Another important element is credibility which mainly focuses on trustworthiness and reliability.

Introduction

1.1 Background

Mobile phone users are growing rapidly in recent times. This growth is not only limited to one country, but it is happening all around the world. According to the 2015 statistics, the mobile phone subscribers registered approximately 4.6 billion in all over the world. Majority of the subscribers belonged from developing countries (The Global Mobile Economy, 2015). However, in Pakistan mobile subscribers reached approximately 114 million registered users till June 2015 (PTA, 2015). Rapid changes in technology in all around the world, make people to use new ways for interacting with each other by Short Message Service (SMS).

Companies have realized the key importance of cellular phone usage in business world. They are using cell phone as business channel for enhancement of sales and marketing activities (Barnes &

Scornavacca, 2004). Advancement in technology especially in mobile phones, opens new horizons for business (Shchiglik, 2004). The conjunction of cell phones and the internet is establishing new numerous business ventures which creates different and unique opportunities for businessmen and consumers for doing business of exchanging connectivity at higher values (Goi, Ng, 2011). It is only recently, the rapid growth and advancement in cellular industry and other mobile communication devices formed different and unique opportunities in the advertising area. This not only helps the announcement of products and services but also builds relationships with customers (Sultan, 2005). In precise, Short Messaging Service (SMS) has been famous (e.g. Merisavo et al, 2007; Watson, McCarthy, & Rowley, 2013). Each month approximately 350 billion texts exchanged among which 15% messages are Commercial and marketing purposes messages (Grabstats, 2015).

While in Pakistan 302 Billion SMS were exchanged in 2014. Fast growing rate of mobile phone usage and texting appealed to business organizations for using this medium as a business promotion. Consequently, several companies and marketers believe this as a convenient and portable channel for marketing (Wu, Luh, & Shieh, 2007). This type of advertisement is called SMS marketing, where the companies use mobile phone as source of advertising and promotion (Zabadi, Shura, & Elsayed, 2012). Such type of advertisement is a direct source of approaching customers, creating awareness and promoting the business. In other words, it is one of the best sources for a direct connection with customers (Kumar et al., 2016).

Recent statistical figure states that 6.9 trillion SMS were sent in 2010. However, the expectation was that in 2011 these figures would reach 8 trillion (Global Marketing statistics 2011). This Paradigm shift has grab attention of marketers and companies to utilize SMS as marketing and promotion tool for attracting the customers. Few key reasons for using this medium are cost effective, ease of use and personalize. In recent days most of the companies use it as marketing tool and promote their business to target audience. The increasing diffusion rate of cell phones has resulted to advertisement of products and services enhancement. Mobile texting or Short Messaging Service (SMS), in this regard is very popular and also very much successful. Numerous researches and large number of surveys expressed that mobile information services and messages rapidly enhanced since 2001. The escalating acceptance of SMS has formed a different and unified channel for advertising which stated as SMS marketing.

The advancement in cellular advertisement opened new research areas which need to explore. The existing literature reveals that researchers grab attention on specific topic about customer attitude towards SMS marketing (Lee, 2013), Consumer's attitude towards mobile banking (Luck, E., & Mathews, 2009) and their intentions about SMS usage (Phau & Teah, 2009). However, effectiveness of SMS marketing medium is not tested on large scale. Asia is one of the great markets for companies for business expansion and revenue generation. Regardless of the fact that majority of the organizations spends a lot of money on advertisement, but as a matter of fact, Asia is as seen as market leader in SMS marketing and will continue process for making a strong marketplace (SMS marketing trend, 2011). Current study contains two aims; 1) to identify key factors which makes SMS advertisement effective or not, 2) to examine the attitude of people towards SMS advertisement.

1.2 Problem Statement

The exponential expansion of cellular users in the past decade has enabled businesses to exploit the telecom industry. Consumers are constantly bombarded with advertisements that may or may not be relevant. How consumers perceived these messages (SMS) and how they change their behavior are the key issues that are addressed in this study.

1.3 Research Objectives

The aim of this study is to explore the relationship and connection between SMS marketing and customer perception.

1.4 Research Gap

Since the dawn of the telecom industry, companies have focused on promoting their business and capturing the market share for organizational performance. Owing to this reason the companies

adapt numerous marketing strategies and promotional strategies for attracting customer for their business. Swift transformations in technology have equipped businesses to use cellular phones for approaching customers and promoting their business. The existing literature to a considerable extent focused on specific topics about customer attitude towards mobile advertising (Tsang, Ho, Liang, 2004 ;), Consumer's attitude towards mobile banking (Luck, E., & Mathews, 2009) and their intentions about SMS using the medium (McCorkle, Jurkus, Auruskeviciene, & Reardon, 2013). Mostly the customer's intention to purchase, attitude towards advertisement and Mobile SMS marketing with customer perception was investigated on a small scale. This research will help the marketing managers and directors for better strategic decisions about SMS marketing.

1.5 Rationale of the study

The present study is helpful for marketers to explore the key areas of SMS marketing which make it effective and efficient. This will guide and aid a more precise SMS advertising campaign for gaining better results. It is also beneficial for companies to know the attitude of consumers towards SMS marketing in Islamabad/Rawalpindi.

2. Literature Review

Marketing practitioners face a lot of continuous pressure for justifying what they are contributing in organizations from marketing activities (O'Sullivan & Abela, 2007; Lee, 2013). In this current scenario, determining the effectiveness and appropriate usage is crucial for justifying marketers for their activities. Drossos, et al., (2007) describes that different methods and paradigms are generally used for evaluation of mobile marketing effectiveness. Such paradigms consist upon attitude about advertisement, brand and consumer purchase behavior which evaluates the efficiency and effectiveness of SMS marketing and marketing. However, on the other hand, Choi and McMillan (2008) discuss that purchase intention and attitude towards SMS marketing are major determinants for measuring effectiveness of SMS marketing.

Key goal of advertising is described as approaching the target audience for brand recall and enhancing sales (Lee, 2013). For achieving defined goals, marketers develop advertising strategies. Marketers keep two critical factors in their mind: 1) understanding the communication channel to reach the audience (2) understanding the media channel usage behavior by users and audience (Yousafi, 2012). Therefore, organizations need to select an appropriate medium and channel for advertising which will be noticed and responded by the target group (Haghirian et al. 2005). SMS marketing is a great and suitable medium as compared to other mediums and channels. Mobile phone is ease in use and is a personal device compare to other devices which gives freedom to individuals while they are on move. SMS marketing is one of the most favorable and appropriate mediums for approaching consumers at any locations (Grandbairn, Gharibpoor, & Lari, 2012). Credibility and availability are other factors that should be given due importance. Advertisement containing product information which influence on customer's opinion and purchase decision. It also influences on customer perception towards products and services.

2.1 Entertainment

Entertainment and personnel enjoyment are one of the greatest sources for examining the association of people with SMS marketing and evaluating the attitude and customer perception (Shavitt, Lowery, & Haefner 1998). Entertainment services boost the loyal attitude in customers towards organization. It's also one of the value proposition sources for customers. Majority of the people like to play games, participate in quizzes and other applications for entertainment purposes (Chowdhury et al., 2010). Entertain to customers is a key source of customer attraction which keep them engaged. (Sabokwigina, Malima, & Mpogole, 2013). However, games which plays via texts messages are another important factor of customer involvement and customer attraction. Bauer et al., (2005) explores in his research that participant perceive positively when they receive an entertaining text from company.

Entertainment now a days is the prime concerns of the companies. Because the organizations believe that when people feel enjoyment and entertainment with their products and their services then their business volume enhances. So, owing to this cause, the company's design SMS marketing contents in such way that customers feel joy and entertainment when they receive from companies. (Venkata Lakshmi & Sachin, 2016). People feelings have strong impact on attitude toward advertisement (Shavitt, Lowrey, & James, 1998). Existing studies show that entertainment is the significant and crucial factor for attitude affecting (Blanco, Blasco, & Azorín, 2014)

2.2 Informativeness

Informativeness is describes as the ability of advertising campaigns which provides the maximum number of products and services choices for their need and guide them for better decision of utilization of products. The maximum benefits can gain through utilizing of Informativeness (Beneke, et al., 2010). The information about products and services are normally available on website of company which directly effects on customer perception towards company and its products (Kaasinen, 2003). However, in SMS marketing sometimes it does not show appropriate quality which may produce bad perception to customers. SMS marketing needs to show quality, relevance, usefulness for customers that matter the most to the consumers. (Siau and Shen, 2003).

2.3 Irritation

SMS marketing's has considerable effects on human behaviors and attitude regarding promotions and advertising (Shavitt et al. 1998). When advertising applies the tactics of annoying, offend, insulting or over manipulative, the customer may perceive as unwanted or irritating. Information which is ambiguous and not clear to customer causes the irritation (Sabokwigina, et al., 2013). Sometime SMS marketing is confusing because of too much information and this causes the disruption and annoying of customers (Stewart, 2002). In response of such advertisement customers annoyed and react negatively. They not only show negative behavior themselves but also become the cause of ill marketing about that company to their friends or colleagues. Mirbagheri.S, (2010) states that unwanted ad, annoying or overwhelm ad negatively impact on the customer attitude. Attitude model was developed by Brackett L.K, (2001) in which he states that there is association between customer perception and attitude towards irritation and advertisement. Existing literature shows that irritating ads and contents have negative impact on customers. Yang, K. C. (2011) states that customers feel embarrassment after getting annoying SMS messages. It further explains that irritation causes negative behavior and negative influence on customer attitude towards SMS marketing (Tsang, Ho & Liang, 2004). Likewise, another study about effectiveness of SMS marketing confirms that irritation causes negative attitude towards advertisement and low purchase intention (Choi, Hwang & McMillan, 2008). It not only causes annoyance but also negative perception towards company (Roser, Schoeni & Rösli, 2016)

2.4 Credibility

Credibility in SMS marketing is expressed as the customer perception of the truth and trustworthiness of advertisement (Pavlov & Stewart 2000). Credibility of SMS marketing states that customer perceives it as truth and reliability of an advertisement (Mackenzie, 1989). Stewart (2002) referred as "probability and contentment of imbedded and categorical necessities of an arrangement". It also influenced by the SMS marketing channel and contents of message. Thakur and Srivastava (2013) directed that a message contains low credibility and low impact on readers until it was published or referred by a strong brand.

Credibility of mobile messages has significant and direct impact on customer's attitude towards organization. It enhances the customer perception towards SMS marketing which may add value to the customers. Similarly, it has great impact on customer perception. Customer perception enhances when the credibility level of SMS enhances. In the eyes of customers, if they perceive the SMS as credible source then their perception about company become positive (Brody, et al., 2016).

2.5 Customer Perception

Perception is defined as the sequence of customer exposure and attention which is construed separately in marketing procedure (Hawkins, & Mothers Baugh, 2010). Moreover, it is also clarified by Kotler and Armstrong (2001) that perception is the procedure of collecting, selecting, organizing and translating the information into meaningful form for better understanding. However, customer perception describes that how a customer sees the action and reaction towards SMS marketing (Kotler et al. 1998, p. 187). Another perspective about customer perception is described as the behavioral response of customer towards a company (Jones, 2007). Consumer perception also expresses that, it is an Image and impression which is created by company through SMS marketing and market offerings. It captures a specific place in the mind of customers. It is affected by advertising, social media and other channels" (Business Dictionary, 2015).

Customer perception is the initial and the most practical step in customer purchasing decision processes. The perception process consists upon three main elements which are 1) exposure, 2) attention and 3) interpretation. As the information receives, it splits into four elements 1) collecting, 2) selecting, 3) analyzing, 4) interpreting (Alcheva et al. 2009; Datta, & Vasantha, 2016). Information received from different sources and mediums effects customer exposure. Knowledge about product and company enhance the customer exposure and customer become more knowledgeable (Palani, A., & Yasodha, P., 2012). So, marketer need to carefully choose the medium and information. After receiving information, customer selects information according to his needs and requirements. They ignored other information and pick only relevant information. Customer expectation and past experiences help them towards selection of information (Smutkupt, et al., 2012). After careful selection of information, the customer organizes the selected information and make an image into mind about the products and company (Datta, & Vasantha, 2016). The next and last step of perception is interpretation of selected and organized information. It implies the perception of customers towards organization and products. This step further leads to decisions about product testing, purchasing and experiencing.

2.6 Theoretical Framework

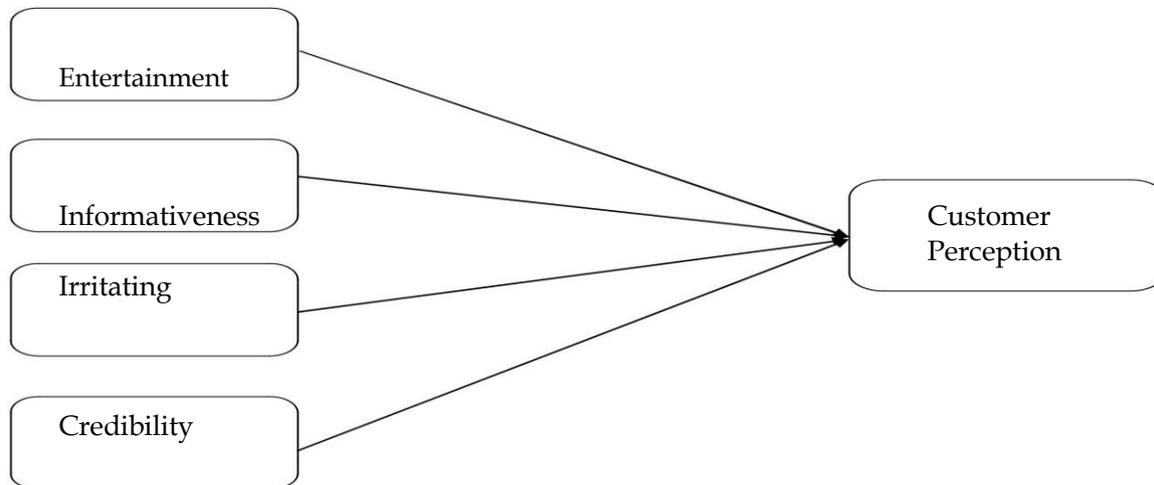


Figure 1 Research Model

Research Hypothesis

- H1. Entertainment will positively effect on customer perception.
- H2. Informativeness will positively effect on customer perception.
- H3. Irritation will negatively effect on customer perception.
- H4. Credibility will positively effect on customer perception.

Research Methodology

3.1 Research Design

The study is quantitative in nature and examines the effect of SMS marketing on customer perception.

3.2 Population

The target population for this research is all the mobile phone users of two cities Rawalpindi and Islamabad between the age of 20 and above.

3.3 Sampling Plan

300 individuals are selected for the study. Furthermore, convenient sampling technique is used for the data collection.

3.4 Data Collection Procedures

The data is gathered by the use of self-reported research questionnaires from 300 mobile users from twin cities (Rawalpindi and Islamabad) in Pakistan.

3.5 Measuring Instruments

This study is about measuring the impact of independent variables on dependent variable. These are outlined below:

3.5.1 Independent Variable

There are four independent variables in the study which includes Entertainment, Informative, Irritating and Creditability. For measuring these variables, the standardized instruments are used and is adapted from Ducoffe's (1996), Tsang, Ho, and Liang, (2004). These instruments are used in different researches later on. Five-point Likert scale (Strongly Disagree to Strongly Agree) is used for present research.

3.5.2 Dependent Variable

Customer Perception is considered as dependent variable. Research questionnaire is adapted from Roach. G (2009) for measurement of customer perception.

3.6 Data Analysis

The collected data is analyzed by SPSS-21 for better understanding of the results and responses of respondents. Frequency distribution, Cronbach alpha, Correlation and Regression analysis are used for data analysis.

Data Analysis and Results

4.1 Demographic Analysis

4.1.1 Demographics

It is clearly stated from the results that there is no significant relationship found between demographics variables and their impact on other main variables. Demographic analysis is done for better understanding of description of respondents. The total number of the sample is 300. Convenient sampling technique. Out of 300 questionnaires, 290 are accepted.

Table 4. 1

Gender

Description	Frequencies	%age
Gender		
Male	240	82.8
Female	50	17.2
Total	290	100

The research data is collected from 290 respondents. The table indicates that majority of the data is collected from males. However female also participate in this research. The percentages of respondents stated as 82.8% males and 17.2% females.

Table 4.2

City		
Description	Frequencies	%age
Gender		
Rawalpindi	150	51.7
Islamabad	140	48.3
Total	290	100

In this study the 51.7 % respondents belong to Rawalpindi while 48.3 % respondents are from Islamabad.

Table 4.3

Marital Status		
Description	Frequencies	%age
Marital Status		
Single	165	56.9
Married	125	43.1
Total	290	100

The table describes that marital status of study sample's respondents. It expresses the majority respondents are single. 56.9% respondents are married while remaining 43.1% are single.

Table 4.4

Age		
Description	Frequencies	%age
Age (in years)		
21-30	232	80
31-40	46	15.9
41-50	12	4.1
Total	100	100

The table describes that majority of respondents belong to 21-30 years' age category. While small number of respondents are belonging to 41-50 years and above. The numerical values indicate that 80% are 21-30 years category, 15.9% are 31-40 years and 4.1% belong to 41 and above

Table 4.5 Research Instruments Reliabilities

Sr. No	Questionnaire	Item scale	Reliability
1	Entertainment	3	.784
2	Informative	3	.757
3	Irritating	4	.845
4	Credibility	4	.697
5	Customer Perception	3	.784

The table states the reliabilities of instruments which shows that all the instruments are highly reliable. The Entertainment scale reliability is .784, Informative scale reliability is .757, Irritating reliability is .845, Credibility instrument reliability is .697 and customer perception reliability is .784.

4.2 Correlation Analysis

The correlation test is used to identify the relationship among variables. A positive sign states the positive relationship, while negative symbol shows the negative relationship. The value ranges between -1 to +1. In case of 0 it stated the no relationship among variables.

Table 4.5 Correlations Correlations

		Entertainm ent	Informati ve	Irritating	Credibility	C. perception
Entertainment	Pearson	1				
	Correlation Sig. (2-tailed)					
Informative	Pearson	.517**	1			
	Correlation Sig. (2-tailed)	.000		1		
Irritating	Pearson	.314**	.308**			
	Correlation Sig. (2-tailed)	.000	.000		1	
Credibility	Pearson	.312**	.301**	.715**		
	Correlation Sig. (2-tailed)	.000	.000	.000		
C. perception	Pearson	.409**	.378**	-.451**	.426**	1
	Correlation Sig. (2-tailed)	.000	.000	.000	.000	

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

Table 4.6 Entertainment and Customer Perception

Variable	Customer Perception Correlation coefficient (r)	P value
Entertainment	0.409***	.000

The table shows correlation between entertainment and customer perception is ($r = .409$, $p < 0.05$). The tabulated values express that there is straight and positive association among variables.

Table 4.7 Informative and Customer perception

Variable	Customer perception Correlation coefficient (r)	P value
Informative	0.378***	.000

Table shows the correlation between informative and customer perception which is ($r = .378$, $p < 0.05$). The tabulated values express that there is positive and significant relationship found between the variables.

Table 4.8 Irritating and Customer perception

Variable	Customer perception Correlation coefficient (r)	P value
Irritating	-0.451***	.000

From the table, the correlation between irritating and customer perception is ($r = -.451$, $p < 0.05$). The tabulated values express that there is negative relationship found between the variables.

Table 4. 9 Credibility and Customer perception

Variable	Customer perception Correlation coefficient (r)	P value
Credibility	0.456***	.000

Table shows the correlation between credibility and customer perception which is ($r = .456$, $p < 0.05$). It expresses that there is positive and straight connection found between the factors, as the credibility increased the level of customer perception also increased.

4.3 Regression Analysis

Regression analysis is stated as the impact of independent variable (IV) on dependent variable (DV). Hypothesis is accepted or rejected on the basis of beta values.

Table 4. 10 Regression Analysis

Model	Coefficients				
	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.821	.243		7.503	.000
Entertainment	.186	.060	.168	3.115	.002
t					
Informative	.101	.050	.108	2.016	.045
Irritating	-.272	.033	-.385	-8.304	.000
Credibility	.329	.047	.334	6.979	.000

a. Dependent Variable: Customer perception

4.3.1 Entertainment and Customer perception

Correlation table clearly mentions that there is a positive relationship found between Entertainment and Customer perception. However, the table of regression indicates the impact of Entertainment on customer perception which means that Entertainment has positive effect on Customer perception. The tabulated value ($b = .186$) is significant at ($p = 0.002$) which shows that Entertainment has positive impact on customer perception.

Therefore, hypothesis is approved and accepted.

H1: Entertainment has positive and significant effect on customer perception. (Accepted)

4.3.2 Informativeness and Customer perception

Correlation table clearly mentions that there is a positive relationship found between Informativeness and Customer perception. However, the table of regression indicates the impact of Informativeness on customer perception. It is reflected that Informativeness has positive impact on Customer perception. The tabulated value ($b = .686$) is significant at ($p = 0.002$) which showed that Informativeness has positive impact on customer perception.

H2: Informativeness has positive and significant effect on customer perception. (Accepted)

4.3.3 Irritating and Customer perception

Table indicates that there is an inverse relationship found between Irritating and customer perception. Furthermore, the regression table states that the impact of Irritating on

Customer perception is negative. This is clear from tabulated values ($b = -.272$) which is significant at ($p = 0.000$). It shows the negative impact of Irritating on customer perception.

Hence hypothesis is approved and supported.

H3: Irritating has negative and significant effect on customer perception. (Accepted).

4.3.4 Credibility and Customer perception

There is a positive correlation found between Credibility and customer perception in correlation table. The regression table indicates that Credibility has positive impact on customer perception. The value is (b=.329) significant at (p=0.000) which means that impact of Credibility has positive on customer perception.

Therefore, hypothesis is approved and supported.

H4: Credibility has positive and significant effect on customer perception. (Accepted).

Table 4. 11 Hypothesis Acceptance detail

<u>Sr. No</u>	<u>Hypothesis Detail</u>	<u>Status</u>
1	Entertainment has positive and significant effect On customer perception.	H1 Accepted
2	Informativeness has positive and significant effect on customer perception	H2 Accepted
3	Irritating has negative and significant effect on Customer perception.	H3 Accepted
4	Credibility has positive and significant effect on Customer perception.	H4 Accepted

Summary, Findings, Conclusion Recommendation and Limitations

5.1 Summary

This research aim was to evaluate and investigate the SMS marketing effects on Customer Perception: The researchers investigated the four key indicators (Entertainments, Informative, Irritating and Credibility). These indicators were most important for customer perception towards mobile's advertisement. 300 research respondents were selected for this research from twin cities Rawalpindi and Islamabad. After careful collection and analysis of data, the study results express that three major factors that are of significant and have positive impact on customer perception. However, one factor negatively impacts on customer perception. It means that for motivating respondents these three factors are the crucial factors. Customer perceives positively when they feel that SMS marketing is informative, credible and entertaining. However, if the SMS marketing is annoying or disrupting then it caused the negativity which ultimately has a negative impact on customer perception.

5.2 Findings / Conclusion

Most respondents confirmed that entertainment has straight and positive effect on customer perception which states that entertainment is the one of key indicators which directly influenced on customer perception.

Several respondents indicate that informative is another important indicator of customer perception. Majority of the customers feel that SMS marketing is informative and useful. Credibility has a positive effect on customer perception, and customer feel that SMS is one of most credible sources.

Moreover, some respondents describe that sometime SMS marketing become annoying and irritating for them. Which negatively impact on customer perception.

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Gender differences in non-farm micro and small enterprise financial performance in Ghana

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Key Words

Enterprise, financial, Gender, Ghana, performance, risk, Sharpe ratio.

Abstract

The study compared the financial performance of male-owned and female-owned micro and small enterprises in Ghana and tested the female-underperformance hypothesis. The results are drawn from a comprehensive survey data obtained from the Economic Growth Centre (EGC) and the Institute for Statistical, Social and Economic Research (ISSER) Socio-Economic Panel Survey in Ghana. The data covered 5009 households with a total of 18,889 individuals. Most literature generally agree that female-owned enterprises underperformed male ones but most often than not, no appropriate methods have been employed to empirically test these assertions. Literature suggests that the stereotype of underperformance attributed to female management may not be the result so much of poorer management skills as to using unsuitable comparative performance measures. Most studies did not consider risk in comparing performance across gender.

This study adjusted for risks in analyzing enterprise performance using the reward-to-variability ratio. The study found that when risks are not adjusted for, female-owned enterprises underperformed male-owned ones but when risks were adjusted for, female-owned enterprises performed no differently from male-owned ones. This is consistent with social feminism theory, which argues that men and women are inherently different by nature and these differences will cause them to operate their ventures differently. The results from the Sharpe Ratio indicate that male-owned enterprises had a higher Sharpe ratio (0.473) as compared to female-owned (0.399). The lower Sharpe Ratio for female-owned enterprises suggests that females are more risk averse as compared to males. The findings indicate that females are not necessarily discriminated against, but that females prefer to take fewer risks as compared to males.

The recommendation is for a rethinking and reconstruction of the mindset regarding female-underperformance hypothesis. What is required is dispelling risk perception among female-owned entrepreneurs and encouraging capacity building for female-owned entrepreneurs in risks management.

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1. Introduction

1.1 Micro and Small Enterprise and Socio-economic Development

Micro and Small Enterprises (MSEs) play a crucial role in the socio-economic development of many countries over the world especially in developing countries. MSEs have contributed to the socio-economic development in both industrialised and developing countries (Carree & Thurik, 2008; Nichter & Goldmark, 2009). In developing countries, the bulk of micro and small enterprises are in the informal sector (Maloney, 2003; Nichter & Goldmark, 2009; Roy & Wheeler, 2006), and are the major sources of employment and income, especially for the poorest members of society (Mead & Liedholm, 1998).

Agriculture and the non-farm are linked and supporting each other to grow. The extra income from agricultural growth can create demand for goods and services from non-farm sector, thus starting a virtuous cycle in which agricultural and rural off-farm income grow and sustain each

other's growth (Stamoulis & Zezza, 2003). Diversification beyond agriculture is often considered a promising pathway out of poverty for impoverished rural economies, and there is a widespread belief that small enterprises may play an important role especially in the early stages of diversifying beyond agriculture (Lanjouw & Lanjouw, 2001; Reardon et al., 2000).

1.2 Characteristics of the Non-farm Sector in Ghana

According to the GLSS 5 report of 2008, majority of household enterprises are operated by a single individual without the assistance of family members. Household enterprises are defined to mean non-farm business enterprises operated by the household (Vijverberg & Mead, 2000). Household enterprises which can be described as MSEs have employed a great majority of Ghanaians. Across the manufacturing, distribution and service sectors in Ghana, MSEs account for a large proportion of business establishments and employment (ILO, 2000). According to the GLSS 6 report of 2014, about 3.7 million households, representing 44.3 percent of households in Ghana operate non-farm enterprises and about 70.6 percent of non-farm business enterprises are operated by females. The proportion of females operating non-farm enterprises is much higher in urban areas (71.4%) as compared to the rural areas (69.1%).

Despite the critical role of MSEs in the processes of socio-economic development in developing countries, they face problems of low growth rates and high failure rates (ILO, 2002). The sector is typified by stagnation and high rates of enterprise failure (Daniels & Mead, 1998; Hung Manh, Benzing & McGee, 2007; McPherson, 1996) suggesting the need to transform the sector in order to free micro-entrepreneurs from capture by a 'low level poverty trap' (McKenzie & Woodruff, 2006). The MSEs sector is also associated with poor and/or costly access to credit, problems acquiring new and more productive technologies, low levels of technical and/or managerial skills, high levels of competition among enterprises (Livingstone, 1991, Daniels & Mead, 1998, Mead & Liedholm, 1998). Studies have shown that in many countries, macroeconomic policies have also not favoured a vibrant MSEs sector (Atieno, 2001; Fisman & Raturi, 2003; Steel & Andah, 2004). Access to credit is often at the 'top of the list' of problems faced by MSEs especially among proponents of microcredit (Aryeetey et al., 1997).

Past research into small and medium scale enterprise performance has generally focused on sales and/or profit without any explicit control for risk, even though we know from finance theory that expected returns and risks are positively related. Robb and Watson (2012) similarly found that risk is typically not considered even though evidence suggests that women tend to be more risk averse than men. A study by Marco (2012) suggests that the stereotype of underperformance attributed to female management may not be the result so much of poorer management skills as to using unsuitable comparative performance measures, as well as not taking into account structural characteristics that may be detrimental to the financial performance of companies managed by women. It remains unclear as to whether females in non-farm MSEs in Ghana are under-performing or equally productive in that sector as compared to males even if adjustment is made for risks. This study will particularly test the female-owned firms' under-performance hypothesis taking risks into account

2. Literature Review

2.1 Defining Micro and Small Enterprises in Ghana

In Ghana, there are several definitions of micro, small and medium size enterprises. Some definitions are based on the number of people employed while others consider the turnover and value of fixed assets. There have been various definitions given for small-scale enterprises in Ghana, but the most commonly used criterion is the number of employees of the enterprise (Kayanula & Quartey, 2000). However, the National Board for Small Scale Industries (NBSSI) considers both fixed assets and number of employees. It defines a small-scale enterprise as one with not more than 9 workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding 10 million Cedis (US\$ 9506, using 1994 exchange rate). This study adopts this definition of MSEs. Based on the number of people employed, NBSSI has categorized enterprises into micro, small, medium and large

as follows; micro enterprises employing 1-5 people; small enterprises employing 6-29 people; medium enterprise employing 30-99 people and large enterprises employing 100 or more people.

2.2 Gender and Attitudes towards Risks

There have been several discussions about gender differences and risk perception, but it appears that there is considerable evidence to suggest that females may be more risk-averse than their male counterparts. It has been noted in general and business-specific literature that females exhibit a lower preference for risk (Powell & Ansic (1997). A study by Jianakoplos and Bernasek (1998) examining household holdings of risky assets in the United States found that single women exhibited relatively more risk aversion in financial decision-making than single men. Sexton and Bowman-Upton (1990) found that female entrepreneurs were “less willing than their male counterparts to become involved in situations with uncertain outcomes (risk taking)”.

As noted by Powell and Ansic (1997), females tended to focus on strategies that would avoid the worst situation in order to gain security. In a similar study Cliff (1998), found that female entrepreneurs are more likely to establish maximum business size thresholds beyond which they would prefer not to expand, and that these thresholds are smaller than those set by their male counterparts. Female entrepreneurs seem to be more concerned than male entrepreneurs about the risks of fast-paced growth and tend to deliberately adopt a slow and steady rate of expansion. This attitude of risk aversion may translate into the type of businesses that females are likely to engaged in, and this might explain the reasons why female businesses have lower profits. It has been well established in finance theory that riskier assets must compensate risk averse investors with higher expected returns” (Jianakoplos & Bernasek, 1998).

2.3 Gender Difference in Firm Enterprise Performance

Gender differences in firm performance have been long recognized in literature. There are two major schools of thought that appear to prevail in the literature that compares the performances of female- and male-owned firms, namely: liberal feminism and social feminism (Black, 1989). Liberal feminism is ‘rooted in liberal political philosophy’, while the roots of social feminism are more diverse ‘ranging from social learning theory to psychoanalysis’ (Fischer et al., 1993). Literature has recognized several factors which may be responsible for the relatively poor performance of women operated enterprises (Daniels & Ngwira, 1993).

A commonly held view is that female-owned businesses suffer from many disadvantages compared to male-owned businesses, and that these disadvantages lead, in turn, to relatively lower levels of efficiency and smaller firm-size among female-owned businesses (Amin, 2011) hence female-owned firms are hypothesized to under-perform. For example, Sabarwal and Terrell (2008) found that female-owned businesses in the formal sector in 26 transition countries are significantly less profitable than male-owned businesses. Female-owned businesses generally underperform those headed by males using financial performance measures such as earnings, survival or growth (Bird et al., 2001; Du Rietz & Henrekson, 2000). Rijkers and Söderbom (2013) in studying the effects of risk and shocks on non-farm enterprise development in rural Ethiopia found that male-operated enterprises are more productive than enterprises managed by women.

2.3.1 Liberal Feminism

Liberal feminism followers believe in equal rights and opportunities for all. They believe that not everybody is born with access to the same level of rights and opportunities in the world, and that some political or market intervention is required to rectify this. Fischer et al. (1993) note that liberal feminist theory is predicated on a belief that women and men are equally capable and, therefore, any observed female under-performance must be because women are overtly discriminated against (for example, by lenders) and/or because of other systematic factors that deprive women of important resources (for example, lack of an appropriate education). Ahl (2006) indicates that studies that adopt a liberal feminist perspective appear to assume (either implicitly or explicitly) that female-owned

firms underperform male-owned firms and then set out to explain this under-performance on the basis of potential discrimination.

2.3.2 Social Feminism

Social feminism holds the belief that women's liberation must be sought in conjunction with the social and economic justice of all people. Socialist feminists see the fight to end male supremacy as key to social justice, but not the only issue, but rather one of many forms of oppression that are mutually reinforcing (Lapovsky, 2008). In contrast to liberal feminist theory, social feminist theory suggests that men and women are inherently different by nature and these differences (rather than discrimination) will cause them to operate their ventures differently; for example women might seek to take fewer risks (Kepler & Shane, 2007; Watson & Robinson, 2003); grow their businesses more slowly (Morris et al., 2006) and/or attain a better balance between their work and family life (Jennings & McDougald, 2007; Kepler & Shane, 2007). They could also be less inclined to seek funds from a financial institution (Watson, Newby & Mahuka, 2009). Social feminist theory recognizes that men and female by nature are different, but it does not predict that difference should result in females underperforming as compared to men. This proposition, however, is contrary to much of the established literature, which typically concludes that female-owned businesses underperform relative to male-owned businesses (Klapper & Parker, 2011). Both liberal and social feminist theories believe that female-owned businesses should perform equally well as compared to male-owned ones.

3. Research Methodology

3.1 Survey Design, Sampling and Data

Data for this study was obtained from the EGC/ISSER Socio-Economic Panel Survey. The survey provides a regionally representative data for all the 10 regions of Ghana. It covered 5009 households with a total of 18,889 individuals. It was a nationally representative survey from 334 Enumeration Areas (EAs) across the country. A two-stage stratified clustered sample design was used for the survey. Stratification was based on the regions of Ghana. The first stage involved selecting geographical precincts or clusters from an updated master sampling frame constructed from the 2000 Ghana Population and Housing Census (EGC/ISSER, 2011). A total of 334 clusters (census enumeration areas) were selected from the master sampling frame. The clusters were randomly selected from the list of EAs in each region. A complete household listing was conducted in 2009 in all the selected clusters to provide a sampling frame for the second stage selection of households. The second stage of selection involved a simple random sampling of 15 of the listed households from each selected cluster. The main field work for the survey covered a 6-month period (November 2009 to April 2010).

3.2 Methods of Data Analysis

To compare the performance of female-owned micro and small enterprises relative to male-owned enterprises with and without adjusting for risks, the study first considered the traditional variables used in the literature to compare the performance of male and female firm owners/operators (such as profits, sales, number of employees) and then adjusted for risks using the reward-to-variability ratio proposed by Sharpe (1975). The study compared the profits across gender first without adjusting for risks and then compared again after adjusting for risks using a t-test. The Sharpe ratio has often been applied to stock exchange prices, however, because many small and medium scale enterprises are not listed and, therefore, stock price information is not available, profit is used as the reward measure and standard deviation in profit as the variability (risk) measure (Watson & Robinson, 2003). Watson and Robinson indicated that using profit rather than stock market returns as a reward measure is not out of place because: (i) for small and medium enterprise owners, the profit earned by their ventures is clearly a significant reward; and (ii) stock prices are largely driven by profits (particularly future expected profits). One main advantage of the Sharpe ratio is that it is directly computable from any observed series of returns without need for additional

information surrounding the source of profitability. One challenge with the use of Sharpe ratio is that lay people find it difficult to interpret Sharpe ratios of different investments. The revised ex-ante Sharpe ratio is given as;

$$S = \frac{E[R_a - R_b]}{\sigma} = \frac{E[R_a - R_b]}{\sqrt{\text{var}[R_a - R_b]}}$$

Where, R_a is the asset return, R_b is the return on a benchmark asset. $E[R_a - R_b]$ is the expected value of the excess of the asset return over the benchmark return, and σ is the standard deviation of this excess return. In this study, there is no attempt to compare different investments. The Sharpe ratio is only used here as a risk adjustment measure. In this case, the top part of the formula $E[R_a - R_b]$ thus becomes $E[R_a]$, which is the returns of the asset (profits), and the lower part ($\sqrt{\text{var}[R_a - R_b]}$ thus becomes ($\sqrt{\text{var}[R_a]}$ which is the standard deviation of the profits). The derived formula can be written as;

$$S = \frac{E[R_a]}{\sqrt{\text{var}[R_a]}}$$

This study following Sharpe (1975) and Watson and Robinson (2003), considered profit as reward and the standard deviation of the profit as variability (risk). The formula for the *ex-post* Sharpe ratio is the same as given above in equation 3.6 except, that the ex post use realized returns of the asset and benchmark rather than expected.

4. Results and Discussions

4.1 Profitability and Socio-Demographic Characteristics

Comparing the performance of male and female-owned is important considering the fact that about 70% of those engaged in micro and small enterprises in this study are females. This figure (70%) is close to 70.6% as reported by the GLSS 6 report of 2014. Understanding the source of the difference in terms of enterprise performance is important from a policy perspective since majority of women are into enterprises and therefore increasing the performance of women will result in an aggregate increase in economic welfare.

Some socio-demographic characteristics were analysed and compared across gender. The analyses showed that being married improves enterprise profitability. From the results, both married men and women had higher profits than single men and women. But within the married category, married men had higher profits as compared to married women. Married couples may be able to combine resources together better than single persons. The results for education were mixed. Men who had no formal education had more profits as compared to men that had formal education. But women who had formal education had higher profits as compared to those who do not. It is possible that education is not crucial for enterprise performance, especially at the micro level where majority may not be keeping business records. Enterprises that formally registered their businesses had higher profits than those who did not. Details are presented in Figure 4.1. Enterprises located in urban areas are more profitable as compared to those in the rural areas. MSEs in urban areas tend also to have better and less costly access to inputs, larger and more dynamic markets, opportunities for networking with larger firms and within themselves offering a greater pool of information (Fafchamps & Minten, 2002).

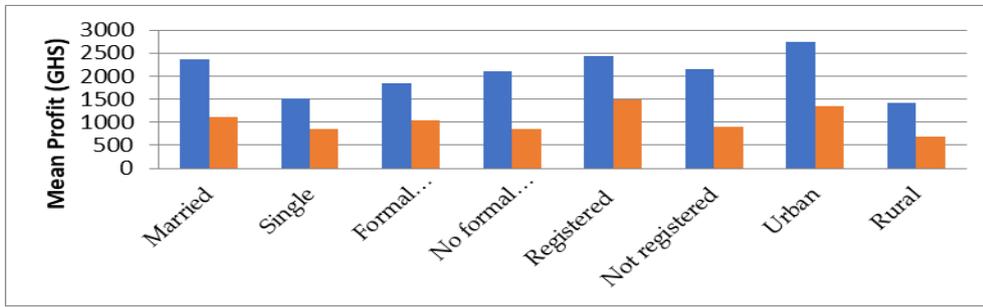


Figure 4.1: Mean Profit and Socio-demographic Characteristics

4.2 Individual and Enterprise Characteristics by Gender

In order to compare some of the relevant parameters, it is important to analyse and subject the results of the analysis to statistical tests. The results from Table 4.1 showed that in terms of educational background, there is no statistical difference between genders in terms of formal education. Hence any difference in enterprise performance in this sample cannot be attributed to differences in education. In terms of firm registration, male-owned enterprises were more likely to be formally registered as compared to female-owned ones. The difference was statistically significant. This is not surprising given the fact that female-owned enterprises were smaller in terms of the number of people employed as compared to male-owned enterprises. This finding is consistent with that of Cliff (1998) and Sabarwal and Terrell (2008). It is expected that as enterprises grow in terms of size, they are more likely to become formal as compared to the smaller ones. Comparatively, male-owned enterprises had on the average operated more years as compared to the female-owned ones.

Variable	Male	Female	t-values
Formal education (%)	82.2	80.6	-0.77
Technical education (%)	6.14	4.88	-0.83
Tertiary education (%)	4.09	3.10	-0.84
Formal registration (%)	24.0	9.4	-6.99***
Age of the enterprise owner (years)	42.4	42.4	0.03
Size of enterprise (number of employees)	1.7	1.4	-4.25***
Age of business (years)	10.8	8.5	-4.59***
Value of assets (GHS)	986.2	284.2	7.63**8

Table 4.1: Individual and Enterprise Characteristics by Gender

4.3 Hours and days worked by Sector and Gender

Male enterprise owners on the average spent 8.9 hours a day on their enterprises as compared to 8.5 days worked by female enterprise owners. There was no significant difference between the number of hours worked by male and female enterprise owners. The manufacturing sector recorded the least number of days worked in a year in both male and female-owned enterprises. There is marked difference in the number of days spent by female in the manufacturing sector and that of the other sectors. It is interesting to note that female enterprise operators worked more days per year in the trade, restaurant and services sectors as compared to male-owned ones, and yet it does not reflect in terms of profits. Details of the hours and days worked by female and male enterprise owners in the various sectors are presented in Table 4.2.

Sector	Male		Female	
	Hours/day	Days/year	Hours/day	Days/year
Manufacturing	8.8	232.3	8.2	201.8
Trade	8.1	247.0	8.8	255.3
Restaurants	8.9	241.8	7.3	254.6
Services	8.7	237.9	7.6	252.5

Table 4.2: Hours and Days Worked by Sector and Gender

4.4 Ecological Zones and Enterprise Performance

Generally, enterprises in the Coastal zone are more profitable as compared to those in the Savannah and Forest zones. The Savannah zone however, performed better than the Forest zone. The mean profit for enterprises in the Coastal zone was about GHS1,458. Savannah zone was GHS1,291, and Forest zone mean profit were GHS 1,217. Disaggregating the data by gender showed a completely different picture (see figure 4.2). Although in all the three zones male-owned enterprises were more profitable as compared to female-owned enterprise, the difference was more evident in the Savannah zone. Male-owned enterprises in the Savannah zone are more profitable as compared to those in the Coastal and Forest zones. Male-owned enterprises in the Savannah zone made almost three times the profits made by female-owned enterprises.

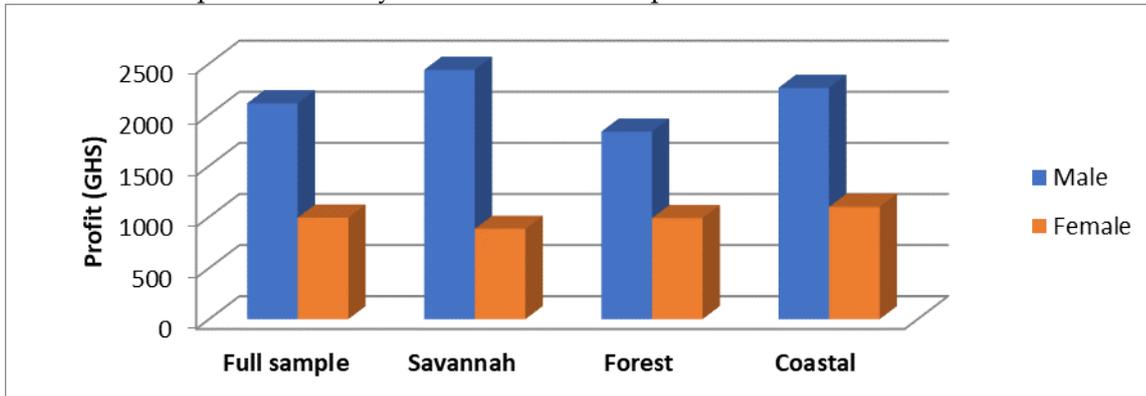


Figure 4.2: Mean Profit, Gender and Ecological Zones

4.5 Assets and Gender

Male-owned enterprises had more assets as compared to female-owned enterprises across the ecological zones. Enterprise assets were categorized into three: land and building, transport equipment and machinery. In all these categories, male-owned enterprises had more assets compared to their female counterparts. Male-owned enterprises had almost three times the value of land and buildings as compared to female-owned ones and more than five times the value of transport equipment and machinery. This again emphasizes the disparities with respect to ownership of assets. Women enterprises seemed less capital intensive as compared to men. Most of the women engaged in enterprises which returns were very low. For instance, while men traded in electronics such as mobile phones, auto parts, selling cement, the women traded in food stuffs, pure water and table provisions, which are less capital intensive and hence low returns to capital invested. Figure 4.3 shows the comparison of assets by gender.

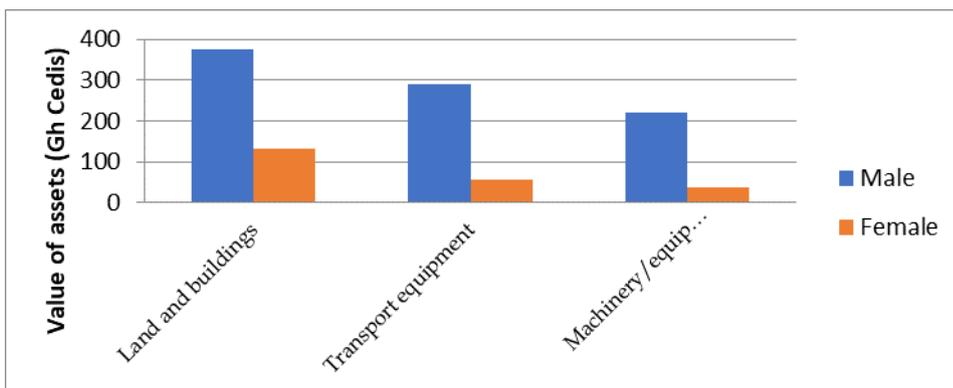


Figure 4.3: Men Own more Assets as Compared to Women

4.6 Gender and Industry

Following the International Standards Industrial Classification (ISIC), Rev. 3.1, MSEs were classified into four distinct industries namely: manufacturing, trading, restaurants and services.

About 55 percent of all enterprises operated by both males and females were in the trade industry, while about 25 percent were in the manufacturing. Disaggregating the data based on gender indicates that the majority of the women (about 60%) were in trade and almost 40% of the men were also in trade. About 22 percent of the women were into manufacturing as compared to 33 percent of men. On profitability, the trade industry was the most profitable followed by the services industry. Males had higher profits as compared to females in all the four industries (see figure 4.4). The difference in profitability was more pronounced in the trade industry. The males in the trade industry made almost three times the profits that the females made. Further analysis revealed that most of the women were in enterprises with the lowest returns. As indicated by von Masson (1999), gender division of labour and the gender stereotypes tend to push women into low status and low-income business activities. The value of assets owned by males was more than three times that of females, and if assets play a role in enterprise performance then one is not surprised that profit levels of females are lower than that of males.

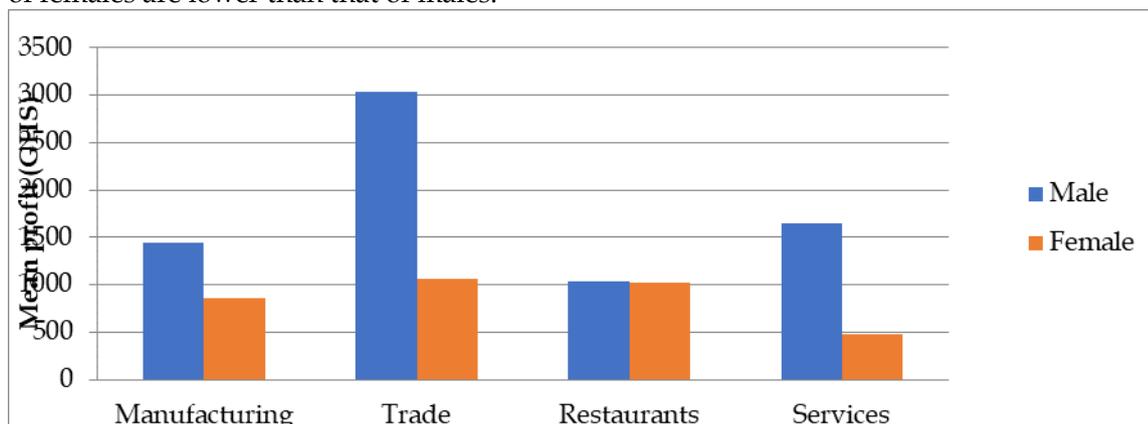


Figure 4.4: Mean Profit by Industry

4.7 Sources of Capital for Enterprise Start up

About 60 percent of the enterprise owners had relied on household savings as a means to finance their non-farm enterprises. Both male-owned and female-owned enterprises used household savings to set up their businesses. This finding is similar to that of the GLSS 5 report of 2008, which indicated that 60 percent of non-farm enterprise operators relied on household savings to set up their enterprises. About 17 percent of enterprise operators had capital from relatives and friends to start their non-farm enterprises, which is close to the 20 percent as reported in the Ghana GLSS report of 2008. About 2 percent of enterprise operators had credit from banks to set up their non-farm enterprises, which is close to 2.4 percent as reported in the GLSS 5 report. Although proceeds from farms is an important source of capital for setting up businesses as compared to household savings and capital from relatives and friends (see Figure 4.5). The study revealed that the percentage of male-owned enterprises relying on proceeds from farms was higher as compared to female-owned enterprises. This is not surprising considering the fact that household resources are mostly controlled by men. However, the percentage of female-owned enterprises who had capital from friends and relatives was higher as compared to male-owned enterprises. This could be the case because females seem to have more social relations as compared to males.

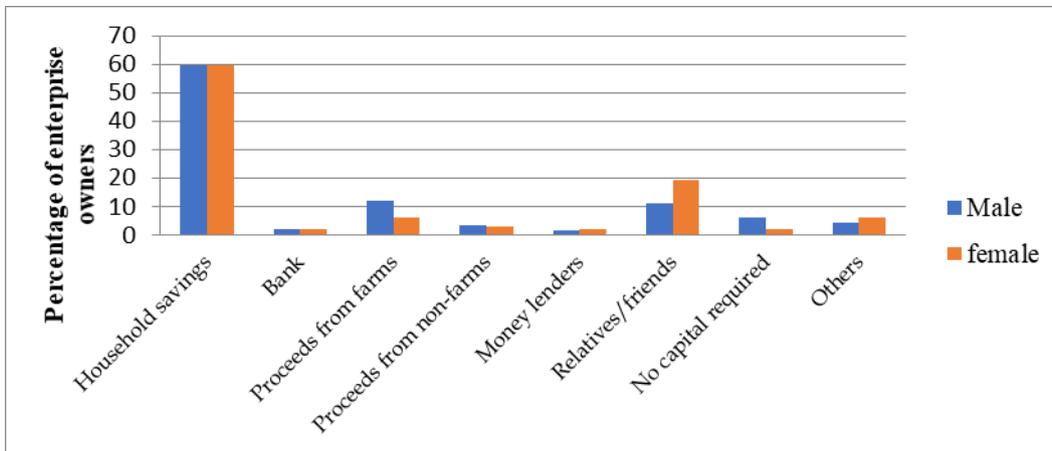


Figure 4.5: Sources of Capital for Setting up Enterprises

4.8 Constraints to Setting up Non-farm Enterprises

Several factors affect enterprise operators including poor and/or costly access to credit, problems acquiring new and more productive technologies, low levels of technical and/or managerial skills, lack of basic knowledge in record keeping, high levels of competition among enterprises and unfavourable macroeconomic conditions. This study identified inadequate or lack of capital or credit as the major obstacle to establishing non-farm enterprises in Ghana (see Figure 4.6). Lack of capital was a major constraint across all the three main ecological zones in Ghana. About 68 percent of non-farm enterprises in the Savannah zone indicated that capital was the main constraint. In the Forest zone, about 70 percent of enterprises indicated that capital was the main constraint and about 64 percent in the Coastal zone. Technical knowhow was the second major constraint confronting enterprise operators in establishing non-farm enterprises. However, more females faced capital as a constraint as compared to males. About 70 percent of the females had identified capital as the main constraint as compared to 65 percent males.

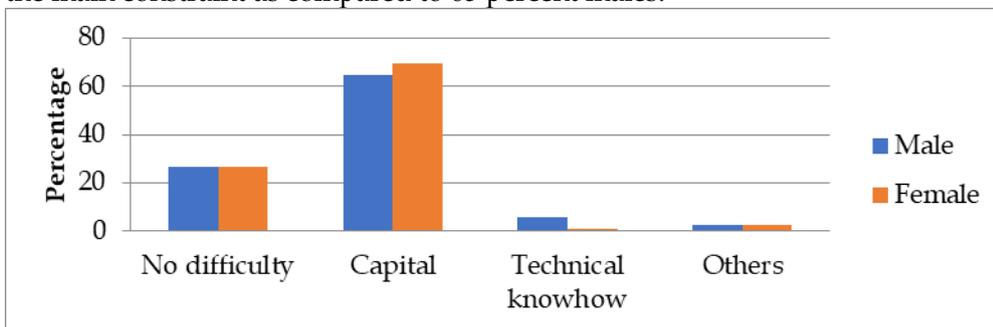


Figure 4.7: Constraints to Setting up Non-farm Enterprises

4.9 Comparing Male and Female Enterprises with and Without Adjusting for Risks

Most literature conclude that female-owned enterprises tend to underperform male-owned ones. Profitability was the main measure here and so mean profits from male-owned enterprises were compared to mean profits from female-owned enterprise, first without adjusting for risks and secondly, with adjustment for risks. When risks are not adjusted for, the results indicate that female-owned enterprises underperform male-owned ones. The mean profit for male-owned enterprise was GHS2111.25 while that for female-owned was GHS993.73 (see Table 4.3). The t-value was 5.4388 indicating that there is significant difference between the two. Clearly, male enterprise owners made twice the profits obtained by females. The study found that on average, female-owned firms were about 25 percent less productive than male-owned firms, controlling for time-invariant characteristics like sector, location, and union status. In a related study, Amin (2011) found that a typical worker in a female-owned business produces only 76 percent of the output of a worker in a male-owned business.

Industry	Male		Female		t-test of difference between means
	% of Male involved	Mean profit (GHS)	% of female involved	Mean profit (GHS)	
Manufacturing	26.01	567.24	38.80	963.27	-2.78**
Trade	57.06	713.02	36.40	2058.01	-3.24***
Restaurants	14.55	763.36	4.00	699.00	0.29
Services	2.38	663.12	20.80	1286.30	-1.65
Total	100	993.73	100	2111.25	5.44***

Table 4.3: Profits by Gender and Industry

In the case of adjusting for risks, the results from the Sharpe Ratio indicate that male-owned enterprises had a higher Sharpe ratio (0.473) as compared to female-owned (0.399). The t-value was -1.4489 thus indicating that there is no statistically significant difference between male-owned and female-owned enterprises after adjusting for risks. Females tended to be more risk averse as compared to males from the Sharpe ratio. It is possible that females are avoiding riskier activities which are more rewarding. This finding is similar to that of Robb and Watson (2012), who found no statistically significant difference between male-owned and female-owned in the performances of male and female-owned new ventures in the United States of America. The results are also consistent with the findings of Kepler and Shane (2007) and Watson and Robinson (2003). Kepler and Shane (2007) found that women prefer to start less risky new ventures than men. Watson and Robinson (2003) found no statistical significance difference in the performance of male-owned and female-owned businesses in Australian firms after adjusting for risks.

5. Conclusion

The study compared the financial performance of male-owned and female-owned enterprises and tested the female-underperformance hypothesis. This study has broadened the scope in knowledge by including risks in the analysis which adds fresh impetus to the understanding of risks, gender and enterprise performance in Ghana. The study concluded that when risks are adjusted for, women performed no differently from men. This is consistent with social feminism theory, which argues that men and women are inherently different by nature and these differences (rather than discrimination) will cause them to operate their ventures differently. The results also showed that when risks are not adjusted for, female-owned enterprises underperform male-owned ones. This implies that females are more risk averse as compared to males, and that the way and manner in which females operate their enterprises differ from males. The results from the Sharpe Ratio indicate that male-owned enterprises had a higher Sharpe ratio (0.473) as compared to female-owned (0.399). The lower Sharpe Ratio for female-owned enterprise suggests that females are more risk averse and perhaps may decide to grow their businesses more slowly as compared males.

Generally, male-owned enterprises were more profitable as compared to female-owned ones. Promoting education among women and access to productive resources such as credit, land is vital. This study was not able to include all the variables that could possibly cause female-owned enterprises to underperform male-owned ones. It was possible to capture risks and some socio-demographic factors, but there could be other factors that have not been investigated here. For example, prior research suggests that there are gender differences in the motivation for entering self-employment (Kepler & Shane, 2007). This study suggests that further research should be conducted taking some of these variables into consideration.

The recommendation is for a rethinking and reconstruction of the mindset regarding female-underperformance hypothesis. Women should be given equal chances as men because they are equally capable. The study strongly recommends that there should be deliberate policies to enhance the access of women to productive resources for enterprise development, because women owned fewer assets as compared to men.

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Parameter recovery and forecasting accuracy: How robust is the Multinomial Logit model?

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Keywords

choice models, dependencies, performance, simulation study

Abstract

The precise assessment of consumer preferences is crucial for companies to derive successful marketing strategies. Nowadays, conjoint choice models like Multinomial Logit models are commonly used to determine part-worth utility estimates. These part-worth utility estimates could be used to predict choice shares of new product concepts. Hence, the determination of 'correct' part-worth utility estimates is mandatory for precise choice predictions, i.e., market share forecasts of new product concepts.

The Multinomial Logit model is based on random utility theory. Random utility theory assumes, that the utility of a respondent for a certain alternative is decomposed into a deterministic utility part and a random error term. Here, the Multinomial Logit model assumes independent error terms and exhibits the well-known Independence of Irrelevant Alternatives (IIA) property. As it is well-known, both properties may result in biased parameter estimates and forecasting results. Especially, if the (real) underlying utility distribution does not coincide with the Gumbel distribution assumed in Multinomial Logit models or if utility dependencies actually exist.

Therefore, we investigate the appropriateness of the Multinomial Logit model for varying utility distributions and several assumptions for utility (in)dependencies. We compare the Multinomial Logit model to the flexible, but complex, Random Coefficient -Multinomial Probit model. This model is able to account for utility dependencies and does not exhibit the IIA property.

Using a simulation study, we check models' performance w.r.t. parameter recovery and forecasting accuracy within a 2- and a 3-offer-market. The Multinomial Logit model recovers parameters well and shows good forecasting results. Although, the Multinomial Logit model shows decreasing forecasting accuracy in the 3-offer-market if dependencies between alternatives actually exist, its predictions are close to those of the Random Coefficient -Multinomial Probit model. This argues for the Multinomial Logit model's robustness and further strengthens its appropriateness for the determination of consumer preferences.

The impact of employee perception and engagement on firm performance: leadership perspective

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Keywords

Employee Perspective, Employee Engagement, Company Performance, Cognitive, Motivation, Attitude, Psychological

Abstract

Purpose: This study begins with a view, that employees use various degrees of their cognitive, emotional and physical selves at their workplace, which has an influence on both an individual and the company. The aim of the study was to study if Employee perception has a strong influence on engagement and probably a predictor of company performance.

Methodology/Approach: A quantitative, theory-generating study of a sporting goods company in the United Kingdom was conducted by means of a self-administered questionnaire survey as a tool to explore the emerged hypothesis, to understand employees personal engagement based on their perceptions concerning the various facets of the workplace, such as, respondents were asked about their view of the company they work, employee's attitude towards management, career, performance and pay followed by their job, how they perform their role and their self-initiatives.

Findings: The investigation defines and illustrates psychological specification i.e. perception and its effects on the physical behaviour i.e. engagement through theoretical concepts and research. The two variables had shown relativity amongst each other and a very strong significance with a probability of income and career growth affecting their perception towards their engagement. Furthermore, the study is supported by findings and recommendations for relevant future research.

Limitations/Recommendations: This research took place under time constraints; therefore, it was limited to a smaller target population (58 respondents) of a specific region (City of London). Furthermore, the research was conducted on a very busy business period (Easter) this workload burnouts probably may have an adverse influence on the perception and engagement data. A qualitative research is recommended to further understand the cognitive aspects in a deeper and profound manner which may provide richer data to support the hypothesis and recommending this study to be continued in a timely manner to analyse all the pertinent information periodically on a larger scale of population, time and region.

1. Introduction

This study begins with the argument that people occupy roles at work they are the components of the mechanism in which they apply various different elements of themselves in the roles they occupy such as emotional, physical and cognitive functions. The research here is designed to generate a conceptual framework within which to understand the employee's relationship with the company i.e. their perception towards the company and its influence on their engagement that may, as a result impact company's performance and suggesting directions for future research on another important dependent variable mentioned later in this section of the study (Kahn, 1990), using these definitions as guidelines the research will focus on two most crucial variables, 'Employee perception' and its effect on 'Employee engagement' (Sporting Goods retail company U.K); The attention is on individual performance who are the basic unit on which company performs, what they perceive, the action they take in that snapshot of time when research is conducted that contributes to the company's wellbeing (Campbell and Wiernik, 2015; Saunders et al, 2016).

There is no single universal definition of employee engagement; nonetheless too much time and efforts have been invested in answering the question 'What is employee engagement?' However, despite the ambiguous nature of this question, there are a few key constructs which has emerged through past research, such as involvement, commitment, collaboration, motivation, job satisfaction, organisational citizenship behaviour, etc. Beyond these earlier found constructs employee engagement is a crucial predictor indicating the two-way relationship between the employer and the employee in delivering positive organisational performance (Markos and Sridevi, 2010; Bridger, 2015).

Many believe that employee engagement should not be classified through a single definition and should be something that you feel, and you know when you see it. Organisations may choose not to define employee engagement and instead create a great work environment and make employee understand the way senior management engage and talk within the organisation (Bridger, 2015). In the year 1990 William Kahn referred in his research particularly the psychological perspective of engagement splitting into 'Personal Engagement' (extent to which people employ and express their personal selves on their job) and 'Personal Disengagement' (extend at which people defend and withdraw their personal selves from their job) instead of the term employee engagement, from which the researcher identified meaningfulness, safety and psychological conditions that impact employee engagement i.e. their perception (Kahn, 1990).

Engagement of the employee is something that the employee has to offer, and may not be an objective setting process or a contract (Bridger, 2015), it is a willing contribution of employee's intellectual efforts by making a positive presence to performance, emotions and connections with others at work creating opportunities for work-related improvements (Alfes et al, 2010), other academia's tend to talk about work engagement in contrast to employee engagement, passionate employees are those who are engaged and dedicated to their work, describing work engagement as affective-cognitive state defined through high level of mental resilience and energy while working, willingness to exert effort with persistence, strongly involved with enthusiasm and full concentration in one's work (Costa et al, 2014). Most of the academic research has been focused on work engagement which is constrained purely in the psychological discipline; this study will focus on the employee perceptions and feelings and how that feeling relates to their engagement (Gourlay et al, 2012). this links between the managerial practices through employees being engaged (Purcell, 2014).

2. Literature Review

Employee engagement as a research subject in itself is infinite; the limitation of this article is it focuses merely on the basic concepts of employee engagement through recent academic literature. It has two major parts, Firstly, this article tries to understand the concepts of employee perception (Borkowski, 2005) correlated to employee engagement and secondly the article discusses the factors and drivers leading to employee engagement and its impact on organisations performance indicators (MacLeod and Clarke, 2014).

Management in this day and age of business unanimously agree that added efficiency and responsiveness is required for a business to perform than any other times in history (Chopra and Mendli, 2013), to fulfil these elements many scholars and researchers have contributed their part by developing best practices for managers, thus increasing organisational performance focussing on operational and process improvisations, therefore, techniques of Total Quality Management (TQM) and Business Process Reengineering (BPR) were recognised in the latter half of the century. As technology evolved business operations continue to get more sophisticated creating a higher pressure on management to employ employees with professional and technical skills (Robinson et al, 2004).

These professional and knowledgeable workers have a different set of demands compare to the old totalitarian way of management, they expect status, job satisfaction, and autonomy at work. These facts have compelled managers to divert their attention towards employee's side of organisations. A later quarter of this century has experienced concepts like employee commitment

and Organisational Citizenship Behaviour (OCB) changing the approach of management in realising that efficiency and responsiveness come through employee's commitment and ability, moreover, how to keep employees engaged in their job (Campbell and Wiernik, 2015). Without wilful involvement and engagement of the employees it is established that any improvement initiative taken by the management cannot be successful (Robinson et al, 2004; Markos and Sridevi, 2010).

2.1 Reviews on Employee Perception

The management mantras of the 1970s and 1980s were all about prioritising profitability and focusing on market share, as per Harvard Business Review (2008) this conception has recently taken a detour towards understanding the new economics of service, now the employees and customers are the core focus of the management. This focus evolved as 'Service-Profit Chain', where the relationship is established between employee satisfaction, loyalty, productivity, customer loyalty, and profitability. Most of the employee satisfaction comes through the 'Internal Quality' of a work environment; internal quality is measured by the feelings, attitude, and perception of the employee towards the company, their colleagues and the job they do (Heskett et al, 2008).

In the magazine Grocer Hayhurst (2004, p.72), argues that "Energy, Passion and Enthusiasm is contributed by the employees only when they feel involvement and closeness to their company, which in return results in higher productivity, greater drive to perform and better end results" through this insight, it becomes important to understanding employee behaviour and perceptions that engage them in influencing company performance (Maxham et al, 2008).

Employees evaluate the fairness of their contribution through what they input related to work and what's the outcome from which they derive like pay or career etc., this degree in which an employee enjoys the fairness of their input (efforts, experience, and job related stress) is defined as distributive justice, furthermore, there is procedural justice which involves employees perceived fairness of policies and procedures applied for decision building towards them, and finally interactional justice which justifies fair treatment whilst interacting with their superiors. These justifications drill down to the perception of the employee's feeling that the company has treated them fairly, honestly and courteously, these three facets of justice combine to promote the welfare of the company performance (Brockner et al, 1997; Maxham et al, 2008).

Employee perception of work is an interpretation of his/her engagements to make the work environment meaningful and this has an impact which is significant on the workplace etiquettes, attitude, and behaviour, particularly at drastic times when organisation initiates its transformation to change the business model (Stephen and Timothy, 2012). In today's extremely competitive business environment, change is only the answer for a company's successful competitive advantage and companies assume that always such changes results into success (Porter, 1985). However, such changes have serious ramifications on employee's attitudes, morale, feelings, emotions, and perception as a whole because change influences compelling modifications on employee behaviour and actually it is an emotional experience on his/her eternal and attitudinal characteristics, therefore, it is argued that in achieving organisations purpose it is critical that employee workplace attitude is positive. These employees' perceptions of organisational change may influence facilitation or opposition to an organisation change strategy (Katsaros et al, 2014).

2.1.1 Definition of Employee Perception

The word 'Perception' has various definitions. However, the nature of perception cannot be judged as either good or bad in reality, because perception is a very subjective matter and completely relies on an individual's unique way to perceive (Mung et al, 2011). It is a sense which can be felt by all the sensory organs of a human body (Eyes, Ears, Skin, etc.), hence, perception can affect one's actions. Individuals when sense certain situations or changes they integrate, analyse, react and finally conclude with a decision, this gives rise to an emerging concern on an employees' perception in an organisation (Mung et al, 2011).

Perception sometimes defined in psychology as 'The consciousness of particular material things presents to sense' (Angell, 1906). It is not imagination, but perception is what the eye sees and

reacts on the situation instantly ignoring the details and different facets that are responsible for this situation, unless one focuses to see the details which combined to create this situation or a change, however, our immediate reaction to the situation is what is presented as a whole, ignoring that there are many influencing parts involved to create this situation or a new idea, e.g. we see a word as a whole and not as many separate alphabets. Perception represents the direct, systematically organised reaction of an individual upon his environment (Angell, 1906).

There have been several gaps between researchers and scholars in understanding how employee perception changes during new organisational efforts and how does work attitude and characteristics influences these changes. In all the cases of organisational readiness to change relating to management trust and support, perception is the catalyst and the main influencer for a successful organisational change (Katsaros et al, 2014). In this modern era of business, employee perception has gained utmost importance to organisations, because the feeling of employees can affect their decision making in addition to their behaviour towards work which can affect the overall performance of the organisation. Employees exert less effort in performing their everyday work when they perceive that the organisation is not committed towards them, such employee behaviour, in other words, is recognized as organisational psychology (OP) and organisational behaviour (OB) (Campbell and Wiernik, 2015), this merely can just be their attitude, personality, perception, learning, and motivation are known as individual engagement and in many cases has nothing to do with reality (Robbins and Coulter, 2012).

2.1.2 Theories on Employee Perception

In Chapter 3 by Pickens, J. (2005), Borkowski refers to a work by Lindsay and Norman (1977) Perception is the process in which organisms interpret and organise sensation to create a meaningful experience. In another term, an individual is confronted with stimuli or a situation (Borkowski, 2005). An individual may interpret depending on his/her experiences that may produce something meaningful through these stimuli; however, this interpretation may be completely poles apart from reality. A person's awareness of these stimuli or motivators plays a major role in the perception theory. This may limit a person's receptiveness depending on his/her beliefs, attitude, motivation, and personality (Borkowski, 2005). Perception can be correlated to many other theories in combination such as Heidlars (1958) 'Attribution Theory', Broadbent (1958) 'Filter Model', John Stacy Adam's (1963) 'Job Motivation' or 'Adams Equity Theory', Abraham Maslow's (1943) 'Theory of Hierarchy of Needs' and Fredrick Herzberg's 'Two-Factor Theory' of the 1950-60s (Rees and French, 2013).

2.1.3 History of Employee Perception

The father of Psychology Wilhelm Wundt in 1879 Germany began his psychological investigation of human behavior with the study of perception. Since that time understanding, human behavior gained great significance in the field of psychology. The most revealing and important outcome of the study was that each person has a unique experience and no two people interpret sensations, situations, or their feelings the same way. Giving the example of lights, when sequentially flash on and off are perceived as motion. The investigations showed that people, in order to interpret and react to their immediate environment, utilize visual and auditory causes around them. Furthermore, people based on their external experiences react to their internal feelings, ideas in addition to other personality experiences (Otara, 2011; McLeod, 2008).

2.1.4 Employee Perception Measurement

There has been a significant attention on the subject of measuring human perception for both scientific and practical reasons. From the scientific viewpoint, perception measurement is vital due to its fundamental connection to study cognitive and emotional functions from a practical angle, they are inherently appealing because they are customer oriented and contain rich knowledge of information. Furthermore, perception facilitates clarification and handling of complexities that sources direct information of the perceived quality of services, product and environment. The subject of measuring perception was argued since the 1930's and was claimed that psychophysical

experiments cannot be explained in purely physical terms, but gradually in the late 20th century projects like 'Measuring the Impossible', 'Measurement on naturalness' and many other such projects were coordinated, from then psychophysical methods were developed giving origin to systems like psychometrics (Rossi and Berglund, 2011).

Wielheim Wundh (1879) Germany concentrated on three areas of mental functioning; thoughts, images, and feelings as these are based on the basics of today's cognitive psychology stream (McLeod, 2008). Is it possible to measure perception is a paradox, as perception can be measured by the outcome of its performance because perception is a cognitive activity which is subjective in nature as people do what they perceive will serve their interest? In workplace when employees and employers have a difference in perception over the set goals, it becomes very hard to achieve meaningful objectives (Otara, 2011).

2.2 Reviews on Employee Engagement

One of the major organisational struggles of the future 10 years will be the capability to engage their employees and make them work for their business (Johnson, 2004). With ever increasing economic tremors, globalisation and competitive market demand there is constant change whether it is the business model, strategies or talent, consequently, the old mantra of 'Job for life' is a lost trend in this day and age, so has changed the psychological contract of the people therein. In this increasingly unpredictable time where the expectations of the employee and the employer differ from the past, engagement is the so-called 'deal breaker' for the organisations continuous struggle for sustainable success (Smith and Markwick, 2009).

Every company's main objective is to increase shareholders wealth and sustainability (Arnold, 2013), financial analysts measure company performance through return on equity (John et al, 2010), and the most important investigation in this corporate era is how organisational practice and processes affects the bottom-line. Each and every department in an organisation let it be Human Resources, Sales and Marketing, Operations management, Finance, etc. are focused on how collectively they can contribute to company's performance (Wall et al, 2004), almost ignoring the actual actors that play an utmost important role in any company's growth and performance. The Institute for Employment Studies (IES) research in the U.K. retail sector finally proved that employee engagement has a direct impact on sales through their commitments which improved customer loyalty and decreased absenteeism; on the contrary customer satisfaction and spending intention increased resulting in a positive sales growth. The higher the level of employee engagement, the better is the business outcomes (Robinson et al, 2004).

CIPD (2006) report suggested that employee engagement has three components (Emotional, Cognitive and Physical engagement) and there are different statements to each of the three which can be applied to measure a particular engagement. The survey results showed that Emotional engagement is higher later two, where 58% of employees were reported emotionally engaged with their work and only 6% were disengaged, where else, 31% were cognitively engaged and 22% disengaged, and in the case of physical engagement the survey returned a result of 38% physically engaged and 11% disengaged. The real values of surveys or measurements are completely dependent to what extent the results are taken and acted upon (Marks, 2006; Scottish Executive Social Research, 2007).

Many authors have unanimously agreed that the management of the company's performance all depends on the management of the employee performance which is directly connected to their motivation and judged by the number of satisfied employees in the organisation by its fluctuation rates and not by its results and satisfaction is attained through engagement (Gabčanová, 2011).

2.2.1 Definition of Employee Engagement

Engagement has developed as a concept over time and has been defined in various, often inconsistent ways that it is rare to find a similar description between two definitions (Macey and Schneider, 2008). Engagement is conceived in two stages, psychological or affective i.e. employee commitment, their efforts and attachment etc, and the later is a performance construct such as role

performance initiative, observable behaviour, organisational citizenship behaviour (OCB) etc; or even interpreted as attitude concluding all, in literatures very little consensus has been reached to establish which one is a definite definition or a best-fit to the model of engagement (Macey and Schneider, 2008).

Smith and Markwick (2009) quote from the work of Rotter (1990) that a good definition of engagement is one of the cognitive and subjective in nature, where many behavioural examples are stated in such a way that the operations of its measures are clear and logically accepted as reasonable (Smith and Markwick, 2009).

Employee engagement is significantly interwoven with business outcomes in other words company performance, researchers have found positive relationships between employee engagement and company performance outcomes such as profitability, employee retention, productivity, customer loyalty, and safety. Furthermore, researchers have proven that the more engaged the employees are more the company can exceed industry average in its revenue growths (Markos and Sridevi, 2010).

2.2.2 Theories on Employee Engagement

In the National Work force Project (2007) report, NHS sees measurement of engagement through the commitment of their people towards their organisations goal, and their enthusiasm about their role, how they describe themselves to others in context to their job role (doctor, nurse, ward manager etc), and the way they devote extra effort to their activity and says time passes quickly at work (West and Dawson, 2012).

When people employ themselves physically, cognitively and emotionally during role performance and harness organisation members and their job is called engagement. Furthermore, when an individual is driving energies into physical, cognitive and emotional labour that means the engagement is at its greatest (Kahn, 1990).

Smith and Markwick (2009) refer to an engagement theory by Schaufeli and Leiter (2001) describing engagement to a psychological and emotional state from which fulfilment is acquired through persistent, positive and affective-motivation. Furthermore, Hallberg and Schaufeli (2006) define it as 'charged with energy and fully dedicated to one's work' is an engaged individual (Smith and Markwick, 2009).

As a folk theory, disengagement is the manner that is opposite to engagement, numerous popular views have implied that engaged employee not only contribute more but are less likely to leave the organisation as this category of employees have higher degree of loyalty, signifying a quote by Wellins and Concelman (2005) that engagement is a fusion of ownership, loyalty, commitment and productivity (Macey and Schneider, 2008).

2.2.3 History of Employee Engagement

To begin with, the early conceptualization of employee engagement is surprisingly very recent, the Academic of management journal published an article "Psychological Conditions of Personal Engagement and Disengagement at Work" written by Kahn (1990) this was the first article that mentioned employee engagement. In this article the author begins with the classic sociology text by Goffman (1961) 'The presentation of self in everyday life'; this is when the first grounded theory of engagement and disengagement surfaced. Personal engagement was defined by the author as "the simultaneous employment and expression of a person's 'preferred self' in task behaviors that promote connections to work and to others, personal presence, and active full role performances" (Kahn, 1990). Furthermore, deriving the work of Goffman (1961), Maslow (1970), and Alderfer (1972) the author posited that a person to be engaged the domain of availability, safety and meaningfulness is important, until 2001 this was the only empirical research on the subject of engagement and disengagement, when Maslach et al (2001) posited that engagement is a contrary thesis to burnouts and defined engagement as a positive affective state filled with high levels of pleasure and creation (Shuck and Wollard, 2009).

2.2.4 Employee Engagement Measurement

Engagement is about complex feelings and emotions, accessing these complex human attributes are not only challenging but a daunting concept. A SAQ consisting of attitude survey statements is a recommended tool for collecting, analysing and measuring employee beliefs and opinions, although it can only be a blunt tool with many ambiguous elements influencing opinion surrounding it. Nevertheless, it is systematic but anecdotal evidence based on which decisions can be made, having arrived at an understanding of organisations view on the nature of engagement such tools can be developed and put into tests in order to understand and learn the cognitive and attitudinal outputs on the theme of engagement (Robinson et al, 2004).

The error between the level of engagement that exists in the organisation and the perceived importance of engagement is a cause of major concern; however, it opens an infinite arena to Human resource department, scholars and practitioners to develop practical strategies and research agendas at the very forefront of this emerging concept (Shuck et al, 2011).

Research Gap

Although the research has reached its aim, there are some unavoidable limitations, as follows:

Study design limitations: 22% samples could be obtained out of the total population as the study population based on the fact that retail business stretches over 14-hour operating hours a day, decreasing the accessibility of the employee in the appointed time cohort. Furthermore, the survey was rolled out in one of the busiest periods of the business season 'Easter' this caused a barrier to the researcher on the availability of the staff and shortage of free time acquiring the staff for survey due to work overload. Moreover, this factor to some extent may have affected the motivation and attitudes of the target population.

Impact limitation: The sample collection suffered a limited impact from factors such as a strong regional focus i.e. London stores due to population diversity. However, making it too population-specific on employees from a busy city, and secondly their willingness of availability to contribute from their personal break time to fill in the SAQ.

Statistical or data limitations: Due to time constraints and limited budget availability of the research, enrolment was more difficult than expected, under powering the results as more samples were anticipated initially. Statistical limitations produced more serious limitations in terms of interpreting the findings as the study was involved with the cognitive activity. The circumstantial burnouts and work environmental influence supposedly have had an adverse effect on the data. The study secluded the social background of the sample population; furthermore, the cultural factor was not included in the study which apparently is a direct influencing variable on perception (Seppala and Cameron, 2015).

As the study is quantitative in nature the lack of probability sampling is an important, obvious limitation to the research. As this will prevent from making generalisations on the overall population of the research subject, as it focused merely on the retail shop floor employee of the case specific sporting goods company in London. It was beyond possibility to get in contact with the complete U.K. employee's due to time limitations; therefore, probability sampling being ideal could not be put into practice.

3. Methodology

This section will define and discuss the research methods that will apply to conduct this study. Here the researcher explains the research philosophy behind the intended research and its classifications. Furthermore, it will present the outline of the research hypothesis supporting the intended research question. Alternatively the chapter will emphasis on the aim and objectives of the study through the many stages of the research onion (Saunders et al, 2016); describing the research strategy involved, research approach, research design with sample techniques explaining how the data will be collected, presented and analysed, concluding each section with a justification for its application (Bryman et al, 2011).

4. Analysis and Findings

This section starts by presenting the description of the sample respondents followed by the demographic, of the target population, 58 SAQ survey questionnaires, each had 38 statements and 2 categories, 22 statements in the first category (perception) and 16 statements in the latter category (engagement) were collected from 6 retail stores of the case company throughout London region. The research was looking at the hypothesis posed in Chapter 1, Sec 1.4. Two fundamental variables processed the collection of the data and the subsequent data analysis, the goal was to understand the effects of perception of employees over their engagement level and to determine that the current perception is consistent with the engagement attitude; this objective of the study was accomplished. The findings in this chapter will demonstrate the relativity and significance of perception on engagement.

4.1 Description of the sample respondents

This data has resulted from the SAQ survey conducted on approximately 25% of the population throughout 6 locations in London; the target population were the retail store floor employees of mix gender invited randomly in the time of the survey of the target sporting goods company, overall 58 surveys were completed which represents approximately 22% of the total staff force of the company's retail sector in London.

The questionnaire was developed targeting the initial part of 4 sections focussing on the employee's perspective and the following 3 sections focused on their engagements followed by demography, income, and employment status.

4.2 Description of the Demographics sample of Respondents

The first information in the below table (N) validates the case, in this case, all 58 respondents are considered valid for both variables confirming all returned surveys were usable.

Table 1 - Demographic Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Gender	58	1	2	1.43	.500
Age	58	1	3	1.19	.438
Time with the company	58	1	5	2.24	.802
Education	58	1	3	2.34	.762
Monthly Income	58	1	2	1.91	.283
Valid N (listwise)	58				

Furthermore, the researcher has produced the different parts of the output related to the first key element i.e. demography and employee status. The following tables are the simple frequency for the variables of Gender, Age, and Time with the company, Education, Monthly income and Employee grade (Hierarchy level).

In the below tables, the highlighted figures represent the maximum percentage involved in each category.

Table 1.1 - Descriptive Statistics by Gender

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Male	33	56.9	56.9	56.9
Valid Female	25	43.1	43.1	100.0
Total	58	100.0	100.0	

Table 1.2 - Descriptive Statistics by Age

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 less than 30	48	82.8	82.8	82.8
	30 less than 40	9	15.5	15.5	98.3
	40 less than 50	1	1.7	1.7	100.0
	Total	58	100.0	100.0	

Table 1.3 - Descriptive Statistics by Time in the Company

		Time with the company			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	8	13.8	13.8	13.8
	1 year-less than 3	32	55.2	55.2	69.0
	3 years-less than 5	15	25.9	25.9	94.8
	5 years-less than 7	2	3.4	3.4	98.3
	7 years or above	1	1.7	1.7	100.0
	Total	58	100.0	100.0	

Table 1.4 - Descriptive Statistics by Education

		Education			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Equal to secondary education or equivalent	10	17.2	17.2	17.2
	Diploma	18	31.0	31.0	48.3
	University degree	30	51.7	51.7	100.0
	Total	58	100.0	100.0	

Table 1.5 - Descriptive Statistics by Monthly Income

		Monthly Income			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1000	5	8.6	8.6	8.6
	Between 1000 and 2000	53	91.4	91.4	100.0
	Total	58	100.0	100.0	

Table 1.6 - Descriptive Statistics by Employee Grade

		Employee Grade			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	P4	30	51.7	51.7	51.7
	P3	19	32.8	32.8	84.5
	P2	8	13.8	13.8	98.3
	P1	1	1.7	1.7	100.0
	Total	58	100.0	100.0	

4.3 The Reliability

The overall target population, in this case, consists of 56.9% of Males and 43.1% of Females from the total sample of 58 respondents, and they fall into a younger group of age as 48 respondents

are under the age of 30 years i.e. 82.8% of the entire sample population comprising of 51.7% university graduates which are a very high qualified group of employee’s for the role as sales floor associates, is this because of the shortage of employments in other fields of work or a surplus of vacancies in the retail sector arises a question that can be answered through later research on this subject. 55.2% of the sample staff force comes in-between 1 year less than 3 years category which indicates that there is a high turnover rate of employee’s, where else, only 3.4% are working stable for above 5 years this result arises to employee loyalty and retention, and what discourages them in considering the employer reliable for their future career? This may be a focus of another study as a whole.

To further explain the causality and effect between the time in the company and employee grade, based on the below crosstabulation, it is assumed that 2 elements can be responsible for this section of study affecting retention or loyalty towards the company, going further below is the company’s grading system:

- P4: Sales Associate
- P3: Sr. Sales Associate
- P2: Shop Floor Manager
- P1: Assistant Store Manager
- M4: Store Manager

Table 2 – Crosstabulation Statistics by Employee Grade and Time with the Company
Time with the company * Employee Grade Crosstabulation

Count		Employee Grade				Total
		P4	P3	P2	P1	
Time with the company	Less than 1 year	7	1	0	0	8
	1 year-less than 3	21	10	1	0	32
	3 years-less than 5	2	6	6	1	15
	5 years-less than 7	0	1	1	0	2
	7 years or above	0	1	0	0	1
Total		30	19	8	1	58

Table 2.1 – Chi-Square by Employee Grade and Time with the Company
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.946 ^a	12	.006
Likelihood Ratio	29.627	12	.003
Linear-by-Linear Association	17.432	1	.000
N of Valid Cases	58		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .02.

Chi-Square results shows significance of 0.06 which is >0.05 b.

The duration gap of promotion between one grade to another is huge (See Table 2), to ascend from a sales associate position to senior sales associate position can be anywhere between 1 to 3 years (See Appendices, Figure 1), furthermore the monthly income assumedly does not justify the employee growth as shown below in (See Table 3), probably be a cause of higher attrition rates (See Appendices, Figure 2). The below highlighted figures show a similar average of income spread over a vast duration of time suggesting a slow rate of income increments, these elements are strong influencers on employee’s perception affecting engagement and impacting company’s performance.

Table 3 – Crosstabulation Statistics by Time with the Company and Monthly Income
Monthly Income * Time with the company Crosstabulation

Count		Time with the company					Total
		Less than 1 year	1 year-less than 3	3 years-less than 5	5 years-less than 7	7 years or above	
Monthly Income	Less than 1000	2	3	0	0	0	5
	Between 1000 and 2000	6	29	15	2	1	53
Total		8	32	15	2	1	58

Table 3.1 – Chi-Square by Time with the Company and Monthly Income

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.446 ^a	4	.349
Likelihood Ratio	5.156	4	.272
Linear-by-Linear Association	3.503	1	.061
N of Valid Cases	58		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .09.

Chi-Square results shows very strong significance of 0.35 which

Table 4 – Crosstabulation Statistics by Employee Grade and Monthly Income
Monthly Income * Employee Grade Crosstabulation

Count		Employee Grade				Total
		P4	P3	P2	P1	
Monthly Income	Less than 1000	5	0	0	0	5
	Between 1000 and 2000	25	19	8	1	53
Total		30	19	8	1	58

Table 4.1 – Chi-Square by Employee Grade and Monthly Income

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.107 ^a	3	.164
Likelihood Ratio	7.032	3	.071
Linear-by-Linear Association	3.814	1	.051
N of Valid Cases	58		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .09.

Chi-Square results shows very strong significance of 0.16 which

Table 5 – Crosstabulation Statistics by Time with the Company, Monthly Income and Employee Grade

Monthly Income * Employee Grade * Time with the company Crosstabulation

Count			Employee Grade				Total
Time with the company			P4	P3	P2	P1	
Less than 1 year	Monthly	Less than 1000	2	0			2
	Income	Between 1000 and 2000	5	1			6
	Total		7	1			8
1 year-less than 3	Monthly	Less than 1000	3	0	0		3
	Income	Between 1000 and 2000	18	10	1		29
	Total		21	10	1		32
3 years-less than 5	Monthly	Between 1000 and 2000	2	6	6	1	15
	Income						
	Total		2	6	6	1	15
5 years-less than 7	Monthly	Between 1000 and 2000		1	1		2
	Income						
	Total			1	1		2
7 years or above	Monthly	Between 1000 and 2000		1			1
	Income						
	Total			1			1
Total	Monthly	Less than 1000	5	0	0	0	5
	Income	Between 1000 and 2000	25	19	8	1	53
	Total		30	19	8	1	58

4.3.1 Reliability Analysis

The rationale behind the variable reliability is through understanding its dependency on each other, as in the above chart there is a clear indication of dependencies between the Time in the company, Monthly income and Employment grade, arguably, this indicates towards employee longevity in their role, the income factor is or is not a motivator for continuation, the duration of growth from one grade to another and its financial increments all inclusively points towards how much assumedly employees are engaged with the company (See Table 5).

Table 6 – Cronbach’s Alpha reliability Total Correlation (Time, Income and Employee Grade)

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach’s Alpha if Item Deleted
Time with the company	3.57	.811	.560	.318	.283
Employee Grade	4.16	.835	.565	.322	.269
Monthly Income	3.90	1.954	.287	.083	.712

4.4 Descriptive Statistics: Independent and Dependent variables

Descriptive statistics measures the ‘central tendency’ and ‘dispersion’ or ‘variability’, there are three common measures of central tendency, Mode: value that appears with the most frequency, Median: is the sum of the middle two values or the middle value and Mean: the sum of all the entries divided by the number of entries or an average of entries. Variability is the standard deviation this is to summarise the dispersion of a deviation (Saunders *et al*, 2016).

The SAQ survey consisted of 1 to 5 ‘Likert Scale’ where 1 strongly disagree and 5 strongly agree to allow the employee to express how much they agree or disagree with a particular statement (Arkkelin, 2014). Following are the outputs of the survey results:

Table 7 – Descriptive Statistics Independent Variable of Employee Perspective

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
1. The reason I prefer this organization to others is because of what it stands for, its values	58	1	5	3.69	1.030
2. This organisation is known as a good employer	58	1	5	3.72	.970
3. I am proud to tell others that I am a part of this organization	58	1	5	3.64	.986
4. This organisation really inspires the very best in me in the way of job performance	58	2	5	3.78	.839
5. I talk about this store as a great place to work	58	1	5	3.38	1.282
6. Do you have an intense desire to be a member of the organization despite opportunities to work elsewhere	58	1	5	3.16	1.295
7. Do you advocate for the organization to co-workers, and refer potential employees and customers	58	1	5	3.48	1.143
8. My supervisor/manager respects the work I do	58	1	5	3.33	1.248
9. I can usually trust my supervisor/manager to do what is good for me	58	1	5	3.19	1.191
10. My supervisor/manager is fair when making decisions	58	1	5	3.31	1.127
11. My supervisor/manager makes good decisions that are appreciated by me	58	1	5	3.19	1.146
12. My supervisor/manager gives a great deal of consideration to people's views when making decisions	58	1	5	3.29	1.257
13. Do you feel that your salary reflects your worth to the organization	58	1	4	2.02	1.017
14. Do you feel appreciated for your work performance	58	1	5	2.98	1.383
15. Do you feel a sense of achievement for your work efforts	58	1	5	2.98	1.277
16. Are you given the opportunity to learn new skills through formal training	58	1	5	3.19	1.162
17. Do you feel overwhelmed by your workload	58	1	5	2.91	1.514
18. Do you experience a positive work environment which is safe, exemplified by communication, involvement of staff, and an emphasis on quality	58	1	5	3.41	1.257
19. Do you feel the policies of the organisation is fair	58	1	5	2.90	1.238
20. Do you feel the appraisal system is fair and unbiased	58	1	5	3.00	1.284
21. The appraisal helped you improve how you did your job	58	1	5	3.29	1.214
22. Did the appraisal involved setting objectives for your work	58	1	5	2.86	1.146
Valid N (listwise)	58				

Table 7 indicates that there is constant neutrality expressed by the respondents. However, the highlighted statements have a low Mean indication, suggesting the employee's perspective towards their income, appreciation, evaluation and fairness in the company's policies needs to be revisited in order to induce positivity in their perception. Where else, it is arguably assumed that there is no strong agreement on any of the statements.

Referring to Table 8 comparatively the engagement levels have a subsequent overall increase in the Mean to that of the respondent's perception. However, this comparison gives some initial evidence of relativity and does not direct towards any established outcome.

Table 8 – Descriptive Statistics Dependent Variable of Employee Engagement

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	
23. I really put my heart into my job	58	2	5	4.26	.785	
24. I often feel emotionally detached from the job	58	1	5	2.52	1.287	
25. I am rarely distracted when performing my job	58	1	5	3.64	.986	
26. I have a sense of personal accomplishment from my job	58	1	5	3.90	.968	
27. Performing my job is so absorbing that I forget about everything else	58	1	5	3.72	1.022	
28. I really care about the future of my company	58	1	5	4.09	.884	
29. I understand how retail/my store contributes to company success	58	1	5	3.93	1.057	
30. I understand how my role relates to company goals and objectives	58	1	5	3.71	1.043	
31. I am personally motivated to help my company succeed	58	1	5	4.02	.982	
32. I am willing to put in a great deal of effort beyond what is normally expected	58	1	5	3.91	1.014	
33. This organisation really inspires the very best in me in the way of job performance	58	1	5	3.88	.938	
34. I always do more than is actually required	58	2	5	4.21	.853	
35. I try to help others in this store whenever I can	58	3	5	4.21	.811	
36. I volunteer to do things outside my job that contribute to the organisation's objectives	58	1	5	3.59	.974	
37. I frequently make suggestions to improve the work of my team and services	58	1	5	3.59	1.140	
38. I believe that my engagement will create customer loyalty	58	1	5	4.52	.822	
Valid N (listwise)	58					

4.5 Correlation Analysis

Pearson Correlation, known as (*r*) calculates and evaluates the relationship between continuous variables, in other words, it is a statistic used to establish direction and degree of relatedness between continuous variables (Arkkelin, 2014). As in Table 11, the Person (*r*) value is highlighted in Blue, the second row contains the two tailed probability (*p*) or significance level is highlighted in Yellow and the third row indicates the pairs of the score on which the value *r* is calculated.

Table 9 – Correlations of 7 Predictor Variables

		Organisation Perspective	Employee's Management Perspective	Employee's Personal Expectation	Evaluation Perspective	Job Engagement	Your Role	Initiatives
Organisational Perspective	Pearson Correlation	1	.173	.195	.246	.065	-.004	.087
	Sig. (2-tailed)		.194	.142	.063	.628	.979	.516
	N	58	58	58	58	58	58	58
Employee's Management Perspective	Pearson Correlation	-.173	1	.257	.267*	-.057	-.065	.017
	Sig. (2-tailed)	.194		.052	.043	.673	.627	.902
	N	58	58	58	58	58	58	58
Employee's Personal Expectation	Pearson Correlation	.195	.257	1	-.065	.219	-.051	-.069
	Sig. (2-tailed)	.142	.052		.627	.098	.703	.605
	N	58	58	58	58	58	58	58
Evaluation Perspective	Pearson Correlation	.246	.267*	-.065	1	.157	-.028	.027
	Sig. (2-tailed)	.063	.043	.627		.239	.837	.843
	N	58	58	58	58	58	58	58
Job Engagement	Pearson Correlation	.065	-.057	.219	.157	1	-.042	.055
	Sig. (2-tailed)	.628	.673	.098	.239		.754	.684
	N	58	58	58	58	58	58	58
Your Role	Pearson Correlation	-.004	.065	.051	-.028	-.042	1	.547**
	Sig. (2-tailed)	.979	.627	.703	.837	.754		.000
	N	58	58	58	58	58	58	58
Initiatives	Pearson Correlation	.087	.017	-.069	.027	.055	.547**	1
	Sig. (2-tailed)	.516	.902	.605	.843	.684	.000	
	N	58	58	58	58	58	58	58

*. Correlation is significant at the 0.05 level (2-tailed).

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

4.5.1 Result of Analysing and testing dissertation hypothesis based on the Correlation coefficient between research variables

In a positive correlation if one variable increases the other variable increases, and a negative correlation indicates that if one variable increases the other variable decreases. A value of 0.0 in a correlation means there is no relationship (Arkkelin, 2014).

Following the 0.05 criteria and referring to Table 9 where a majority of the variable (*r*) value highlighted in Blue is weakly correlated, however, this does not justify any variables are inferior or superior to each other due to its weak correlation. On the other hand, the majority of the variables are very strongly significant as illustrated in the above Yellow highlighted probability index.

- (*r*) > .50 indicate a strong correlation
- (*r*) around .30 indicates a moderate correlation
- (*r*) < .20 indicate a weak correlation
- (*p*) > .05 concludes the probability is due to chance

Applying the above index as a benchmark, Table 9 explains the output of Pearson’s correlation, where the value (*r*) stands at 62% and Significance (*p*) at 90% amongst the 7 predictor variables. The (*r*) value consists of:

- 71% *r* < .20 indicating a weak correlation
- 24% around .30 indicating moderate correlation
- 1% *r* > .50 signifies a strong correlation

Only two variables failed to meet the statistical significance as shown below.

- H2. Employee management perspective and Evaluation perspective (*r*= .26, *p*= .043)
- H6. Your Role and Initiatives (*r*= .54, *p*= .00)

That is why it can be approved that H_0 partially or by chance has a significant correlation coefficient between the variables.

4.5.2 Regression Analysis

The regression analysis output below is to predict the dependent variable in this study i.e. ‘Employee Engagement’ in correlation to the predicting independent variable i.e. ‘Employee Perspective’.

See appendices (Figure 14 15 16) exhibit linear relationship between the two variables under investigation, recommending linear regression analysis application to the hypothesis:

Table 10 – Regression of X: Employee Personal Expectations (Perspective) Y: Employee Initiative (Engagement)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.069 ^a	.005	-.013	.42679

a. Predictors: (Constant), Employee’s Personal Expectation

The *R* value is .069 which indicates a high degree of correlation i.e. >0.05, the total value of correlation in the dependent variable is indicated by *R*² in this case, 0.05% confirms a positive effect.

Table 10.1 – ANOVA^a: Employee Personal Expectations (Perspective) and Employee Initiative (Engagement)

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.049	1	.049	.271	.605 ^b
1 Residual	10.200	56	.182		
Total	10.250	57			

a. Dependent Variable: Initiatives

b. Predictors: (Constant), Employee’s Personal Expectation

The ANOVA^a table indicates $\alpha > 0.05$ i.e. 0.605 means it is a strong fit to the data.

Table 10.2 – Coefficients: Employee Initiative (Engagement)

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	4.157	.311	13.348	.000	
	Employee's Personal Expectation	-.055	.105	-.069	-.521	.605

a. Dependent Variable: Initiatives

There is a significantly supported relationship between Employee expectation and Initiative because p value is > 0.5 , approving H_0 .

Table 11 – Regression of X: Employee Management Perspective Y: Employee Job Engagement

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.057 ^a	.003	-.015	.45902

a. Predictors: (Constant), Employee's Management Perspective

The R value is .057 which indicates a high degree of correlation i.e. > 0.05 , the total value of correlation in the dependent variable is indicated by R^2 in this case, 0.03% which is very low.

Table 11.1 – ANOVA^a: Employee Management Perspective and Employee Job Engagement

ANOVA ^a						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	.038	1	.038	.180	.673 ^b
	Residual	11.799	56	.211		
	Total	11.837	57			

a. Dependent Variable: Job Engagement

b. Predictors: (Constant), Employee's Management Perspective

The ANOVA^a table indicates that $\alpha > 0.05$ i.e. 0.673 means it is a strong fit to the data.

Table 11.2 – Coefficients: Employee Management Perspective and Employee Job Engagement

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	3.715	.262	14.182	.000	
	Employee's Management Perspective	-.033	.078	-.057	-.425	.673

a. Dependent Variable: Job Engagement

There is a significantly supporting the relationship between Employee management perspective and Job engagement because p value is > 0.5 i.e. .673, approving H_0 .

Table 12 – Regression of X: Organisation Perspective Y: Employee Role Engagement

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.004 ^a	.000	-.018	.49215

a. Predictors: (Constant), Organisational Perspective

The R value is .004 which indicates a very low degree of correlation i.e. <0.05, the total value of correlation in the dependent variable is indicated by R^2 in this case, 0.00% which is insignificant.

Table 12.1 – ANOVA^a: Organisation Perspective and Employee Role Engagement

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.000	1	.000	.001	.978 ^b
Residual	13.564	56	.242		
Total	13.564	57			

a. Dependent Variable: Your Role

b. Predictors: (Constant), Organisational Perspective

The ANOVA^a table indicates that $\alpha > 0.05$ i.e. 0.978 means it is a strong fit to the data.

Table 12.2 – Coefficients: Organisation Perspective and Employee Role Engagement

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.942	.392		10.052	.000
	Organisational Perspective	-.003	.109	-.004	-.027	.978

a. Dependent Variable: Your Role

There is a strong support to relationship between Organisation perspective and Employee role because p value is >0.5, approving H_0 .

5. Discussion and Conclusion

In conclusion, it appears to be clear that in this most uncertain time in business history employee engagement has become an imperative subject for organisations who are committed to founding a committed employee base which will prove to be a key source of competitive advantage (Porter, 1985). Therefore, such organisations are changing their direction of approach towards their employee's, understanding that the employees choose to be engaged and not paid to be engaged (Shuck et al, 2010). It has become a major concern for the organisations to understand the difference between the perceived importance of engagement and the level of engagement that affects the employee's experience of their work and ultimately affecting company's performance (Shuck et al, 2010).

This research suggests that for employees of the case organisation, the evidence supports the hypothesis H.1 and H.2 (Sec. 1.4) that perception has influence, relativity and strong significance on engagement, through this it becomes very important to manage perception with serious efforts because bad perception ignores considering all the facts that are involved in a situation and will harness negative consequences.

Managerial Implications

The main aim of the study was to address the hypothesis which developed from the literature review and case studies from Chapter 2; the investigation was conducted to support insufficient knowledge of what it means to concentrate on cognitive psychological harmony i.e. perspective and how that can influence quality of engagement in the target company which may produce an inevitable superior by-product i.e. performance. Considering the analysis and results of the case, the practice of learning how to manage perception needs to be taken seriously, in order to do this manager’s must analyse all the pertinent information’s involved in a timely manner, and developing good skills in listening, empathy, compassion, creating a healthy organisational environment to succeed and be able to deal effectively with the problems that are affecting employee perception. In this analysis it has appeared that the major elements that influence an adverse effect on employee engagement are their perception towards their income, slow career growth and hesitance to open to their beliefs, this assertion is reflected in the results derived from the respondents input average of ‘Neutral’ selections (Perspective: 21% Neutral responses; Engagement: 27% Neutral responses) in the survey SAQ in specific categories. Furthermore, 27% respondents scaled low in the perception category which totals to 47% out of the 58 targets respondent’s perspective ranging between Low and Neutral ranks (See. Figure 8 and 9), which provides a solid ground for managers to put into operation a serious workshop to overcome this cognitive process and manage waste of effort and bleed talent.

Figure 1 - Respondents Answers

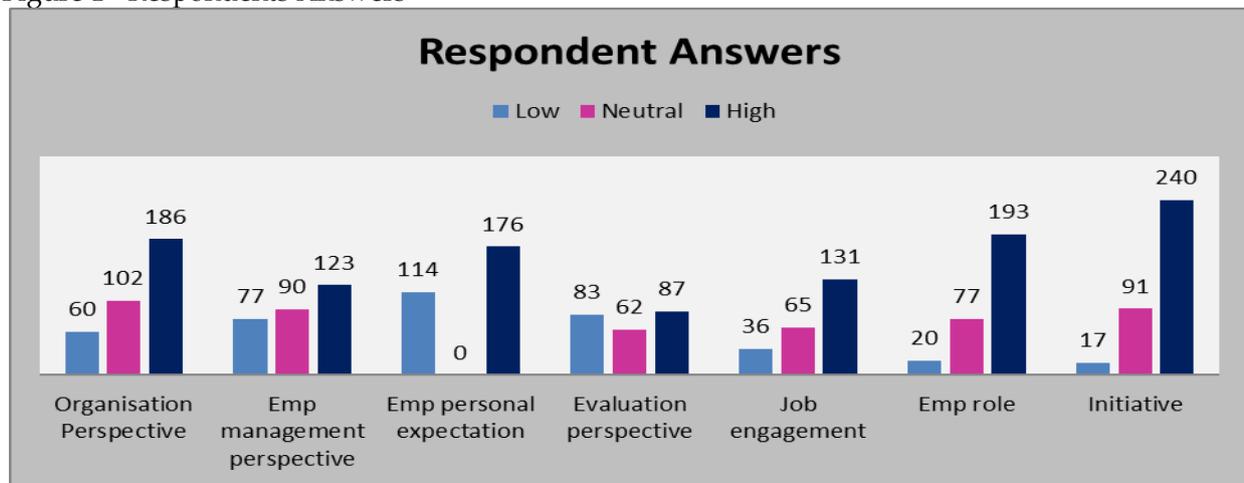
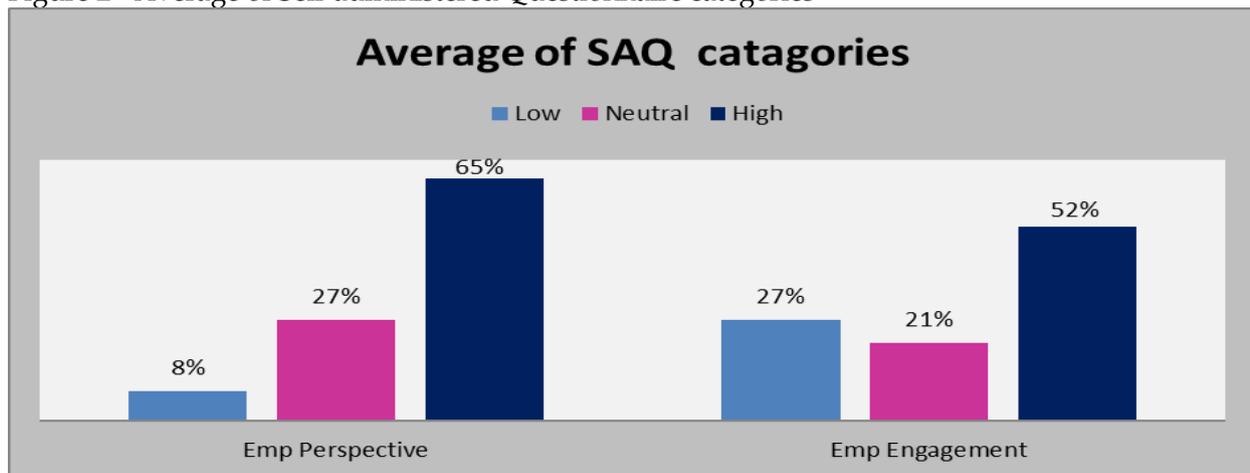


Figure 2 - Average of Self-administered Questionnaire categories



6. Limitations

Although the research has reached its aim, there are some unavoidable limitations, as follows:

Study design limitations: 22% samples could be obtained out of the total population as the study population based on the fact that retail business stretches over 14-hour operating hours a day, decreasing the accessibility of the employee in the appointed time cohort. Furthermore, the survey was rolled out in one of the busiest periods of the business season 'Easter' this caused a barrier to the researcher on the availability of the staff and shortage of free time acquiring the staff for survey due to work overload. Moreover, this factor to some extent may have affected the motivation and attitudes of the target population.

Impact limitation: The sample collection suffered a limited impact from factors such as a strong regional focus i.e. London stores due to population diversity. However, making it too population-specific on employees from a busy city, and secondly their willingness of availability to contribute from their personal break time to fill in the SAQ.

Statistical or data limitations: Due to time constraints and limited budget availability of the research, enrolment was more difficult than expected, under powering the results as more samples were anticipated initially. Statistical limitations produced more serious limitations in terms of interpreting the findings as the study was involved with the cognitive activity. The circumstantial burnouts and work environmental influence supposedly have had an adverse effect on the data. The study secluded the social background of the sample population; furthermore, the cultural factor was not included in the study which apparently is a direct influencing variable on perception (Seppala and Cameron, 2015).

As the study is quantitative in nature the lack of probability sampling is an important, obvious limitation to the research. As this will prevent from making generalisations on the overall population of the research subject, as it focused merely on the retail shop floor employee of the case specific sporting goods company in London. It was beyond possibility to get in contact with the complete U.K. employee's due to time limitations; therefore, probability sampling being ideal could not be put into practice.

7. Further Research

The most prime suggestion for researchers is to develop a dynamic process model that how the interrelated variable fluctuate during a different period of time, location, new context, economic and social environment and even culture, applying the result of this study to compare the outcome of the future investigation.

Most of the research accentuate on the importance and positive impacts of employee engagement, and its benefits to the company ignoring the associated cost, therefore, there is a need to study the cost aspect of engagement decisions and quantify the ratio of its impact on company's performance.

This study strictly focused on two variables, perception, and engagement, the research outcome can be utilised as a foundation for investigating the final and important dependent variable expressed in this study 'Company Performance' which can help construct a clearer definition and dimensions that can justify the engagement concept relativity to the dependent variable.

The employee time with the company, their income and career grade (hierarchy level) were included in the studies conceptual framework but was not elaborated, these predictor variables have a very strong interrelationship with engagement and company performance and it is imperative to investigate these in future research studies. Furthermore, a qualitative research is desirable since the topic deals with cognitive and emotional factors and a rich wealth of data can be achieved through rigorous open-ended investigations, interviews, and probing.

In sum, large number of research and development has taken place in the field of engagement and performance, including a wide range of contextual variables, which has shown so much progress in this subject, it is recommended, as many other human resource initiative

enthusiasm fades off, there is a necessity to perform further investigations on the same or similar hypothesis/variables/findings at different intervals of time, region and circumstances and understanding the dependent variable side of the equation performance itself. Furthermore, adding more predictor variables to the theoretical framework and SAQ which can harness stronger outputs.

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A comparative analysis of the implementation of freedom of association and collective bargaining principles in post-apartheid South Africa and the United States of America in respect of ILO standards

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Keywords

Freedom of Association, Collective Bargaining, South Africa, United States of America and ILO standards

Abstract

This article attempts to investigate the extent to which post-apartheid South Africa and United States of America have implemented freedom of association and collective bargaining principles in workplace environment in respect of ILO standards. The investigation shows that South Africa has done better than USA in the implementation of freedom of association and collective bargaining principles. Post-apartheid South Africa has well-structured legal framework to promote and implement freedom of association and collective bargaining principles when compared with USA. This paper highlights the precarious state of trade unions in the USA in implementing freedom of association and collective bargaining process in the workplace environment and its effects on business development.

Legal audit: comparison between France, the United States and Algeria

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Keywords

Legal audit, Statutory audit, Regulation, Audit standards, Mandate, Control.

Abstract

The statutory audit or auditorship consists in certifying the accounts of a company to ensure the sincerity, the regularity and the faithful image of the information provided in the financial statements established under the responsibility of the managers of the entity, the objective of this article is to make a comparison between legal audit in France, the United States and Algeria with the aim of situating the Algerian audit model. The comparison was based on the criteria of comparison of regulation, access to the profession, auditing standards and control procedures in each of these three countries.

Introduction

The audit is the examination of control, which is made by a professional in a company to identify the organizational or functional irregularities in order to optimize the management of this entity and make its management method of effective. The work of the auditor is done in-house or externally, in the case of the external audit the discipline is subjected to a set of highly rigorous rules which concern first of all the access to the profession, the modalities of exercise of the profession as well as the working standards related to it but also the methods of assessment and penalties resulting from the involved responsibilities as soon as we become a legal auditor (statutory auditor).

The regulations of the legal audit and the auditors translate the economic traditions, of governance of a company and the commercial law appropriate to every country (Baker and al, 2001). These rules, standards which come to supervise the job of the auditorship emanating from different bodies vary according to the economic characteristics of countries, legal systems and the policies and chosen economic orientations. In Algeria, the legal audit has not stopped evolving through t time according to the economic situations which the country has one through. After the adoption of the SCF which allowed companies installed in the country to produce financial information with a universal language, the control on the sincerity of this information had to meet this major evolution, at present and regarding the opening of its market to attract the foreign investments which requires an alignment with the trend of international harmonization, the country gives more and more importance to the auditorship which remains an indisputable way to guarantee the reliability and the sincerity of the financial information, it is in this sense that the Algerian Standards of audit (NAA) were born..

This research work has been the object of a comparison between the legal audit in three countries which have each economic specificities and very different model of audit namely: France, the United States and Algeria, this to be able to place the model of Algerian audit, that is why we assert the following problem " in what model can we place the legal audit in Algeria? ". To answer our problem, we are going to approach here the aspects connected to the regulations of the audit in every country as well as the modalities of access to the profession, the rules and the standards related to the exercise of the profession and also the methods of assessment and penalty in each of the countries quoted to highlight the common points and the points of differences.

Literature review

Several works have been done to try to shed light on one of the most critical professions and one of the most complex disciplines namely the financial audit and more particularly the legal audit or as called in several countries The Office of the Auditor. By analyzing the relations between the legal auditors their supervisory authority, Hazguet Christine Poucht (May 2009) describe the evolution of the legal audit in France and explore the links between the state and the profession as defined by the sociology of Professions, the results demonstrate that a profound upheaval has taken place on the modalities of regulating the profession of auditing this by the institution of a public body of supervision independent of the profession.

Hervey Stolowy, Eduard Pujol and Mauro Molinari (2003) studied the relationship between financial audit and internal control and the contribution of the Sarbanes-Oxley Act to the auditing profession in the United States of America by recounting the adverse effect them the various financial crises on the economy of the country as well as the contents and consequences of the Sarbanes-Oxley act as well as a broad definition of internal control and its relationship with the legal audit the results of their research show that the law in Issue has paid particular attention to the most striking aspects introduced in US legislation and that on the other hand the daily practices to be implemented in accordance with the Law on internal control have been neglected.

As far as the MAGHREB countries are concerned some research has been carried out in order to make a comparison of the audit with regard to the countries of Europe and the USA, for example the work of Geneviève Causse and Eustache Ebondo (May 2013) which compared the quality of The audit in French-speaking Africa with the quality of the audit in France, after having made an inventory of the institutional frameworks of the legal audit prevailing in the countries that are attached to the French School of Accountancy and after analyzing the texts Regulatory and professional the results state that the profession is regulated in the countries studied but with regard to the text imposing a minimum of training is not respected firmly, the results also say that the framework of The legal audit in the countries of French-speaking Africa (Algeria, Tunisia, Senegal, Burkina-Faso-Madagascar) remains close to the French model.

Following this literature review we can say that the financial audit and more particularly the legal audit is at the heart of the axes that revolve around the economy both locally and internationally and that it is one of the most Important in the detection of fraud in the interests of preserving the interest of investors in the first place but especially in the perspective of apprehension of financial crises resulting from falsification of financial information produced by Companies.

Research methodology

The method followed in this research work is the comparative method, since we are comparing the legal audit between three nations namely: France, the United States of America and Algeria, the comparison is made on the basis of several Criteria for comparison (regulation, modalities of access to the profession, mandate, auditing standards, Code of ethics... etc.) in order to be able to situate the Algerian legal audit model vis the other two nations mentioned above.

Findings/results

The regulations: we are going to present here the statutory aspect of the legal audit in each of the countries quoted previously.

4.1.1. In France

a. Legal laws governing the legal audit in France:

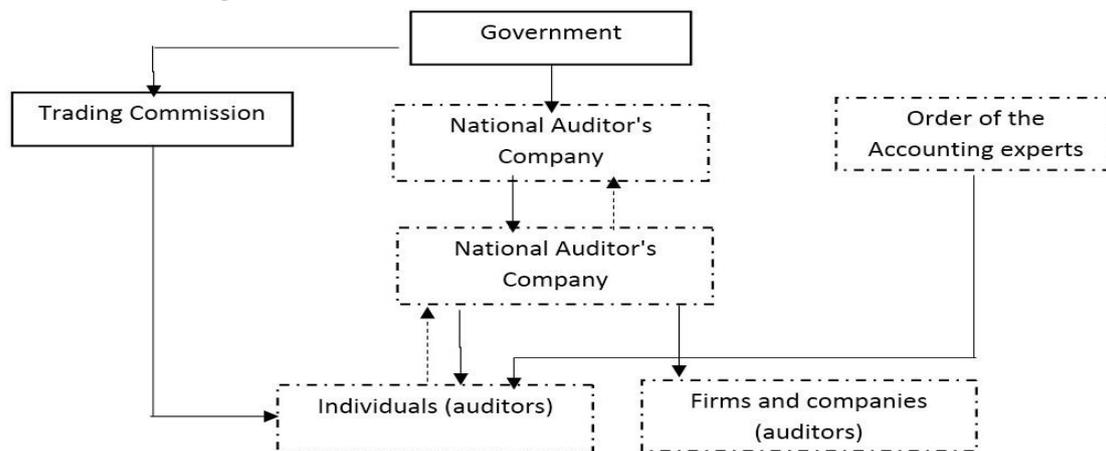
- Law of May 23rd, 1863 on limited liabilities companies: The law obliges all the companies entering the category of limited liabilities companies to appoint by means of their annual assembly one or several statutory auditors, without that the results and the balance sheet presented by the administrators is not validated.
- Law of July 24th, 1966 ([\(legifrance.gouv.fr\)](http://legifrance.gouv.fr),(1966): This law came to define the functions of the statutory auditor, the requirements to fill to appear on the list of statutory auditors (Nobody

can perform the functions of statutory auditor, if they are not beforehand registered on a list established for that purpose) (law of 24 July 1966).; as well as a binding of the organization of the profession whether it is exercised by a single individual or a group (company) of statutory auditors.

- Financial safety Law August 1st, 2003(legifrance.gouv.fr, (1966): By this law a body of control of the profession called High Council of the Auditorship was created, it has for main mission to set up relevant practices to ensure the control over the profession of audit in France.

b. Bodies governing the legal audit in France:

- The national Company of external auditors (CNCC): authority which regulates the profession of auditorship, it has for mission: the publication of the professional standards of exercise NEP, the in-service training of external auditors, (The CNCC has the right of control over the profession which consists of a declarative data analysis then of controls on the spot).
- The regional Companies of statutory auditors (CRCC): organ which allows the listing of 1400 statutory auditors (natural or legal entity) on the French territory, they establish the relay between the CNCC and statutory auditors, they have for objectives the distribution of the instructions given by the CNCC, the fight against the concentration of the audit market, to watch the respect for ethical rules and to promote the auditorship with companies.
- The Committee of business ethics of the independence of statutory auditors (CDI): created under the aegis of the national company of statutory auditors and commission of the stock exchange operations ,it works to supply rules and recommendations to implement to meet the requirements regarding independence of statutory auditors (the CDI proposed, from its creation en1999, the immediate implementation of a set of incompatibilities recommended in 1997 by a workgroup National Company of statutory auditors (CNCC) /commission of stock-market transactions (COB) (Yves le Portz ,1992).
- The French Securities and Exchange Commission (COB): it is the body which holds the power to check the information emitted by the issuers of the shares and the bonds on the market of movable values as well as other privileges. It has a statutory power: proposals of regulations susceptible to perfect the functioning of markets, to protect the savings invested in stock exchange



Legend:

- Government/Governmental body
- ▭ Professional Association/auditeurs
- Oversee the activities
- Participate in the management

Figure 1. Statutory structure of the audit in France (Bédard, J., Baker, C. R., Prat, C.,2002).

4.1.2. In the United States

a. Legal laws governing the legal audit in the USA:

In the United States, the various laws we were promulgated to give to the accounting profession and of auditorship a strictly structured legal frame, it is difficult to enumerate them all here, but we are going to be interested in the most important of the most recent laws that is to say the Sarbanes Oxley Law.

This law is the resultant of the various financial scandals that happened in the United States in particular the Enron case and WorldCom. The law carried by Senator Paul Sarbanes and Deputy Mike Oxley and signed by President Bush in July 2002 introduced a drastic upheaval into the environment of the accounting profession in the country, we can quote here three relevant axes contained in this law:

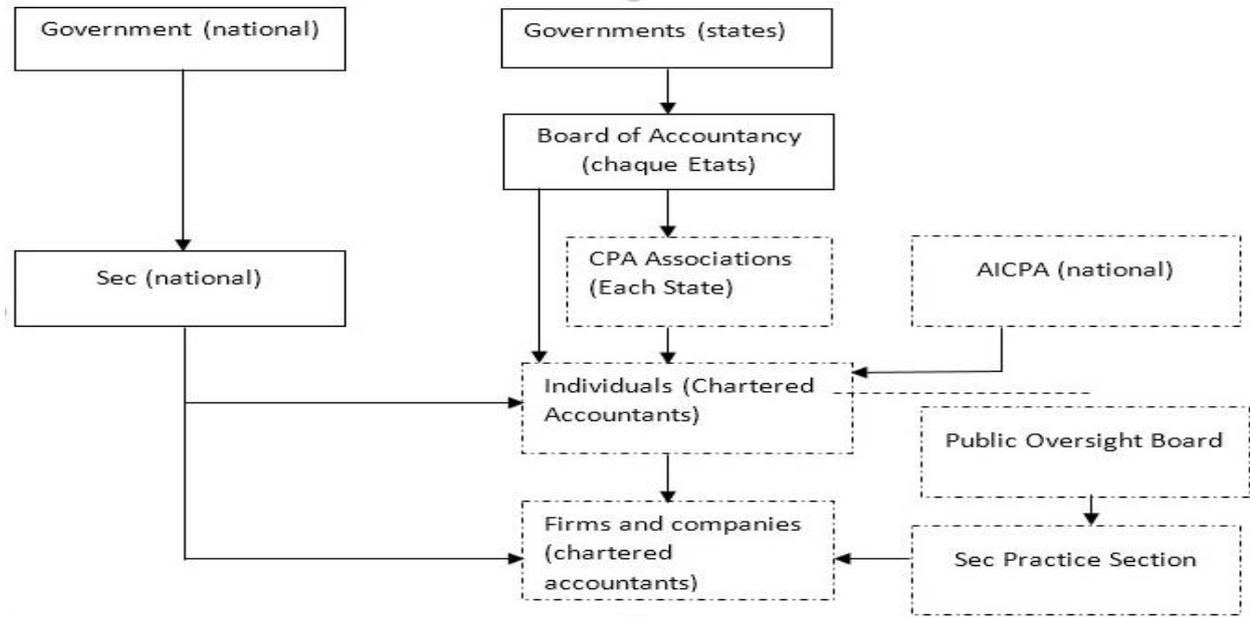
The direct responsibility of the managers: the penal responsibility of the company directors sees itself committed, they will have to appear in front of a court in the case of inaccuracies or irregularities in the establishment of the accounting accounts of the company in case of irregularities the managers risk 20 years of prison.

Accuracy and accessibility of the information: the law obliges companies to hand to the Securities and Exchange Commission (SEC) the reports containing the methods and accounting techniques used as well as the possible changes of methods during the exercise.

The independence of the verifying organs: the law forbids the external auditors to supply services to the companies the accounts of which they check (In the objective of reducing conflicts of interests, the external auditors cannot supply the companies the accounts of which they certify).

b. Bodies governing the legal audit in the United States

- Board of accountancy: in the United States each of the states created a Board of accountancy, which is a body which is authorized to deliver the approval which allows the exercise of the accounting profession, and which has also the responsibility to produce the laws which have to govern the profession.
- Securities and Exchanges Commission (SEC): created in 1934 further to the period of recession known in the USA after the economic crisis of 1929, SEC is the regulating body of the financial market in the USA, its main objective is the guarantee to every investor desiring to enter the securities market (the stock exchange) to benefit from an easy access to the financial information and that it is established with the biggest reliability.
- American Institute of Certified Public Accountants (AICPA): the AICPA was founded in 1887 and represents the certified public accountants as regards the establishment of rules and the standardization of the profession. In this sense the AICPA is also a body which sees to the promulgation of the laws and accounting rules and the respect and the good application of these by the professionals of the accounting and the audit.
- State Society of CPAs: the CPAs are independent associations existing in each of 50 states, the professionals are free to adhere or not to the State Society of CPA of their state, its objective is to defend the interests of the professionals of the accounting and the audit as well as to supply them with orientations for the good management of their mission.
- Sec Practice Section SECPS: see to it that all the professionals of the company living in the United States, including the CPA and non - CPA, attend at least 20 hours of in-service training leading to a qualification (ECP) every year and at least 120 hours every three years. The objective is to make sure that all the professionals of the accounting and the audit benefit from continuous trainings on all of the accounting rules and any new published standards of audit.
- Public Oversight Board (POB): created in 1977 by the AICPA. The board of directors is an independent private governing body which reports and watches the various programs of the accounting profession. Its main vocation is the advice besides the studies and the reports which have for objective to organize the profession of accounting and of the audit.



Legend

- Government/Governmental Body
- Professional Association/auditeurs
- Oversees the activities
- Participate in the management

Figure 2. Regulatory structure of the audit in the United States (Bédard, J., Baker, C. R., Prat, C., 2002).

4.1.3. In Algeria

a. Legal laws governing the legal audit in Algeria:

It should be noted that until 1975 year of promulgation of the Algerian commercial law, the French laws regarding auditorship were renewed, without preventing the legislator since 1970 and by means of the decree n°69-107 of 31/12/1969 from proceeding to the control of the accounts of national companies via statutory auditors appointed by the Ministry of Finance.

- commercial law 1975: having defined the social structures which can exist in Algeria, the legislator specified that the accounts of these said companies must be checked by one or several statutory auditors appointed by the ordinary general assembly, should the opposite happen, it is the court of the head office of the company that appoints statutory auditors for a three-year term, this law also mentioned the incompatibilities and responsibility of the statutory auditor as well as the end purpose of their controls. The auditors establish a report in which they give an account to the general assembly, of the execution of the mandate which it entrusted them with and have to indicate the irregularities and the inaccuracies that they would have noted.

- Law N ° 10-01 of the 29/06/2010: this law has for objective to fix rules and conditions of exercise of the accounting profession generally and the auditorship in particular, this law also introduced with the national council for accounting different commissions in charge of various missions in particular the commission of discipline and arbitration which it constitutes the supervisory body of the works realized by statutory auditors. This law also clarified the end purpose of the mission of the statutory auditor. The mission of the statutory auditor leads to the establishment of a report of certification with or without reserve of the regularity, the sincerity and the accurate image of the annual documents, or possibly in the duly motivated refusal of certification. It should be noted that after this

law the legislator promulgated a set of decree and ministerial decrees fixing the standards of the statutory auditor's report.

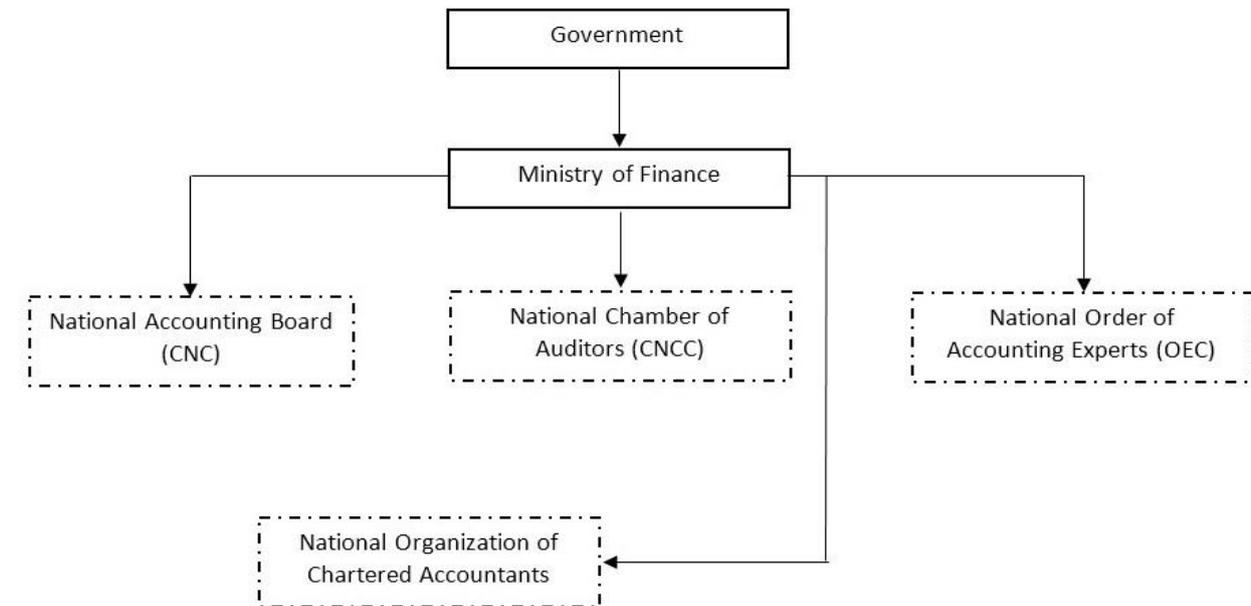
b. Bodies governing the legal audit in Algeria:

National Council of the accounting (CNC): created in 1998, this body has for mission the accounting standardization in Algeria, under the supervision of the Ministry of Finance the CNC is in charge of the improvement of the frame of the exercise of the accounting functions to know three professional categories: the chartered accountancy, the auditorship as well as the chartered accountants. The CNC account four joint commissions which are charged of:

the quality control of accounting works,
the arbitration
the delivery of the approvals
the training

National Chamber of statutory auditors (CNCC): this body includes all the statutory auditors on the national territory, it works in close collaboration with the Ministry of Finance which appoints a representative within the council which administers this body, among these essential attributions of the national chamber of statutory auditors. Assure the popularization, the publication and the distribution of the results of the works relative to the domain covered by the profession

National order of the Chartered accountants (OEC): just like the national chamber of statutory auditors, the national order of the chartered accountants is in close collaboration with the Ministry of Finance which also appoints a representative within this body, beyond the fact of making accessible the works concerning the exercise of the profession, one of its other major attributions is to organize seminars of training in connection with the interests of the profession- National organization of the chartered accountants: This body also activates with a big collaboration with the Ministry of Finance, it groups all the accountants registered on the board of the professionals, it is in charge of several missions in particular, the organization of days of trainings and the seminars in connection with the profession.



Legend:

- Government/Governmental Body
- Professional Association/auditeurs
- Oversees the activities

Figure 3. Regulatory structure of the audit in Algeria (Done by the Authors).

4.2. The Standards of audit:

4.2.1. Standards of audit in France:

Very inspired by the international standards of audit, there are 51 standards of professional exercise (NEP). The NEP are developed by the national company of statutory auditors and are classified as follows:

Audit of the accounts implemented within the framework of the certification of the accounts

Evaluation of the risk of significant anomalies and implemented procedures of audit

Convincing Character of the collected elements

Use of the works of the other professionals

Reports

Audit of the accounts implemented in certain entities

Limited Examination in application of legal and statutory requirements

Diligences directly connected to the mission of statutory auditor

Interventions in application of the other legal or statutory requirements

Other obligations of the statutory auditor in application of legal or statutory requirements

4.2.2. Standards of audit in the United States:

Applicable from December 2001, these standards are produced by the AICPA in the form of guidelines to which the auditor has to conform for completing successfully his mission of control. The generally accepted Standards of audit are grouped in the following categories Standards of Field Work

Standards of Reporting

4.2.3. Standards of audit in Algeria:

The national council for the accounting (CNC) in charge of the elaboration of the Algerian standards of audit set up the first 12 NAA namely:

NAA 210: Agreement on the terms of the missions of audit

NAA 505: external Confirmations

NAA 560: events later than the closure

NAA 580: written Declarations.

NAA 300: planning of an audit of financial statements

NAA 500: convincing Elements

NAA 510: initial Missions of audit

NAA 700: foundations of the opinion and the audit report on financial statements.

NAA 520: analytical Procedures

NAA 570: continuity of exploitation

NAA 610: use of the works of the internal auditors

NAA 620: use of experts' works indicated by the auditor.

4.3. Modalities of access to the profession:

4.3.1. In France:

The French legislator stated strict conditions to be respected for the exercise of the profession of statutory auditor (legal auditor), the most important is the one connected to the training of the candidate in other words to hold the diploma of chartered accountancy.

4.3.2. In the United States:

Besides holding a diploma in the field of the accounting and the finances, numerous certifications exist and can be required in the various audit firms and are delivered by a number of bodies: (CPA (Certified Public Accountant), CIA (Certified Internal Auditor), the CISA, the CGAP (Certified Government Auditing Professional) and the CFE (Certified Fraud Examiner).

4.3.3. In Algeria:

Since the law 10-01 of June 29th, 2010 the conditions of obtaining of the approval have changed because from now on it is necessary to be a holder of the Algerian diploma of statutory

auditor and to be approved by the Ministry of Finance besides carrying out the oath and the registration in the national chamber of statutory auditors who were previously already demanded. (Diplomas are delivered by the institute of special education placed with Minister for Finance or by the institutes approved by this one. To note that up to the date when we write our article the school has not been born yet.

4.4. Mandate and methods of assessment:

4.4.1. In France:

The statutory auditor is appointed by the members of the general assembly for a mandate of 6 years renewable once, in the term of this period the general assembly proceeds either to the renewal of the mandate or to the appointment of another statutory auditor. As for the control over the profession the legislator in France set up a body called the High council of the auditorship (H3C) which has for mission to see to it that rules and standards of audit are respected by the auditors in their various audit works, it also sees to it that audit firms are endowed with a system of successful internal control. The H3C also put in 2007 the guiding principles of the new system of periodic controls of offices (Hazgui, M. and Pochet, C. (2009).

4.4.2. In the United States:

The legislator did not limit the term in office of the auditor for the same company. As regards to the control of the profession it was set up a body PCAOB (public Company Accounting Oversight Board) The program of the PCAOB is called inspection, and occurs once every three years, except for offices with more than 100 declarers, which are inspected every year (Wood, P.2011).

4.4.3. In Algeria:

The legal auditor is appointed by the general assembly on the basis of the terms and conditions and this for a three-year term renewable once (6 years all in all), as for the control of the profession it was created at the level of the national council for the accounting (CNC) joint commissions: The commission of discipline and arbitration which has for essential purpose to cut in the cases of breaches committed by the members registered on the board of the national order of statutory auditors.

Discussion

We acknowledge that on the criterion of the regulations each of the three countries in question adopts numerous laws and legal texts to regulate the profession of auditorship that denotes the importance which is granted to it by the public authorities, hence the existence of a specific status to the professionals of this discipline.

The participation of the public administration to the organization of this profession is very strong in France as in Algeria, because it depends respectively on the Ministry of Justice and on the Ministry of Finance, on the other hand in the United States due to the fact that the country is constituted in several states the public administration contributes proportionally to the management of the profession.

Algeria, the USA and France are all three endowed with bodies specific to the profession, the of the statutory auditor is limited in Algeria as in France but the periodicity differs (3 and 6 years), the possibility of renewal is possible only once in both countries, on the other hand in the United States the mandate of the verifier is not consequently limited it is of indefinite duration and the possibility of renewal is allowed as often as both parties wish it.

Whether in France, in Algeria or in the United States to take an oath is a condition necessary for every person applying for the status of legal auditor and among which prerequisites connected to the training, the competence and the integrity were already satisfied, come then the quoted directives in –the access to the exercise of the profession of auditorship is conditioned by a code of ethics appropriate to each of the three countries and the requirements connected to the execution of the mission of audit.

In France it is compulsory as a legal auditor to follow at least 40 hours of training a year, in Algeria the in-service training is desirable but there is no legal text making it compulsory, also for the USA.

Each of these three states set up bodies of quality control asked to make the audit of the audit, to which they added disciplinary commissions to sanction any breaches or non-compliances with regard to the standards or towards the ethical code of the profession. We can summarize the common points and the points of difference of the legal audit in Algeria towards the legal audit in France and in the USA in the table below:

Criteria of comparison	Algeria VS France	Algeria VS the United States
Status attributed to the profession only	★	★
Participation of the Public administration in the management of the activities of the profession	★	×
Bodies specific to the profession	★	★
Limitation of the term in office	★	×
Term in office	×	×
Requirement of oath	★	★
Possibility of renewal	★	×
Existence of a code of ethics	★	★
Bodies in charge of the elaboration of the standards	★	★
Requirement of an in-service training	×	×
Body of quality control	★	★
Disciplinary Commissions	★	★

★: similar characteristic

×: different characteristic

Figure 4. Points of convergence and difference of the legal audit in Algeria with the legal audit in France and in the United States

Conclusion

During our research work we proceeded to the presentation of the peculiarities connected to the profession of auditorship in three totally different countries from the point of view of their economic and accounting structure, the comparison was made on various criteria namely the regulations, the access to the profession, the standards of audit and the methods of assessment.

The legal audit has for common points in France, the United States and Algeria the existence of a status dedicated to the professionals of the legal audit, the implementation of bodies specific to the profession, the requirement of the oath before the beginning of the activity, as well as the elaboration of an ethical code for the professionals, the availability of bodies in charge of the elaboration of the standards of audit, the existence of bodies of quality control and the disciplinary commission.

The objective of our research work is to place the Algerian legal audit with regard to the legal audit in France and in the United States, we notice that the Algerian legal audit has more common points (10) with the French model (status, participation of the administration to the organization of the profession, ... etc.) with regard to the American model (7), that answers our problem and allows us then to say that the legal audit in Algeria gets closer to the French model but holds some common points with the American model. The accounting profession and more particularly the auditorship in Algeria does not stop evolving so as to reach a quality upgrade towards the international practices and standards regarding audit, one of the most important levers is no other than the regulations but it remains insufficient because there are barriers stronger than those who are statutory, they are the cultural barriers. The effort granted must be also directed to a particular objective that is the change of the behaviour of the professionals of the audit in the exercise of their activity of control so that all the statutory auditors and Algerian offices are capable of supplying a quality service with a total

integrity, it cannot become a reality without a continuous self-abnegation and a perfect mastery of the Algerian standards of audit NAA and international standards of audit ISA.

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Risk management and performance: a case study of credit risk management in commercial banks

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Keywords

banks, risk, credit, enterprises, management

Abstract

Credit is one of the largest risks in any bank, whereas, many enterprises complain of lack of excessive high criteria which set by financial institutions such as commercial banks, resulting in huge losses due to bad loans. This study investigated the impact of credit risk management practices on the financial performance of Commercial Banks in Saudi Arabia. Three (3) research questions were raised alongside specific objectives, and three (3) null hypotheses were tested at 0.05 level of significance. Descriptive survey research design was adopted. Findings revealed that Saudi Commercial Banks engage in credit risk management practices to combat and avoid credit risks. As well it concluded that these banks embrace different approaches to risk screening and analysis before granting credit to clients to reduce loan losses. The major recommendation was that the regulatory institution of Saudi Arabia banks, which is SAMA, should intensify its monitoring skills of the commercial banks to ensure strict adherence granting credit by financial institutions.

1. Introduction

Financial institutions, especially commercial banks, play a very important role in a nation's economy. In a more conscience form, Harvey (2012) defined financial institutions as "enterprise such as a bank whose primary business and function is to collect money from the public and invest it in financial assets such as stocks and bonds, loans and mortgages, leases, and insurance policies". There are two exquisite examples of depository and non-depository financial institutions. For the purpose of this study, emphasis is laid on commercial banks as a key example of financial institution.

In any economy, commercial banks are main financial intermediaries. so, they consider as the main supplier of credit to corporate sectors and the household. They accept deposits and provide financial security to their customers. This is so because keeping physical cash at home or in a wallet could lead to loss due to theft or accidents, not to mention the loss of possible income from interest (Brunner, 2004).

The policy of commercial banks to make money results in the elastic credit system that is necessary for economic progress at relatively steady rate of growth. With increased pressure on banks to improve shareholders return banks have had to assume higher risk and at the same time, manage these risks to avoid losses (Saunders & Marcia, 2011). According to Perez (2014), commercial banks face eight types of risk, which are market risk, operational risk, liquidity risk, credit risk, business risk, reputational risk, systemic risk and moral hazard. Out of these eight risks, credit risk is one of the three major risks, while the other two are market risk and operational risk.

The risk management has the purpose and the scope of ensuring that the risk part of an investment Implemented in a controlled and understandable manner (Haim & Thierry, 2005). Basel Committee on Banking Supervision, (2006) encouraged the use of "know your customer" principal as a strategy to minimizing credit risk. Nonobjective decisions made by banks executives may result to insider leading or lending to personal friends, persons without superior financial knowledge or to meet personal agenda (Kithinji, 2010). An answer to the problem would be the usage of verified loaning systems and chiefly the measurable ones which are more objective (Karugu & Ntoiti, 2015).

Changes in credit risk may reflect changes in validity of the portfolio bank's loan, that may also impact the performance of the Bank (Weersainghe & Perera, 2013). In addition, Weersainghe & Perera, (2013) were of the view that varying profitability levels could be traced back to difference in credit risk as raised exposure to the risk is associated with the dropped profitability of the institution. According to Karugu & Ntoiti, (2015) empirical evidence supported the view of the presence of an inverse connection existing between credit risk and performance of financial institutions suggesting these institutions are performing high poorly when their loans are exposed to high risk. Analyzing the financial performance of banks has been of large importance for academic research for decades (Al-Tamimi, 2010).

Ongore (2011) submitted that "performance of firms can be influenced by ownership identity". This could also be true of commercial banks. In Kenya for example, any failure in the financial sector of any country has enormous implications for economic growth. This is because commercial banks dominate the financial sector in any country. According to Oloo (2011), the Bank rewards shareholders with an adequate return on their investments due to excellent bank performance. However, the poor performance can lead to failures and increase in crisis. According to Nzongang and Atemnkeng in Olweny & Shiphho (2011) a balanced portfolio theory is also an important addition to the importance of banking performance. It states that management overall policy decisions affect the portfolio structure of the bank, profits and the shareholders return profits. The theories above shown that bank performance is affected whether external or internal factors such as, include bank size, risk management capacity-management efficiency).

It is a fact that the Saudi economy is strongly connected to international economy. Hence, it is natural that the Saudi economy was affected by the financial crisis. The first reverse impact of the global financial crisis on the Saudi economy was in the financial market which has declined in past few years. The global financial crisis revealed the importance of banks' credit risk management in mitigating credit default risk as most banking problems have been caused by weaknesses in credit risk management that include high credit concentration, inadequate credit risk monitoring, ineffective credit risk measuring, poor credit risk rating, insufficient lending procedures, vulnerability to liquidity stresses and sensitivity to market fluctuations (Bis.org., 2017).

1.1 Research questions & objectives

In this period of global financial crisis, Saudi banks suffer from a high rate of default with adverse effects on banks' performance which requires investigating for a proper review of the policies of credit risk management. So, analyzing the effect of credit risk management on loan performance of Saudi Commercial Banks becomes essential for identifying the determinants of Saudi credit policies, core mechanisms through which Saudi Arabian banks minimize loan default and the impact of loan performance on the economy of Saudi Arabia.

The research questions are expressed through the following:

1. What are the determinants of credit risk policies of Saudi Commercial Banks?
2. What are the core mechanisms through which Saudi Arabian banks minimize loan default?
3. What is the impact of credit risk management practices on loan performance of Saudi Commercial Banks?

Based on research questions the following research hypotheses derive:

H01: There is no significant relationship between credit risk policies and loan performance of Saudi Arabia Commercial Banks

H02: There is no significant relationship between mechanisms to minimize loan default and loan performance of Saudi Arabia Commercial Banks.

H03: There is no statistically significant effect of credit risk management policies on loan performance of Saudi Commercial Banks.

The major objective of this study is to find the effect of credit risk management practices on the financial performance of commercial banks in Saudi Arabia. So, Specific objectives are:

1. To identify the determinants of credit risk policies of Saudi Commercial Banks

2. To identify core mechanisms through which Saudi Arabian banks minimize loan defaults.
3. To locate the impact of credit risk management practices on the performance of loans with Saudi banks.

1.2 Significance of the study

This research comes while most of the Saudi banks suffer from problems that are left behind by the credit risk in the period of financial crises in the world. It is hoped that the findings of this study would establish clearly the benefits derived by commercial banks and other financial institutions from various techniques adopted in managing credit risk by commercial banks surveyed. Findings of this study would. Moreover, reveal the importance of coordinating efforts that contribute to the goal of public financial institutions in order to minimize risks and maximize returns.

The study will provide bankers, employees and credit analysts with the appropriate knowledge to start and manage risk assets in a profitable manner with minimum losses for both regulated and unorganized companies in the companies and the medium market. Also, it will create a way to clearly understand the risks of the company and consumers that better understand the credit decisions of financial analysts. Moreover, will be useful to other researchers who may have a focus on understanding the concept of credit risk management.

2. Literature Review

2.1. Commercial Loan Theory

This study adopted the Commercial Loan Theory as used by Taiwoet et al., (2017). Commercial Loan Theory is the oldest banking theory, also called the real bills doctrine. It is stated that banks should only lend on short-term commercial paper and self-liquidation. According to Hosna et al., (2009), the commercial loan theory is geared to influence persuasively both the bank lending and the general economic activities. Strict adoption of this theory will reveal that it is expected to serve as a monetary supply to changes in aggregate economic activity.

Kargi (2011) posited that the strong tie to this conception is rather orthodox if consideration is given to the fact that at the time of the supremacy of the theory, there were little or no secondary reserve assets, which could have served as a liquidity buffer for the bank.

2.1.1 Conceptual framework of credit risk management

This study adapts the credit risk management framework by Wachira (2017) as shown in Figure 1. According to Wachira (2017), there are four independent variables that constitute credit risk management practices. The dependent variable is banks performance as measured by ratio of Non-performing loans to overall loans. The four independent variables directly affect the performance of the banks (Wachira, 2017). However, for the purpose of this study, emphasis is placed on impact of credit risk management practices in term of credit risk management strategies, and credit risk policies as independent variables (Figure 2).

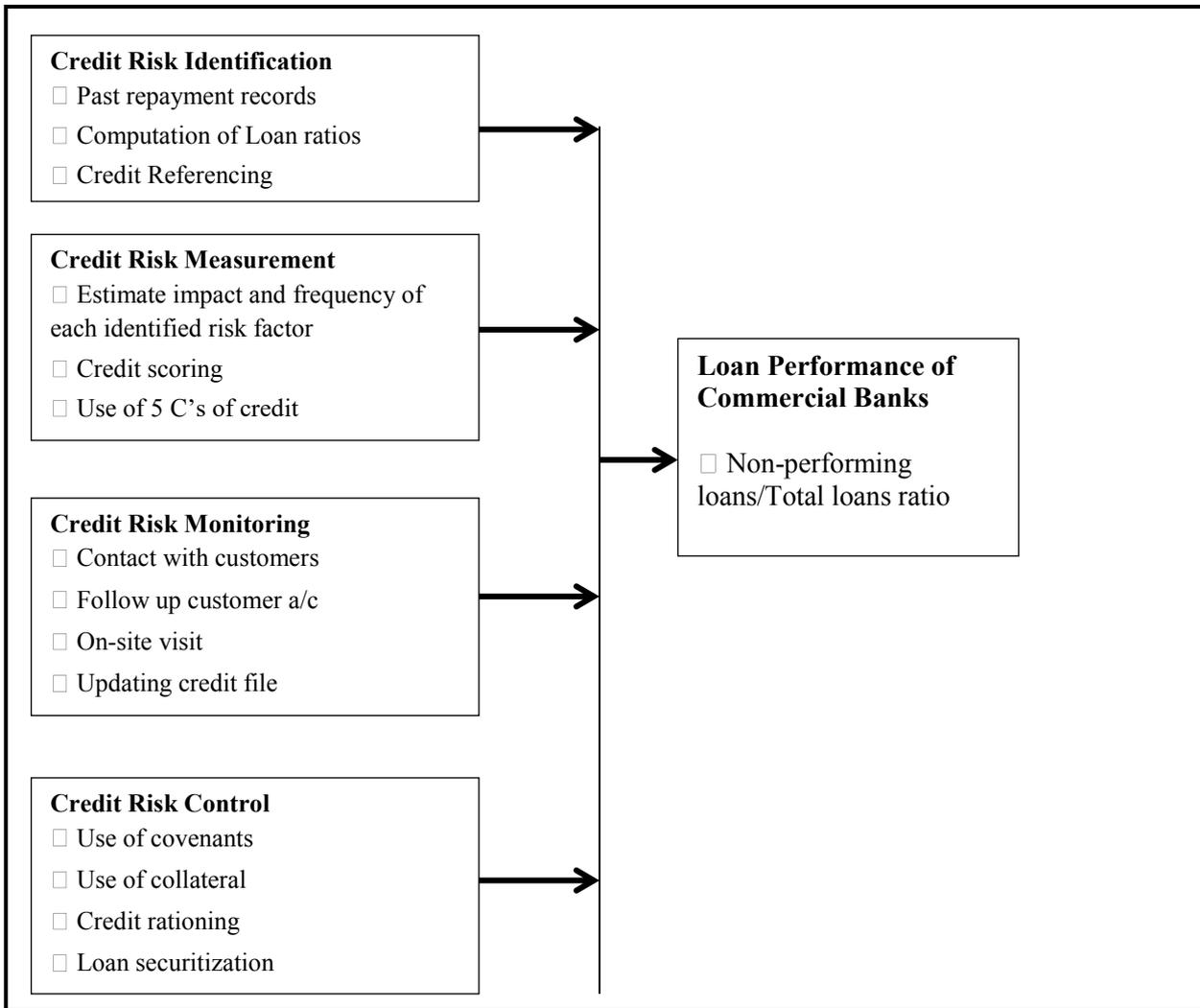


Figure 1: Conceptual Framework Adapted from Wachira (2017)

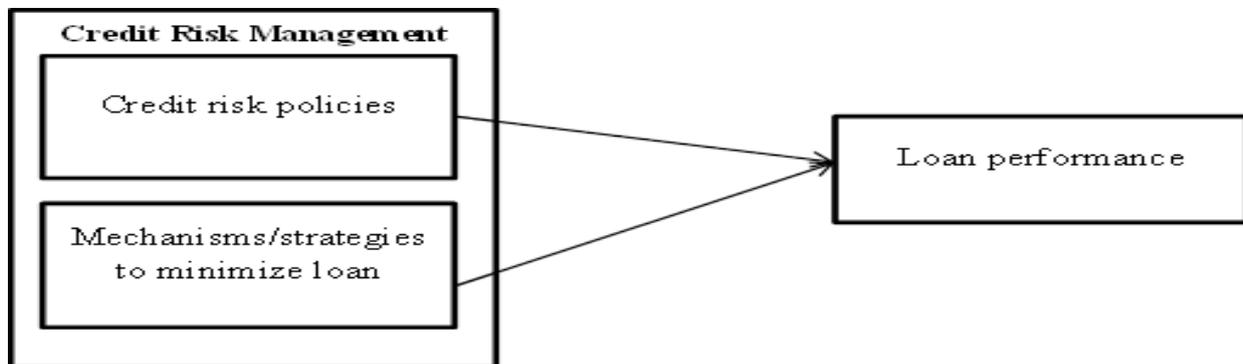


Figure 2: Self-constructed model of credit risk management framework Adapted from Wachira (2017)

2.1.2 Context and types of bank credit risks

Credit risk management practices have been defined as the identification, measurement and control of risks creating from possible non-payment of loans advanced to various clients (Kithinji, 2010). This definition by Kithinji corroborates Basel Committee on Banking Supervision (2006) and Gastineau (1992 cited in Kargi, 2011) who submitted that Credit risk is the possibility of partial or

total loss of the loan. The most important of these risks is bankruptcy or non-payment of a due obligation.

Heffernan (1996 cited in Kargi, 2011) also observed that credit risk is the risk that an asset or a loan becomes irrecoverable in the case of outright default, or the risk of delay in the servicing of the loan. The credit risk is that the original of the loan becomes non-refundable in the event of total default or risk of collision in the service of the loan, Therefore, the present value of the asset decreases, which reduces the liability of any bank. Credit risk is serious risk because decrease a few important clients can generate large losses.

The major component of risk management system which should be given special regard by the Top Management of any bank is credit risk. It is the important dimension of various risks inherent in a credit proposal, as it involves default of the principal itself (Cuthbertson & Nitzsche, 2003; Nelson & Schwedt 2006). Raghavan (2005) also wrote that credit risk consists of primarily two components: Quantity of risk, which is nothing but the outstanding loan balance as on the date of default and the Quality of risk, which is the severity of loss defined by Probability of Default as reduced by the recoveries that could be made in the event of default.

As stated by, Koch & MacDonald (2009), "banks' risks can be identified as six types: credit risk, liquidity risk, market risk, operational risk, reputation risk and legal risk". any of these risks could have harmful influence on the bank's market value, liabilities, probability and shareholder's equity. the bank is reduction its ability to meet current and future cash flows that are expected and unanticipated and that indicate liquidity risk (The Joint Forum, 2006). A similar type of bank risk is market risk. Market risk can be regarded as non-diversifiable risk. It is as a result of different factors which include difference in interest rate and the relative amount of currencies (Koch & MacDonald, 2009). In the same vein, Operational risks are linked to transaction processing, settlement and delivery of cash exchange transactions (Koch & MacDonald, 2009).

Reputation risks creating from negative opinions that may impact the profits of institutions. (Protiviti, 2013). Protiviti stressed further that reputational risk Indicates the low value of a financial institution's brand or inability to persuade. Legal risks typically occur in a financial contract that separates the legal effects of credit, counterparties and operational risks (Koch & MacDonald, 2009). In addition, Koch and MacDonald listed another type of bank risk as credit risk. Credit risk is the probability that the counterparties will default on loan transactions and derivative transactions (Koch & MacDonald, 2009).

2.2 Credit risk management in commercial banks

According to Nikolaidou & Vogiazas (2014) Credit risk management is a combination of coordinated functions and activities to monitor and guide the risks faced by the organization by including key risk management processes and processes in relation to the objectives of the organization. It is important to know that risk management practices are not developed and are designed to eliminate risks entirely but are aimed at controlling opportunities and risks that may lead to risks. In addition, Ross et al. (2008) find that risk management practices also ensure that financial institutions must have a strong and rational framework for making decisions through which to achieve the company's objectives.

On the other hand, García et al., (2013) find that efficient credit risk management practices are not successful in eliminating the human element in decision-making related to risk control. The focal point of risk management is mainly to reduce volatility in earnings and avoid large losses to financial institutions. Proper risk management measures are to identify, quantify and quantify risks, and then develop a risk management strategy (Van Gestel & Baesens, 2008).

Second, in the identification step, the measurement needs to measure the risks identified. In this step, statistical analysis is the necessary to measure risk. The third step in risk management is treatment). Accordingly, risk management is the key risks process by which managers meet these needs, obtaining consistent and understandable measures, operating risks, identifying risks to be managed, methods, and procedures for monitoring the resulting risk position (Pyle, 1997).

Mwithi (2012) found that there was a positive correlation between credit risk assessment and management of microfinance institutions in Nyeri County. In his study, Simiyu (2008), The most of institutions use Credit Metrics to measure credit migration and the risk of default. The results of the Simiyu's study show that microfinance banks face the challenge of strict operational peregrination from the Kenyan central bank. Chege (2010), from the findings of his study concluded that credit risk management practices enhance profitability of the MFI.

Hahm (2004), conducted a pilot study on the exposure of interest rates and exchange rates of banking institutions in Korea before the crisis, the result of the study showed that Korean commercial credit Unions and merchant banking corporations Where largely exposed to both interest rate and exchange rate risks, and that the subsequent profitability of trade credit unions was strongly correlated with pre-crisis detection. Niinimaki (2004) shows in his paper entitled "The effects of competition on credit risk faced by credit unions" shows that the size of the risk depends on the structure and market side of the competition. He further reached the conclusion that if the bank is a monopoly or credit Union, and is competing only in the loan market, then deposit insurance has no effect on risk taking. Gisemba (2010) carried out a study on impact of credit risk management practices on financial performance among the SACCOs. He concluded that there was a positive relationship between credit risk management practices and the financial performance of SACCOs, depicting the relationship between credit risk management practices and financial performance in organizations.

Haneef et al., (2012) examined the effect of risk management on non-performing loans and the profitability in Pakistan banking. The study used sampling technique where it selected five commercial banks for inclusion in the study. The finding of this study revealed the absence of an appropriate risk management mechanism in the banking sector in Pakistan. The study also found that non-performing loans are increasing because of the lack of risk management that threatens the bank profitability. Oretha (2012) examined the relationship between credit risk management practices and financial performance of commercial banks in Liberia. Quantitative research design was employed under the quantitative research design survey method. The conclusion of his study shows a positive relationship between the credit risk management practices and financial performance.

Lepus (2004) in a survey of the best practices in strategic credit risk management in USA, observes that, sixty-three (63%) per cent out of the eight banks interviewed employed Monte Carlo methods of credit risk measurement, while sixty-three (63%) per cent, fifty (50%) and thirteen (13) per employed VaR, and expected and unexpected models of measuring credit risk.

2.3 Credit risk management strategies in commercial banks

Credit risk management strategies point to those functions used by banks to avoid or mitigate the negative impact of credit risk. Where an effective credit risk management framework is in place, it ensures that the banks will enhance profitability and ensure survival. Afriyie & Akotey (2011) indicates that credit risk situation of a bank can be exacerbated by inadequate institutional capacity, inefficient credit guidelines, inefficient board of directors, low capital adequacy ratios and liquidity, compulsory quota lending as a result of government interference and lack of proper supervision by the central bank. In respect to this, efficient and effective risk management is a very important for banks to improve their performance and reduce the negative effect of the risks.

Credit Derivatives is a strategy that provides banks with an approach which does not require them to adjust their loan portfolio. Credit derivatives for banks provide a new source of fee income and provide banks with the opportunity to reduce their regulatory capital (Shao & Yeager, 2007 cited in Kolapo et al., 2012). Recent innovations in credit derivatives markets have improved lenders' ability to transfer credit risk to other institutions while maintaining their relationships with borrowers (Marsh, 2008 cited in Kolapo et al 2012). Another type of strategy is credit securitization.

Credit securitization according to Michalak & Uhde (2009), is the transfer of credit risk to insurance company this eliminate the bank from monitoring the borrower and fear of the serious

impact of classified property. This approach insures the lending activity of banks. Similar to credit securitization is compliance Basel Accord. Basel Accord is known as a set of international regulations that guide banks' operations to ensure safety and stability. It was introduced in 1988 in Switzerland. Compliance with Basel the agreement means the ability to identify, generate, track and report risk data in an integrated manner and creates the opportunity to improve risk management processes in banks. The new Basel Capital Accord places banks in charge of adopting sound internal credit risk management practices to estimate their capital adequacy requirements (Chen and Pan, 2012 cited in Kolapo et al., 2012). In addition, there is a strategy of adoption of sound internal lending policy. Adoption of a sound internal lending policy is a set of rules and regulations that guide banks in the disbursement of loans to clients. Rigorous adherence to the lending policy is no doubt the most effective and safest way of managing credit risk. In the same vein, credit bureau could help commercial banks in credit risk management. Credit office is an institution that collects information and sells this information to banks with respect to the borrower's loan file. The office grants a credit score called individual borrower statistics which makes it easy for banks to make an immediate lending decision (Kolapo et al., 2012).

2.3.1 Determinants of credit risk policies in commercial banks

Credit risk creating uncertainty about the counterparty's ability or willingness to meet its contractual obligations. It involves the inability or unwillingness of the clients or the counterparty to meet the obligations relating to lending and other financial transactions (Michalak & Uhde, 2009; Kessey, 2015). a major source of loss is default risk which is the risk of client failure, to comply with its credit service obligations. As the Basel II put it, Banks requirement to manage the inherent credit risk of the entire portfolio as well as the risks in individual loans or transactions. Efficient credit risk management is essential to the long-term success of any banking (Kessey, 2015).

In general, state-owned banks are assumed to take more risks than private and foreign capital requirements and banking risks in full markets. According to Micco & Panizza (2006) That public banks are at greater risk than other banks because they play an important role in facilitating credit policies, and their loans are less sensitive to macroeconomic shocks than private banks. Sapienza (2004) also found such a relationship. He explains this result with three alternative views. From a social point of view, he showed that the state intervened in banks to correct the market failure caused by private banks. According to political opinion, it proves that state-owned banks are a mechanism to follow the special interests of politicians, such as support for political appeals.

Zribi & Boujelbène (2011) affirmed that Large banks are expected to be exposed to lower risks because they have the ability to hold more diversified portfolios. In this regard, much research has been undertaken. According to Megginson (2005), "there is a negative relationship between bank risk and bank size". Megginson stressed that by the fact that larger banks are likely to be more skilled in risk management and have also better diversification opportunities. Zribi & Boujelbène (2011) submitted that macroeconomic indicators such as inflation rate of growth GDP, interest rate and exchange rate can also influence bank credit risk policies. In this setting, many researches have been to analyze the relationship between these indicators and the occurrence of banking crises and found that there is a close relationship between macroeconomic indicators and banking crises and excessive risks (Bohachova, 2008; Angeloni & Faia, 2009; Buch, Eickmeier & Prieto, 2010).

2.4 Core Mechanisms for minimizing loan default

The mechanism of transfer of bank lending channel can be easily explained but proved to be difficult to detect empirically. According to, Black, et al. (2007), during the monetary tightening, the Fed's open market sales are likely to reduce the base deposit base of banks and force these warehouses to rely more on managed liabilities.

Experiential evidence proposes that banks that finance more than core deposits offer more flexibility in loan rates in response to external changes in credit risk. In addition, banks are liquidity providers for credit customers and their accountants. In fact, banks can provide bank-approved borrowers with regular liquidity reductions at a lower cost than other financial institutions (Black, et

al., 2007). The adoption of soft laws, self-regulation and the high sense of ethical conduct have acquired great importance in the business world. Financial intermediation is the flow of funds from surplus units to the deficit. Units also are known as market participants consist of individuals, families, institutions, corporations, governments, and foreigners (Casu et al., 2006). An important issue affecting financial intermediation is asymmetry. This risk leads to moral hazard and negative selection. Most financial institutions have suffered from the moral risks of customers expressed through default.

2.5 Impact of credit risk management on loan performance & the development of commercial banking in Saudi Arabia

Credit risk can put a bank in distress if not satisfactorily managed. Kargi, (2011) asserts that Credit risk management increases the Bank's adjusted rate of return by maintaining credit risk within acceptable limits to provide a framework for understanding the impact of credit risk management on the profitability of banks. The increase in non-performing loans in the loan portfolio influence the profitability of banks. Non-performing loan is the percentage of loan values that are in default for three months and above (Ahmad & Ariff, 2007). Kolapo et al., (2012) carried out a research on credit risk and commercial banks performance in Nigeria and established that a 100% increase in non-performing loans reduces profitability as measured by return of assets by 6.5 %. Their study therefore recommended that Nigeria banks strengthen their ability to analyze credit and manage loans, whereas the regulatory authority must pay more attentiveness to banks' compliance with the relevant provisions of the Bank's law and other financial institutions.

Gakure et al. (2012) conducted a study on effects of credit risk management practices on unsecured bank loans in Kenya and concluded that credit risk management practices influence performance of commercial banks to a great extent. Similarly, Li & Zou (2014) carried out a study on impact of credit risk management on profitability of commercial banks in Europe. From their study, a conclusion was drawn that non-performing loans proportion has a large influence of both returns on equity and assets. On the contrary. Kisala (2014) cited Korir (2011) Which he studied is to investigate the impact of credit risk management practices on the financial performance of institutions deposit microfinance deposits in Kenya. Thirty-six respondents were used, and all were staff working in finance firms in Kenya. From the findings the study concludes that deposit taking finance firms in Kenya to counter credit risks they are faced, they adopted credit risk management practices. The study also found a positive relationship between credit risk management practices and the financial performance of microfinance institutions that take deposit (Kisala, 2014).

A high level of financial leverage is usually associated with high risk. According to Umoh (2002) and Ferguson (2003) cited by Kargi (2011), some of banks will be able to sustain a sustained term, even in the presence of a good lender last resort. Thus, the risks faced by domestic banks, linked to the nature of the banking business itself, while the other external banking system, Kargi (2011). Owojori, Akintoye, & Adidu (201) find that the available statistics from the refinanced banks showed clearly that the inability to collect loans and advances to customers and managers or companies related to managers / managers was a major contributor to the plight of liquidated banks. The Saudi Arabia Monetary Agency (SAMA), by a royal decree issued on 4 October 1952, aimed at issuing and strengthening the Saudi currency and stabilizing its internal and external value, as well as dealing with the banking affairs of the government. The subsequent Royal Decree in 1957 expanded SAMA's objectives to regulate exchange customers and manage the country's foreign exchange reserves.

in Article 3.7 of the Saudi Arabian Monetary Agency's charter, each payment or delivery of interest is prohibited as in the notes. However, during the period from 1950 to 1956, there was a partial introduction of paper money in the form of Hajj receipts supported by precious metals and foreign currencies. Banking difficulties led to the establishment of a new banking surveillance system in 1966.

Saudi banks today compare with other countries in the Middle East. Per capita income is about 50%, which is higher than Iran's income and four times that of Egypt. However, there are many weaknesses. The market is dominated by three publicly owned commercial banks, National Commercial Bank, Riyadh Bank and Al Rajhi Banking and Investment Company, limiting competition. As a result, the private oil sector is aging behind, as access to capital is a continuing problem.

3. Methodology and research findings

3.1 Methodological approach and data collection

An empirical study through the distribution of a questionnaire took place. According to Bryman & Bell (2007), quantitative research emphasizes quantification of the data collection and analysis. Usually, quantitative research conducts a deductive approach to the relationship between theory and research which focuses on testing of theory (Bryman & Bell, 2011). In order to test the hypothesis, I collected data of four indicators (ROE, ROA, NPLR and CAR) which are described in a numerical way.

The data collection was done directly by the researcher through the administration of structured questionnaire developed by the researcher through a pilot study which involved the researcher taking some questionnaires to some banks' credit managers in Saudi Arabia.

Sample

The population of this study consists of four commercial banks in Saudi Arabia (Al-Rahji Bank, Bank Al-Bilad, Riyadh Bank and the Saudi Investment Bank (SAIB)) which were selected using the random sampling method. This sample method was used because these banks have a high customer base in Saudi Arabia and this factor could easily help the researcher generalize his findings. The target population of the study included bank employees, assistant managers and manager.

3.2 Data analysis approach

For the collected data to be easily understood by the common man, it needs to be analyzed. Quantitative techniques were used by the researcher to analyse the data. After receiving questionnaires from the respondents, the responses were edited, classified, coded and tabulated to analyze quantitative data using statistical package for social science (SPSS 17). For easy study, analysis and comprehension of this work, the researcher used tables and chart in presentation of the data while the data collected from the respondents were well examined accuracy and comprehensibility.

The inferential statistics was applied to establish a casual effect relating independent variables to the dependent variable. A linear regression of financial performance versus credit risk management was applied to establish the effect between variables. The model treats financial performance of commercial banks as the dependent variable while the independent variable is credit risk management.

The analytical model equation is represented in the linear equation below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

Y = Financial Performance as measured by Return on Assets; ROA

α = Constant term (Total Assets)

β = Beta coefficient

X1 = Credit Risk analysis and assessment

X2 = Credit Risk Identification

X3 = Credit monitoring

X4 = Credit Scoring mechanism

e = Error term

The significance of the analytical model was tested by the use of ANOVA statistical model which is the Analysis of Variance. A regression analysis was done to find out the impact of Credit

Risk Management on Financial Performance. Both the Microsoft Excel and SPSS software were used to insure the accuracy of collected data about Credit Risk Management.

Data reliability and validity

Joppe (2000) affirmed that validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are.

A pilot study was conducted by the researcher taking some questionnaires to some banks' credit managers in Saudi Arabia. From this pilot study, the researcher was able to detect questions that need editing and those that are ambiguous.

3.3 Presentation of findings

This study was carried out through primary data which was obtained by administering of questionnaires from a total of 64 respondents of which all of their questionnaires were collected and utilized for the analysis. This is an indication that the study was able to achieve a response rate of 100%. The data was finally subjected to data analysis and the findings are presented next as shown in the rest part of this section:

From the findings, 23(35.9%) of the respondents were from The Saudi Investment Bank (SAIB), 6(9.4%) from Bank Al Bilad, another 23(35.9%) from Riyadh Bank while, 12(18.8%) of the respondents were from Al-Rahji Bank. Also, most of the respondents 22(34.4%) have been working in the banks for a period between 11-15 years while 12(18.8%) have been working in the banks for over 15 years. This implies that most of the respondents were experienced workers who have been working for a minimum of 10 years. Of note is the fact that we had equal representation of the respondents in terms of that gender i.e. 32(50%) of the respondents were male while 32(50%) were female.

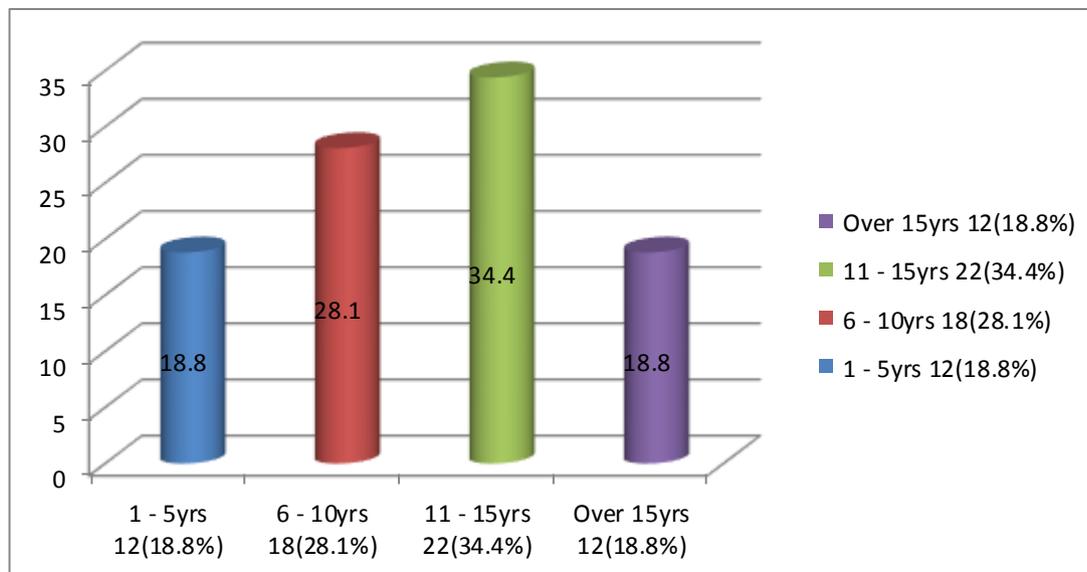


Figure 3: Respondents' Years of Work Experience in the Bank

Research Question 1: What Are the Determinants of Credit Risk Policies of Saudi Banks?

On the determinants of Saudi credit policy, it was found that 59.4% of the respondents believe that existing credit policy is the highest determinant of Saudi credit policies closely followed by overhead cost which 57.8% of the respondents indicated as the determinant of credit risk policy while state of the economy was indicated to determine Saudi credit policy by 37.5% of the respondents. Also, 82% of the respondents indicated that mostly executive management are involved in risk management while 45.3% of the respondents affirmed that the board were involved in risk management to a great extent.

Parties to Risk Management	To a great extent		To an extent		Neutral		To a low extent		To no extent	
	F	%	F	%	F	%	F	%	F	%
The board	29	45.3	21	32.8	10	15.6	3	4.7	1	1.6
Executive management	53	82.8	2	3.1	4	6.3	2	3.1	3	4.7
Internal auditors	26	40.6	12	18.8	2	3.1	2	3.1	22	34.4
External auditors	21	32.8	15	23.4	4	6.3	22	34.4	2	3.1
N = 64										

Table 1: Parties to Risk Management

Research Hypotheses:

H01: There is no significant relationship between credit risk policies and loan performance of Saudi Arabia Commercial Banks

H02: There is no significant relationship between mechanisms to minimize loan default and loan performance of Saudi Arabia Commercial Banks.

H0 3: There is no Statistically Significant Effect of Credit Risk Management Policies on Loan Performance of Saudi Commercial Banks.

Variables	Credit risk policies	Mechanisms to minimize loan default	Loan performance
Credit risk policies	1		
Mechanisms to minimize loan default	.921* .028	1	
Loan performance	.618** .000	.726** .000	1

Table 2: relationship between credit risk policies and loan performance

Table 2 shows that a significant relationship exist between credit risk policies and loan performance of Saudi Arabia Commercial Banks ($r = .618^{**}$; $p < 0.05$). This implies that if there is a good credit risk policy in place, there will be improvement in loan performance of Saudi Arabia Commercial Banks. Therefore, the null hypothesis 1 is rejected.

Table 2 equally shows that a significant relationship exists between mechanisms to minimize loan default and loan performance of Saudi Arabia Commercial Banks ($r = .726^{**}$; $p < 0.05$). This implies that the more the banks are strategic in their approach towards minimizing loan default, the more there would be improvement in their loan performance. Therefore, the null hypothesis 2 is rejected.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.377	1.714		.220	.027		
Credit Risk analysis and assessment	.253	.205	.130	1.235	.022	.898	1.114
Credit Risk Identification	.492	.153	.383	3.208	.002	.695	1.438
Credit monitoring	.503	.183	.296	2.750	.008	.854	1.171
Credit Scoring mechanism	.114	.117	.109	.969	.036	.784	1.276

a. Dependent Variable: Financial Performance

$R = .645^a$; $R^2 = .417$; Adjusted $R^2 = .377$; $F_0 = 10.531$

Table 3: Multiple Regression Analysis Showing Statistical Effect of Credit Risk Management Policies on Loan Performance of Saudi Commercial Banks

It was also observed that 65.7% of the respondents indicated that good risk management practices help to minimize losses to the bank. In the same vein, 34.3% affirmed that risk management has no implication to the financial performance of the bank. Also, further observation of the results as indicated by the respondents shows that 79.7% of the respondents affirmed that effective risk management improves reduction of defaults to a great extent. In the same vein, 64.1% of the respondents indicated that risk management improves bank wealth to a great extent.

The table 3 above, reveals the statistical effect of credit risk management policies on loan performance of Saudi Commercial Banks, expressed as beta weights, viz: Credit Risk analysis and assessment ($B = .253$; $t = 1.235$; $p < .05$), Credit Risk Identification ($B = .492$; $t = 3.208$; $p < .05$), Credit monitoring ($B = .503$; $t = 2.750$; $p < .05$), and Credit Scoring mechanism ($B = .114$; $t = .969$; $p < .05$). Hence, credit risk management policies expressed as Credit Risk analysis and assessment, Credit Risk Identification, Credit monitoring and Credit Scoring mechanism when combined together have statistically significant effect on loan performance of Saudi Commercial Banks. Therefore, the null hypothesis 3 is rejected.

4. Discussion

4.1 Discussion/Analysis

The main aim of this study was to establish the Effect of Credit Risk Management on the Financial Performance of Saudi Commercial Banks. Thus, the study had specific objectives which include identifying the kind of policies often adopted for loan recovery purposes in Saudi Arabia, core mechanisms through which Saudi Arabian banks minimize loan default and determining the effective credit to facilitate loan performance in Saudi commercial banks.

The study findings established that most of the commercial banks in Saudi Arabia had a formal written credit policy manual and that they were reviewed on various times as the need arises. The analysis of variance revealed that there is a very high effect of credit risk management on financial performance of commercial banks in Saudi Arabia. Regression results have shown that Credit Risk analysis and assessment, Credit Risk Identification, Credit Scoring mechanism are positively and very significantly related to the Financial Performance of commercial banks in Saudi Arabia.

The findings of this research are in support of those by Afriyie & Akotey (2011) who sought to find out the impact of credit risk management on the profitability of rural and community banks in the Brong Ahafo Region of Ghana. Their study found a positive relationship between credit risk and profitability of the community banks. Just like the findings of this study, Afriyie & Akotey (2011) found that the banks benefited from the high credit risk.

This research findings are contrary to those of Poudel (2012) in Nepal. The study by Poudel (2012) was done to determine how credit risk indicators like default rate are pertinent to credit risk management in affecting banks' financial performance in Nepal. In agreement with the conventional views, the study found a negative relationship between credit risk and financial performance of banks in Nepal. The findings of this research are also contrary to those of Ogboi & Unuafe (2013) in Nigeria. They carried out a study to find out the effect of credit management on financial performance of banks in Nigeria. They found a negative relationship between ROA and credit risk indicators like loan loss provisions, loans and advances and non-performing loans.

The inconsistencies in the results by researchers in the different countries could be explained by the differences in banking regulations between the different countries and the number of commercial banks in the different countries.

5. Conclusion

The study concluded that the credit risk assessment, credit rating mechanism, credit analysis and evaluation are good indicators of the model and therefore the three indicators used in credit risk management have shown a positive relationship with the financial performance of commercial banks in Saudi Arabia. The study also concluded that the approaches used by banks in screening and risk analysis before granting credit to customers were very effective. The results of the study concluded that capacity / competition and conditions are the approaches most often used in risk analysis and analysis. Finally, the study found positive effects of credit risk management on the performance of loans with Saudi banks

On the significance of this study, it will help the management of commercial banks in Saudi Arabia to gain insight on the relationship between credit risk management practices on the loan performance of commercial banks and as result, adopt appropriate risk management practices in

reducing the level of non-performing loans and enhance loan performance. The study will also be useful to the government in policy making regarding the loan requirements and also for the supervision of commercial banks. The policy makers will obtain knowledge on the best mechanisms that should be adopted to curb the poor loan performance and the responses that are appropriate should they occur. This study will therefore act as a guide in adopting effective risk management practices by commercial banks.

This study will also contribute to literature/theory by showing how credit risk management (CRM) practices can affect the performance of loans in commercial banks. It will also add to the body of literature on the effects of credit risk management practices on the management of the lending portfolio of commercial banks. The study will also be significant to any researcher who may find the study valuable to form a foundation to identify research gap and carry out further research.

5.1 Limitations & recommendations

The proper management of credit risk in any bank is the key factor for success, and as a result, the regulatory institution of Saudi Arabia banks, which is SAMA, should intensify its monitoring skills of the commercial banks to ensure strict adherence of financial institutions When it comes to granting credit. Banking management should also strengthen staff building by providing training and seminars to improve business knowledge as this will ensure that risk is effectively identified. The assessment must be made before credit is disbursed to creditors in order to mitigate credit risk and improve the financial performance of commercial banks in Saudi Arabia.

This study concentrated on the effects of credit risk management practices on loan performing of commercial banks in Saudi Arabia. This study recommends that the study be extended to Microfinance institutions in Saudi Arabia based on the crucial role played by this sector in the Saudi economy as they are also involved in the credit market which exposes them to credit risk.

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Impact of learning organization on job satisfaction: an empirical study of telecommunication companies of Pakistan

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Keywords

Learning Organization, Job Satisfaction, Empirical Study, Telecommunication, Pakistan.

Abstract

Although learning organization theory and practice have been clarified by practitioners and scholars over the past several years, there is much to be explored regarding interactions between learning organization and employee Job satisfaction which ultimately decreases the scope of employee's intentions to leave their job. The motive behind this study is to examine the relationship of learning organization, job satisfaction, and employee's tendency to leave the company. Learning Organization construct is measured on seven different dimensions. This study includes three research questions. Response from 300 hierarchical level employees is gathered through structured questionnaire with a sample of employees of Telecommunication companies (Mobilink, Telenor, Ufone, Warid and Zong) of Pakistan. Mean, standard deviation and regression is used for the purpose of analyzing the data. Findings revealed a positive relationship between learning organization variables and job satisfaction. Limitations and future research areas are also given at the end of the study.

Introduction

With the current expansion of the global economy and the fast-changing evolution of technology and innovation, organizations are facing an ongoing need for employee learning and development. As knowledge increasingly becomes a key factor for productivity, it has also become a currency for competitive success (Swanson & Holten, 2001). The learning capability of an organization can influence the types and numbers of learning-related events and employee job satisfaction as well as employee turnover intention (Egan et al., 2004).

HRD has extended beyond a narrow concentration on training to include organizational and systems-level issues that influence the development of broad skill sets, abilities, and knowledge associated with learning in technical, social, and interpersonal areas (Kuchinke, 1996). This broadening perspective regarding HRD has led, in part, to a focus on learning organization culture. Researchers are in the relatively early stages of exploring learning organization constructs and developing measurement approaches (Watkins & Marsick, 2003). These early studies and adoption of learning organization principles in practice have led to growing interest regarding interactions between learning organization culture and employee's perception.

Problem Statement

Learning is the prime source of survival for any organization regardless of its structure and size, yet a very few studies have been conducted in the Pakistan that analyses whether the companies operating in Pakistan are Learning Organizations or not? And if they are, what will be the impact on job satisfaction of employees? The degree of Learning Organization (LO) varies from industry to industry. As learning is imperative to augment the value of a product or service hence, the extent of Job satisfaction depends heavily on the capacity of an organization to learn. This paper is subjected to bridge the gap that explores the causal relation of LO on Job satisfaction.

Research Questions

RQ1: Are Telecommunication Organizations Operating in the vicinity of Pakistan are Learning Organizations?

RQ2: Does LO positively affects Job Satisfaction?

RQ3: Does Job satisfaction and Turnover intention are negatively related?

Purpose and Significance of the Study

This is a multipurpose study which not only identifies the current learning organization status of telecommunication companies but also establishes the impact that learning organization culture has on employees' job satisfaction. The management of the companies can explore the deficiencies embedded in their routines, procedures and rules with respect to the dimensions of learning organization proposed in this study which will ultimately enhance the employees' job satisfaction level and assuage their orientation towards leaving the company.

Literature Review

Learning Organization

A learning organization is viewed as the one that has the capacity for integrating people and structure to move an organization in the direction of continuous learning and change. Organizations that have prioritized learning and development have found increases in employees' job satisfaction, productivity, and profitability (Watkins & Marsick, 2003). According to Watkins & Marsick (1993, 1996) there are three levels organizational learning. The first is the individual level, which is composed of two dimensions of organizational learning: continuous learning and dialogue and inquiry. The second is the team or group level, which is reflected by team learning and collaboration. The third is the organizational level which has four dimensions of learning organization: embedded systems, system connections, empowerment, and provide leadership for learning.

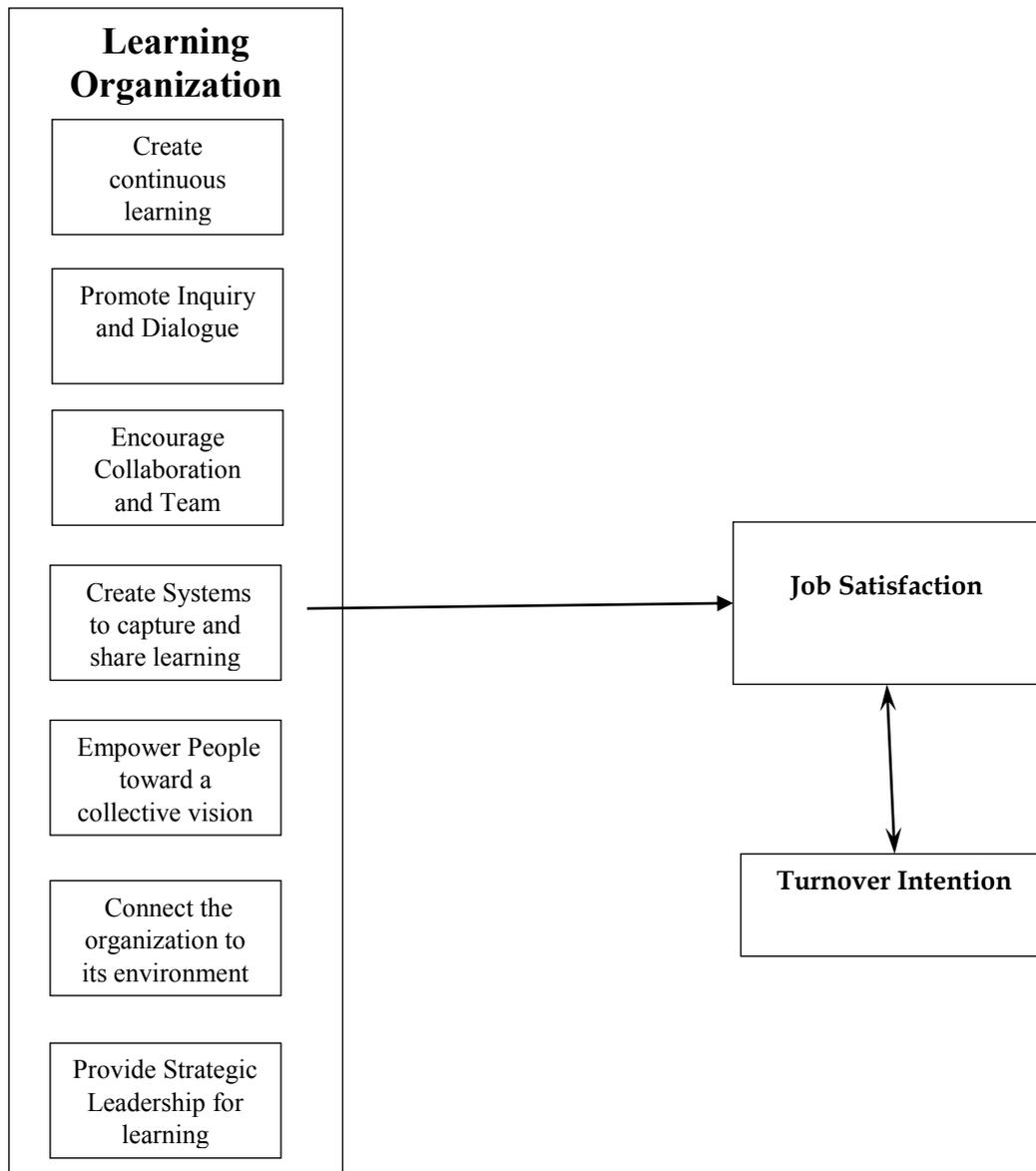
Job satisfaction

Job satisfaction is typically defined as an employee's affective reactions to a job based on comparing desired outcomes with actual outcomes (Cranny et al., 1992). Job satisfaction is generally recognized as a multifaceted construct that includes both intrinsic and extrinsic job elements (Howard & Frick, 1996). Porter & Steers (1973) argued that the extent of employee job satisfaction reflected the cumulative level of met worker expectations. That is, employees expect their job to provide a mix of features (such as pay, promotion, or autonomy) for which each employee has certain preferential values.

Turnover Intention

Turnover intention is defined as a conscious and deliberate willingness to leave the organization (Tett & Meyer, 1993). In the development of the behavioral intention's literature Fishbein & Ajzen (1975) developed a reasoned action model that identified the best single predictor of individual behavior to be a measure of reported intention to perform that behavior. Highlighting turnover intention as a key element in the modeling of employee turnover behavior, scholars have determined that behavioral intentions are the single best predictor of turnover (Lee & Mowday, 1987). Job satisfaction has been found to have an inverse relationship to turnover intention (Trevor, 2001).

Theoretical Framework

**Hypothesis**

H₁: Telecommunication organizations operating in Pakistan are Learning Organizations.

H₂: Learning organization has a positive impact on Job Satisfaction.

H₃: Job Satisfaction and Turnover intention is negatively correlated.

Methodology**Population**

Target population for this survey includes a total of 5 Telecommunication companies (Mobilink, Telenor, Ufone, Zong and Warid) of Pakistan. Due to limited resources and time, the population is geographically restricted only up to twin cities (Rawalpindi & Islamabad) of Pakistan.

Sampling Technique

Non-Probability convenient sampling technique is used to ascertain the sample for the study.

Sample Size

Initially 500 questionnaires were distributed in the firms. Anticipatory response rate is 75%. A sample size of 321, which included employees of all levels working in these companies of twin cities, was selected which is large enough to represent the entire population. Sample size is based on the Sekaran (2003) calculated sample size for a given population which states that for a population of 10000, 321 sample size is sufficient.

Unit of Analysis

Individuals working in the Telecommunication companies in Pakistan taken as unit of analysis. Here individuals refer to the employees.

Data Collection Technique

Data were collected through administered closed ended structured questionnaire which is a generic technique most widely used in gathering primary data Sekaran (2003).

Research Instrument

Learning Organization culture is assessed with the Dimensions of Learning Organization Questionnaire (DLOQ) developed by Watkins & Marsick (1993, 2003). The seven dimensions in the DLOQ are measured by forty-three items on a five-point Likert-type scale. Respondents were asked to determine the extent to which each of the questions reflects their organization in the aspects of learning culture (1 = almost never; 5 = almost always).

Job Satisfaction is assessed with the three items related to job satisfaction from the Michigan Organizational Assessment Questionnaire (Cammann, et al, 1979). Respondents were asked to indicate their level of agreement on a five-point Likert-type scale (1 = strongly disagree to 5 = strongly agree).

Turnover intention was measured with three items adapted from Irving et al., (1997). Each item used a five point response scale that ranged from 1 (strongly disagree) to 5 (strongly agree).

Yang (2003) suggested that researchers who wanted to use the DLOQ as a diagnostic tool should use the full version of the instrument with 43 measurement items whereas for scholars who want to use the DLOQ as a research instrument to determine theoretical relationships of the learning organization culture and other variables the short version of the DLOQ with 21 measurement items is recommended. If a broad study is needed with a large number of variables where the main research interest is in understanding the complex relationships between a learning culture and a number of other organizational variables, researchers might want to include even fewer measurement items to assess the construct of a learning culture along with other assessment tools. One representative item for each of the seven dimensions has been identified to form a concise version of the DLOQ. These 7 items form a succinct measurement of a learning organization culture.

Data Measurement

In order to evaluate the data, gathered through questionnaires, software SPSS 21 is used. Statistical tests such as Descriptive statistics, Linear Regression and Correlation are applied.

Results & Discussion

Demographic Analysis

The study respondents include 56% male and 44% female. Out of a total of 300 employees, 58.3% employees have their age between 18-30 years, 34% employees have their age between 30-45 years and 3.8% employees have their age above 45 years. 15% of the employees have work experience of less than a year, 40% of the employees have the work experience from 1-5 years, 42% of the employees have their work experience of 5-10 years and 3% of the employees have their work experience greater than 10 years.

Reliability Statistic

The reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. Although unreliability is always present to a certain extent, there will generally be a good deal of consistency in the results of a quality instrument gathered at different

times. The tendency toward consistency found in repeated measurements is referred to as reliability (Carmines & Zeller, 1979). The value of Cronbach Alpha greater than 0.7 is reliable. Therefore, Cronbach alpha was determined and for whole questionnaire (49 items), it is 0.773. This shows that the instrument is reliable and ready for further statistical analysis.

Correlation

Mean, Standard Deviation and the correlation between Job Satisfaction and Turnover Intention are presented in the Table 1 below. The table clearly shows that job satisfaction and turnover intention has significant negative correlation between them. The association between job satisfaction and turnover intention are:

Job satisfaction and turnover intention ($r=0.243$, $p=0.000$). This accepts the third research hypothesis which states that job satisfaction and turnover intention are negatively correlated.

Table 1: Correlation, Mean, SD

Variables	1	2
1. Job Satisfaction	1	(0.243)
2. Turnover Intention	(0.243)	1
Mean	2.248	2.39
SD	0.68	0.87

Correlation is significant at the 0.01 level (2-tailed). *** $P \geq 0.001$

Table 2: Regression Analysis

Independent Variable	β	t-values	R2	F-value	Sig
Individual Level	0.304	7.518	0.159	56.524	0.00
Team Level	0.342	8.96	0.212	80.282	0.00
Organizational Level	0.315	7.721	0.167	59.168	0.00

Dependent Variable: Job Satisfaction

The table above indicated that learning organization has a significant positive relationship with job satisfaction. The two constructs have significant positive betas ($\beta=0.304$, $p \leq 0.001$; $\beta=0.342$, $p \leq 0.001$; $\beta=0.315$, $p \leq 0.001$) which means that if an organization is learning organization, its employees will be satisfied with their jobs. Table also shows that 15.9% variation in job satisfaction is explained by the independent variable i.e. learning organization at individual level. Similarly, 21.2% variation in job satisfaction is explained by the independent variable i.e. learning organization at Team/group level and in the same manner, 16.7% variation in job satisfaction is explained by the independent variable i.e. learning organization at organizational level. The above table also illustrates the regression model is significant at all three levels ($f=56.524$, $p < 0.05$; $f=80.282$, $p < 0.05$, $f=59.168$, $p < 0.05$) This accepts the second hypothesis H2 which states that learning organization (individual level, team/group level, organizational level) has a positive impact on job satisfaction.

Mean value of the learning organization construct came out to be 3.345 which is greater than 3 which accepts the first hypothesis H1 which states that telecommunication organizations operating in Pakistan (telenor, Ufone, Warid, Zong and Mobilink) are learning organizations.

Conclusion

The study tested a conceptual model of the effects of learning organization culture on one outcome variable i.e. job satisfaction. Overall the results of the linear regression were consistent with the hypotheses. To measure the job satisfaction, learning organization culture is a valid construct.

The study suggests that job satisfaction at telecommunication companies of Pakistan is associated with learning organization culture and job satisfaction and turnover intention construct are negatively correlated. One of the major theoretical implication comes from the findings that confirms that learning organizational culture is a valid construct and has a significant impact on job satisfaction. Although future studies are needed to confirm and extend the findings of the study which are aligned with the research and emerging theory which identifies a positive contributions of learning organization culture on employee and organizational success (Watkins & Marsick, 2003). The finding of the study and that of Ellinger et al. (2002) suggested the benefits of organization learning culture beyond organizational level performance to include positive implications at the individual level.

This study will provide an insight for HRD managers and researchers in understanding the relationship between organizational learning culture on job satisfaction and a positive correlation between job satisfaction and turnover intention.

Limitations and Future Research Areas

Due to the money and time constraints, it was not possible to conduct a detailed research including all other variables so in future, many other variables can be included to undertake the research. The sample size for the study includes only the telecommunication organizations in Rawalpindi and Islamabad which limits its generalizability, future research can be done including other organizations as well. In addition to it, cross-cultural research can also be conducted.

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Big Data: Towards enhancing academic and non-academic turnover and retention in Higher Education

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Keywords

Student Satisfaction, Student Expectation, Attainment, Case Study, University of West London

Abstract

This research study seeks to explore the issue of employee turnover and retention of non-academic staff in the University of West London. Using a qualitative approach allows for vital insights from employees of the university, this research suggests non-academic staff are experiencing various factors which are impacting on their decision to stay in employment at UWL or leave the institution. The research study will incorporate a comprehensive review of past literature on this topic. The research found that non-academic staff were experiencing lack of support in their roles which leads to the role being challenging and increased workloads. This problem is further exacerbated by workplace stress and the lack of reward and recognition and unclear career advancement opportunities. The research study has outlined several recommendations that the University of West London should consider in reducing turnover and increase retention of non-academic staff.

1. Introduction

It is a challenge for any organisation to ensure sustainability and retain employees to remain competitive. The success or failure of an organisation depends on the quality of people found within it, therefore the retention of employees has become a critical issue (Khan, 2003). One of the key trends for HR is the notion of keeping employees happy, this is because of staff turnover being a concern and the need to lower attrition needs to be a priority for HR teams (Figueroa, 2015). Employees are an important asset and the success of a business is dependent upon the effectiveness of its workforce (Samuel and Chipunza, 2009). The University of West London (UWL) operates in the Higher Education (HE) sector and struggles with perceived high staff turnover within its management, professional and support staff (non-academic). Employee turnover refers to the proportion of employees who leave an organisation over a set period, expressed as a percentage of total workforce numbers (CIPD, 2017). This forces the organisation to replace them with new employees at an additional cost, an organisation with a high rate of employee turnover faces greater risk of failed performances in the long run (Tracy and Hinkin, 2008). It encompasses all leavers both voluntary and involuntary and is then described as "overall" employee turnover.

High turnover can be harmful to a company's productivity if skilled workers are often leaving, and the worker population contains a high percentage of novice workers (Taylor, 1998). Employees leave an organisation for various reasons, some depart involuntarily because of dismissal, redundancy or retirement. The clear majority resign of their own accord, either to take up new jobs and explore opportunities in other companies or to start their own business. It is estimated that an employee will change jobs seven times in a career lifetime (Jo, 2008). Staff turnover in HEI's can have detrimental effects on both students and the remaining staff members, who struggle to give and receive quality services, when positions are vacated and then filled by inexperienced personnel (Powell, 2010).

2. Literature Review

Data has been gathered from UWL’s HR metrics (2017) and external sources (DLA Piper Data - HR bench marker for the HE sectors), which identifies a significant trend of increasing employee turnover amongst non-academic staff, with employees that joined the institution within the last 3 to 5 years. The data shows that there is a problem of retaining non-academic staff and the increasingly high levels of employee turnover, has a negative impact on the organisation and are not sustainable in the medium or long term.

The table below gives an indication of voluntary turnover of non-academic staff:

Figure 1: Voluntary employee turnover 2016/17

Employee turnover %	UWL 2016/17	London, HE sectors average (2016)	Variance to London HE sectors	HE sectors average (2016)
All employees	13.56%	10.8%	2.76% adverse	7.7%
Academic	10.03%	7.1%	2.93 % adverse	-
Support Staff	22.83%	14.2%	8.63% adverse	9.5%

DLA Piper Data (HR Bench marker – Performance Indicators 2016)

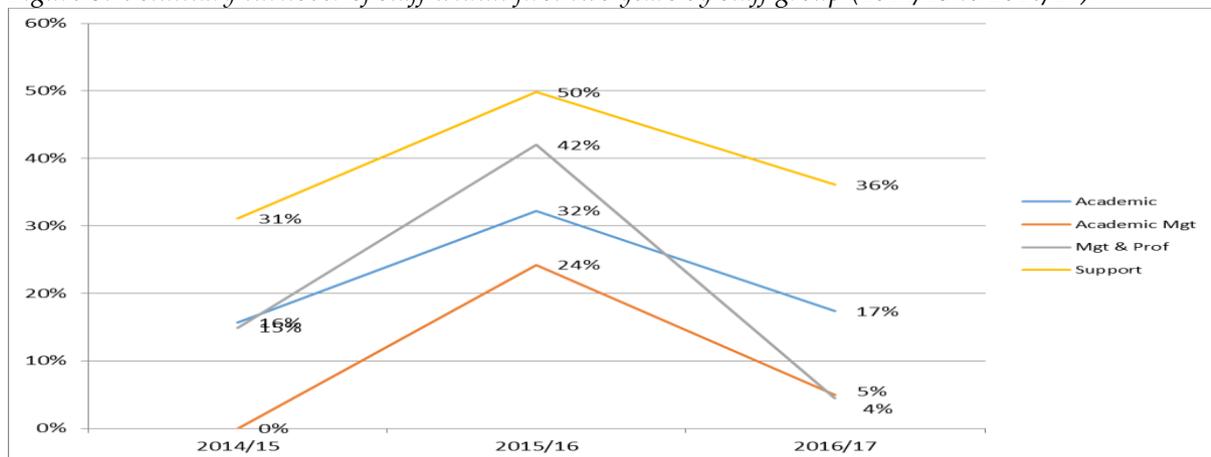
Figure 2: UWL voluntary turnover of staff 2014/15 to 2015/16 by staff group

	2014/15		2015/16			2016/17			2014 to 17 Average Turnover
	Total Leavers	% Turnover	Total Leavers	% Turnover	Current Headcount	Total Leavers	% Turnover	Current Headcount	
Academic	27	10.34%	35	13.54%	277	29	10.03%	289	11.30%
Academic Mgt	2	6.67%	4	9.20%	42	5	9.62%	52	8.50%
Mgt & Prof	16	12.03%	21	17.07%	125	7	4.67%	150	11.26%
Support	58	21.80%	67	25.33%	266	63	22.83%	276	23.32%

(UWL HR Metric data 2016)

Voluntary turnover for support staff is at 23% which is high in comparison to the sector. Figure 2 shows an increase in turnover from 2015/16, with a slight dip in 2016/17. Similarly, voluntary turnover within two years of appointment is high for support staff, DLA Piper (2016) report a HE sectors voluntary turnover of staff within two years at 9.8% whilst UWL is much higher as shown in figure 3.

Figure 3: Voluntary turnover of staff within first two years by staff group (2014/15 to 2016/17)



(UWL HR Metric data 2017)

It would be expected that high employee turnover in London HEI’s would occur given the challenge of HEIs in the London region and the increasing vacancy rate and mobility of the London jobs market. In breaking down staff turnover of non-academic staff further, figure 4 highlights which central service functions are most critical and have a high turnover of staff. The following

departments have voluntary turnover more than 20% for 2016/2017 - International Office, Research and Enterprise, Instil, Marketing and Communications, Property Services and Student Services.

Figure 4: UWL voluntary turnover of staff 2014/15 to 2016/17 by central service /YTD (2017/18)

	2014/15		2015/16			2016/17			2014 to 17	2017/18 to date		
	Total Leavers	% Turnover	Total Leavers	% Turnover	Current Headcount	Total Leavers	% Turnover	Current Headcount	Average Turnover	Total Leavers	% Turnover	Current Headcount
Academic Quality & Standards Office	2	50.00%	0	0.00%	6	3	50.00%	6	33.33%	1	25.00%	4
Academic Registry	4	40.00%	4	40.00%	10	1	9.09%	11	29.70%	3	37.50%	8
Alumni & Development	2	33.33%	0	0.00%	6	1	16.67%	6	16.67%	2	33.33%	6
Directorate & Legal	0	0.00%	6	46.15%	13	2	15.38%	13	20.51%	1	6.25%	16
Finance	5	15.15%	5	22.73%	22	4	18.18%	22	18.69%	0	0.00%	22
Graduate School	1	11.11%	1	50.00%	2	0	0.00%	4	20.37%	1	25.00%	4
HR	4	36.36%	2	14.29%	14	3	18.75%	16	23.13%	0	0.00%	17
INSTIL	3	33.33%	2	15.38%	13	4	36.36%	11	28.36%	1	8.33%	12
International Office	5	71.43%	1	11.11%	9	4	57.14%	7	46.56%	1	12.50%	8
IT Services	7	15.56%	6	17.14%	35	4	9.30%	43	14.00%	3	7.69%	39
Library	8	22.86%	13	43.33%	30	7	15.91%	44	27.37%	1	3.23%	31
Marketing & Communications	6	16.67%	16	55.17%	29	9	25.71%	35	32.52%	2	5.71%	35
Property Services	2	6.06%	1	9.09%	11	3	27.27%	11	14.14%	0	0.00%	11
Registry Services	4	16.67%	2	7.41%	27	0	0.00%	26	8.03%	4	17.39%	23
Research & Enterprise	1	33.33%	1	20.00%	5	3	42.86%	7	32.06%	0	0.00%	8
Strategic Planning	0	0.00%	1	16.67%	6	1	14.29%	7	10.32%	0	0.00%	7
Student Services	8	27.58%	10	28.57%	35	8	24.24%	33	26.80%	7	15.56%	45
Grand Total	62	35.18%	71	26.01%	273	57	18.87%	302	26.69%	27	9.12%	296

(UWL HR Metric data 2017)

It is important to note that non-academic staff also work within the various academic schools in the university, but the researcher was unable to gain data on this. The data available measured turnover for the whole school which includes both academic and non-academic employees. Figure 5 below indicates that support staff are more likely to leave UWL on average after 5 years' service in comparison to the sector average of 6 years.

Figure 5: Average length of service of leavers for non-academic staff

Staff category	London, HE sectors average (2016)	HE sectors average (2016)
Non-academic	5.2 years	6.3 years

DLA Piper Data (HR Benchmarker - Performance Indicators 2016)

The data shows a high turnover of support staff which could affect UWL in many ways such as:

The cost of replacement, recruitment and loss of productivity

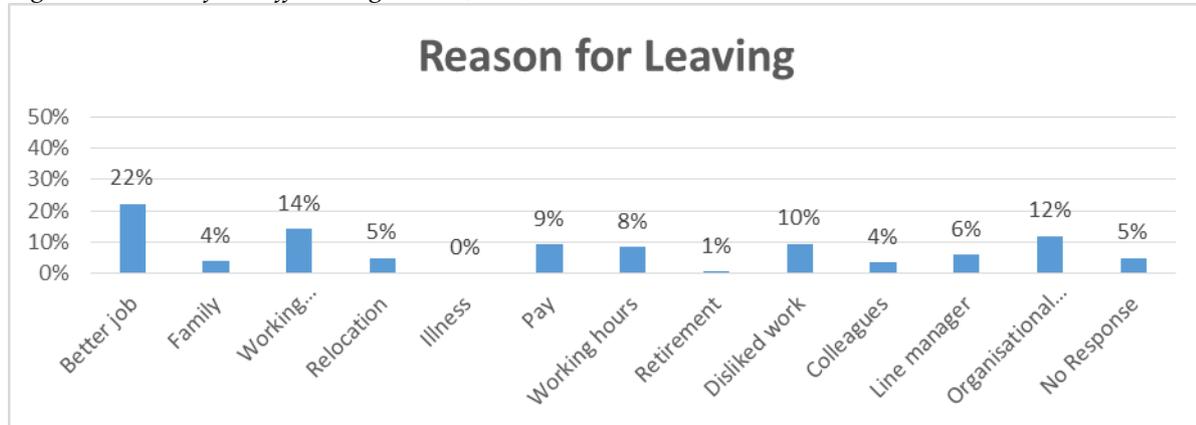
Loss of key competence, knowledge and skill for UWL - competent staff could move on to competitors instead of contributing and adding value to UWL.

Low retention is an indicator of low morale and engagement which could be due to added workload on current staff who have to continually fill in gaps of work and headcount of leavers.

Higher levels of sickness absence from those staff covering vacancies, this may have an adverse cost implication for UWL. In 2016/17 there were 36 episodes of stress related absence accounting for 22 % of all recorded absence (UWL HR metrics, 2017).

Data collected from UWL metrics (2017) shows that the most frequently quoted reasons for staff leaving based on "Exit Survey" data is shown in figure 6, it shows that employees are leaving for better jobs and relating pay as a reason for leaving. In addition, employees are usually moving for better career development, promotion and reward opportunities this corroborates with the responses received from the interviews conducted. In most cases these moves are to other competing HEIs. Working conditions, working hours and relocation may relate to where UWL is unable to accommodate flexible working requests.

Figure 6: Reason for staff leaving UWL (2016)



(UWL HR Metric data 2016)

The graph indicates the top reason for leaving as "better job" this relates to the overall job description and tasks associated with a role. People look for alternative roles they feel as though their current position no longer challenges them. The next highest reason for leaving was working conditions, this relates to the environment and resources available. Following that reason was organisational structure, this could be an obstruction in terms of hierarchy and employees not being able to be a part of the decision-making process. Other reasons such as disliking the work, pay and working hours all indicate frustration and unhappiness on the part of the employees and thus fuelling their decision to leave the university. It is also important to note that no employees left because of illness and a low percentage of staff leave UWL due to retirement or issues with colleagues and line manager.

However past review of exit questionnaires for staff leaving during 2014/15 (UWL,2017) indicated:

36% of leavers regarded career development/progression prospects as satisfactory;

38% of leavers rated the support received from their manager as poor or inadequate;

44% of respondents highlighted workload as a factor in their decision to leave;

19% indicated leaving for better pay.

The above exit interview data gives further insight into why support staff at UWL tend to leave.

Understanding Staff Turnover and Retention

Taylor (2014) defines employee turnover as the ratio of the number of workers that must be replaced in a given time period to the average number of workers. Griffeth and Hom (2001), define turnover across three dimensions - voluntary, involuntary and dysfunctional turnover. Voluntary turnover is initiated by an employee, while involuntary is initiated by the organisation due to an employee's poor performance or restructuring. Dysfunctional turnover is when high performers or employees who are hard to replace leave an organisation, this type of turnover can be harmful to an organisation. A huge concern for most organisations is employee turnover and is a costly expense especially in lower paid job roles, for which the turnover rate is highest. Many factors play a role in the turnover rate of an organisation and these can stem from both the employer and employees;

wages, company benefits, employee attendance and job performance are all factors that play a significant role in employee turnover (Khan, 2013).

A low rate of employee turnover is inevitable even when service conditions are perfect because some employees retire, move to other job roles or other personal reasons (Allen *et al.*, 2010). Turnover can be problematic and, in some cases, detrimental to organisations, however by implementing effective guidelines for managing turnover requires that all parties involved such as the HR department and senior management, understand the impact of turnover on the organisation and how to manage it.

Employee retention is an important issue facing an organisation because of the shortage of skilled workers, economic growth, and high employee turnover (Samuel and Chipunza, 2013). Once an organisation has captured skilled employees, the return of investment requires closing the back door to prevent them walking out (Selesho, 2014). This means that employees are more likely to remain with an organisation if they believe at it shows more interest and concern for them, if they know what is expected from them, if they are given a role that fits their capabilities, and if they receive regular positive feedback and recognition (Samuel and Chipunza, 2013). Employees feel comfortable staying in roles where they are well informed on issues concerning the organisation and their well-being.

There are many arguments that can be made in favour of certain amounts of staff turnover. Firstly, organisations need to be rejuvenated with fresh knowledge and skills to avoid becoming stale and stagnated. This can usually be seen at senior levels whereby new leadership is often required occasionally to drive change forward. However, new people bring fresh ideas and experiences which make organisations more dynamic. Secondly, it can be argued that a degree of turnover helps managers to keep firmer control over labour costs. According to Torrington *et al.*, (2014) when income falls in an organisation it is possible to hold back from replacing leavers until the business picks up again. By doing this, organisations can minimise staffing budgets while maintaining profitability. It can also be argued that some employee turnover is “functional” rather than “dysfunctional” because it results in the loss of poor performers and their replacement with more effective employees.

The arguments against staff turnover indicate that there are costs associated with replacing people who have left such as recruitment and selection costs. When looking at staff retention it highlights that people who leave an organisation represent a lost resource in which time and money has been invested. Subsequently, high turnover rates are symptomatic of a poorly managed organisation. This can influence the labour market, as high turnover in an organisation sends a negative message and creates a poor image in labour market which makes it harder to recruit good performers.

2.2.1 Causes of Employee turnover

Turnover is an employee behaviour caused by a series of incidents that result in an employee leaving the organisation by choice or by the wish of management. White (1995) found that the causes of employee turnover fall under three categories – job dissatisfaction, errors in employee selection and poor management. Role ambiguity can also lead to employee turnover, which refers to the difference between what people expect in a job and what they feel they should be doing. This leads to uncertainty on about what their job role should be and creates a misunderstanding of what is expected and how to meet the expectations, or the employee believing that the role should be different. Insufficient information on how to perform the job, may cause employees to feel less involved and satisfied with their jobs which leads to lack of commitment to the organisation and a propensity to leave.

Taylor (2014) proposes that there are push and pull factors which explain turnover among members of an occupational group. Firstly, pull factors occur when there is an attraction of alternative employment. Employees may be happy with their current job but decide to leave in search of something better such as higher rate of pay, a better benefits package, job security and better career advancement opportunities. Where pull factors have been identified, an organisation

looking to reduce turnover would need to find out what employees really value, what they are looking for in their careers and then enhance the organisations ability to provide it. Secondly, push factors are the based on the perception that something is wrong with the existing employer and move to secure a better job, Taylor (2014) suggests that such employees are likely to join another organisation without knowing much about it, simply because they no longer enjoy their existing job. Examples of push factors range from a dislike of the prevailing organisation culture, disapproval of changed structures and personality clashes with colleagues. When push factors are pre-eminent the organisation must respond by addressing the cause of the dissatisfaction. This may take the form of ensuring good selection of management and providing them with better training and appraising them regularly. It could also mean examining organisational policy or enhancing the quality of working life. According to Freeman and Medoff (1984) they proposed the employment relations of “voice” rather than of “exit”, meaning to provide structures and culture which encourages the resolution of dissatisfaction internally before it generates resignations.

Many researchers have debated the nature of the decision-making process, which happens before the final decision to quit, the work of Mobley (1977) has been influential in devising an approach of the “10-stage model” which considers the complexity of most resignation decisions:

- Evaluate existing job
- Experience job dissatisfaction
- Think of quitting
- Evaluate expected utility of search for a new job and the cost of quitting
- Decide to search for alternatives
- Search for alternatives
- Evaluate alternatives
- Compare best alternative with current job
- Decide whether to stay or quit
- Quit

Mobley’s model includes both push and pull factors and suggests that in practice dissatisfaction occurs first and triggers the search for a new job. There are arguments of the model in terms of how the stages follow one another in a linear sequence, other models proposed by Steers and Mowday (1981) and Price and Mueller (1986), identify various elements that can lead to a resignation and remove the concept of linear stages, the purpose of the model is to identify the different factors that lead to employee turnover and suggest how each relates to each other. The Price and Mueller model features a clear separation of “job satisfaction” and “organisational commitment”, asserting that it is possible to be satisfied in your job yet be uncommitted to the organisation you work for. It can be said that reduced commitment leads to turnover, which can be brought about because of both dissatisfaction with a job as well as other factors. This is an important distinction for managers who want to get a better understanding of turnover in their organisation.

More recently, a model by Rhoades *et al.*, (2001) identifies various items that can be labelled and represented in a variety of HR practices. The model proposes that organisational rewards, procedural justice and supervisor support lead to perceived organisational commitment. However, the model stopped at commitment and failed to extend to the actual turnover decision. Allen *et al.*, (2003) draw on this model and suggest that perceptions of supportive HR practices add to the development of perceived organisational support, which mediates the relationship between these practices, job satisfaction and organisational commitment. Allen *et al.* (2003) found that decision-making, fairness of rewards and growth opportunities represented the perceived supportive HR practices. These variables then influence the perceived organisational support, which influences job satisfaction and commitment and in turn influencing turnover.

2.2.2 Impact of turnover and retention on Higher Education Institutions

The retention of employees in HEI’s is a concern, because they are losing qualified staff to the private sector and to other HEI’s that can offer better rewards and benefits. HEIs are adopting more

traditional business models (Parker, 2013) putting them in a vulnerable position to control costs, leading to added pressure for managers to retain valued employees. Retaining employees will depend upon an organisations capability to understand why employees choose to stay and work for an employer.

Employee turnover is not a new concept to HEI's, as the number of student numbers increase so does the demand for staff therefore affecting retention and turnover. It is important for HEIs to meet the expectations of employees and stay up to date with job prospects for new and existing employees, to the level in which other organisation meets these expectations. According to Bushe (2012), retention refers to the process of the ability of an HEI to not only employ qualified academic staff but also to retain competent professional staff through the establishment of quality work-life, staff climate, place of work and being an employer of choice. This involves influencing an employee's decision to be committed and remain with the institution, even when job opportunities do not exist. Universities by their nature, serve as a store house for knowledge and very few institutions can afford to employ, train and permit their most valued and talented employees to leave when it is difficult to find better replacements (Netswera *et al.*, 2005). For HEIs to effectively manage and retain their employees, they should pay attention to the importance of job satisfaction and its effect on the performance level of employees. To encourage the retention in higher education institutions Netswera *et al.*, (2005) suggest the following as important:

Communicating how each employee contributes to the corporate vision and mission

Developing a climate of trust

Improving the skills level of managers who supervise professional staff

Providing management training

Clarifying roles and responsibilities to accelerate earning contribution

Investing and maintaining ongoing commitment by rewarding staff financially

According to Armstrong and Long (1994) they suggest that the objective of the reward system when used to retain staff must include attraction and motivation at all organisational levels. To achieve these objectives, management must develop competitive terms of service and remuneration packages, to recruit skilled professionals and retain their services.

2.2.3 Improving employee turnover and retention

When trying to improve employee turnover, an organisation needs to formulate plans and strategies. Griffeth and Hom (2001) suggest possible remedial action that can be considered when reducing turnover such as job enrichment, work environment, induction practices, employee selection and reward practices. If an organisation has problems retaining staff, it can experience many adverse impacts, therefore having a retention strategy in place is very important. An organisation will need to carry out enough research to find out why employees are leaving and if so what section of the organisation. The research can take the form of labour turnover data or exit interview data, which will form the groundwork for developing a strategy to retain staff. The organisation needs to focus on the reasons for voluntary staff turnover and form an action plan to address common causes of dissatisfaction across the workforce. According to CIPD (2017), employers need to develop a long-term strategy that addresses the various reasons that has prompted a high resignation rate, and that typically a high voluntary rate is not solely attributed to dissatisfaction with one or many common issues. Employers may need to address several work-related areas to improve employee motivation and retention. As suggested by CIPD (2017) an organisation may want to look at the following areas before devising a retention strategy:

- Improving recruitment and selection practices
- Improving induction practices
- Enhanced training and development provision
- Career and job development
- Flexible working
- Improving line management skills

- Pay and benefits provision
- Non-financial reward and recognition
- Health and wellbeing initiatives
- Improving communication with staff

The above list is not exhaustive, and an organisation can look at specific areas depending on their needs. In formulating a retention strategy, it is important that the HR department within the organisation gain the buy-in from senior management, and any initiatives arising from the strategy are supported by line management and seen through to completion. HR plays a key role in reducing turnover and increasing retention by re-recruiting and re-engaging. By re-recruiting, this shows the employee that there are new and exciting career opportunities available and they are valued. In addition, re-engaging allows employees to have a positive relationship with management, belief in senior management and an overall sense of personal accomplishment in their work and what they do (Taylor, 2014).

2.3 Factors affecting employee retention

Retention ensures that an organisation keeps hold of its best employees, resulting in high productivity. Research has suggested that employees are less likely to consider looking for new jobs when they feel fulfilled in their existing roles. Job enrichment plays an important role where retention needs to be increased, according to Griffith and Hom (2001) employees have perceptions of what their job role should be such as, the job being meaningful, opportunities for self and career development, autonomy and positive feedback given on performance. This study will look at some specific factors which affect employee retention – reward, work environment, communication and work place stress.

2.3.1 Reward and Recognition

An employee reward system consists of the use of integrated policies, processes and practices for rewarding employees in accordance with their contribution, skill, competence and their market worth (Armstrong and Murlis, 2007). A reward system consists of financial rewards and employee benefits which together comprise total remuneration, and consists of non-financial rewards such as recognition, praise, achievement and responsibility. The combination of both types of financial rewards comprises the total reward system.

The work of Herzberg (1968) found that the factors causing job satisfaction are different from those that cause job dissatisfaction. The satisfiers are called “motivators” and dissatisfiers are “hygiene factors”. Meaning that there are two distinct human needs that are portrayed; physiological needs that can be fulfilled by money and psychological needs to achieve and grow (Herzberg, 1968). This theory of “motivation – hygiene” implies that management must provide hygiene factors to avoid employee dissatisfaction, but also must provide intrinsic factors for employees to be satisfied with their jobs leading to retention.

2.3.2 Work environment

Work environment refers to the working conditions in which employees must perform their duties and can affect employee satisfaction. Clements-Croome (2000) suggested that improvements to productivity can be substantial if attention is given to the design of appropriate office environments. An ideal work environment will allow staff to have a high degree of personal control over their own immediate environment, where this is not possible, the organisation should ensure that it surveys the opinions of staff regularly and follow up on any complaints about the environment in order to compensate for them not having direct control over it (Taylor, 2014). It is also argued by Griffith and Hom (2001) that large open plan offices tend to reduce employee’s feelings of autonomy and significance which increases dissatisfaction. Unless it matches an established work place culture, it is best to get rid of open plan office “partitions” to decrease feelings of isolation. Employees who are satisfied with their work environment, are likely to be more motivated and productive and stay with the organisation.

2.3.3 Communication

There are various aspects of communication that can impact an employee's decision to leave or remain in an organisation. Communication can take the form of regular staff briefings or with line manager and a good flow of information from senior management to staff. When there is good communication, staff feel involved in organisational decisions and are clear about the strategic direction. Taylor (2014) suggests that line managers have regular contact with staff as it necessary that managers notice their staff and show an interest in what they are doing and give them feedback. People are more likely to leave an organisation if they believe that they are being undervalued or are not given a chance to communicate by sharing their views and opinions. It is good practice to involve staff in decision making, which helps to boost self-esteem and shows that employees' contribution is valued, and management is carried out by consensus. Employees want to work in organisations that listen and talk to them and are more likely to trust and remain with employers that communicate effectively.

2.3.4 Workplace stress

Stress in the workplace has become an issue for organisations in recent years as it is shown to link to performance, job dissatisfaction and turnover. It can be defined as "*a mismatch between the demands of the job and the resources and capabilities of the individual worker to meet those demands*" (Blaug *et al.*, 2007). According to Mayer (2001) workplace stress can occur due to many reasons such as the working environment being negative, too many responsibilities placed on an individual and not enough resources, working long hours with no reward and employees having no self-control regarding their careers. Job stress can influence employees job satisfaction which can lead to low performance and the intention to leave the job. Many researchers have found that the greater the amount of stress, the higher the turnover intention of employees (Chen *et al.*, 2010). A positive relationship was found between workplace stress and turnover (Noor and Maad, 2008).

3. Methodology

Research strategy is defined as a plan of how a researcher will go about answering their research question (Denzin and Lincoln, 2011). The research strategy will follow inductive theory, because theory is the outcome of the research. The process of induction involves drawing out observations or findings and theories are proposed towards the end of the research (Saunders *et al.*, 2016)

Inductive approach is often called "bottom up" approach because it starts with specific cases and then works its way up to abstract level of theory. Once a researcher has identified patterns and trends amongst a set of data, then general conclusions or theories can be developed. By nature, inductive reasoning is more open-ended and exploratory.

Inductive strategy uses raw data to derive concepts, themes or a model through interpretations made by the researcher. Strauss and Corbin (1998) gave an understanding of inductive analysis as "*the researcher begins with an area of study and allows the theory to emerge from the data*".

In his review of literature (Thomas, 2006) states that findings from an inductive approach result from multiple interpretations made from the raw data by the researcher who codes the data. Therefore, the findings are shaped by the assumptions and experiences of the researcher conducting the study. For the findings to be usable, the researcher must make decisions about what is important in the data.

Research Approach

The research approach used in this study is qualitative research because it involves an interpretive and naturalistic approach to its subject matter. According to Denzin and Lincoln (2011) qualitative researchers "*study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meanings people bring to them*". The aim of qualitative research is to understand the social reality of individuals as clearly as possible, the same way participants feel or

live it. A qualitative approach is exploratory and seeks to explain “how” and “why”, and therefore fits appropriately with this chosen research topic.

This study will use semi-structured interviews to gather data. Using this approach will help uncover trends in thought and opinions and allow problems to be delved into. Data collection is non-standardised, so questions and procedures may alter and emerge during the research process. It can be said that the success of the researcher’s role is dependent not only on gaining physical access to participants, but also building rapport to gain cognitive access to their data (Saunders *et al.*, 2016). Data will also be obtained from UWL’s HR metric performance indicators which will assist in benchmarking against other institutions in the HE sectors.

A qualitative research approach allows issues and subjects covered to be evaluated in depth and detail, the direction and framework of research can be revised as and when findings emerge. However, there are issues of reliability and validity when using qualitative data.

4. Data Analysis

Of the 231 responses that were collected, only 19 came from the Brentford Campus – 8.22% of all responses – and in total 5 questionnaires (2.16%) were discarded for being incomplete or answered entirely with a single response for each question.

In considering the demographic information in Table 5, it can be observed that almost half of respondents are Undergraduate students not in their final year and as a result may not have the opportunity to complete the NSS should they withdraw from UWL due to dissatisfaction with the course or institution. The author notes that this may result in a disparity between the previously published NSS results and those gathered as part of this survey as students viewing their tenure at University through the prism of their being a valued customer may well change service provider before getting to the point of award if they are sufficiently dissatisfied.

4. Discussion and Conclusion

In conducting this research, it is evident that there are issues with the retention of non-academic staff and as a result UWL is dealing with a high turnover amongst this group of employees. The aim of this research was to understand employee turnover and retention of non-academic staff and its causes, using UWL as the context. The research objectives aimed to find out whether turnover causes increased pressure on staff and whether there is clear communication between line managers and staff. In addressing these research objectives, the study built on previous research, and used both primary and secondary data collection.

Many of the conclusions drawn out of the interview process corroborate with literature. The clear majority of respondents clearly believed that although they find UWL to be a great environment to work in, there are still issues which need to be addressed which has caused a high turnover of non-academic staff. This group of staff are influential and add to the continuity of educational services within the institution, so therefore they need to be valued. Employees are the backbone of any business success and therefore, they need to be motivated and maintained, and in the long-run returns on investments of the employees will be achieved.

Based on the data collection, the results confirmed the reasons for turnover amongst support staff as being lack of career progression and development, increased workloads leading to stress, lack of reward and recognition. It was identified that non-academic staff had good communication between them and managers, however this could be utilised better in tackling some of the issues raised in the study. Managers will need to ensure that focused discussion are had with staff, this will hopefully draw out any issues or concerns and allow support to be given.

Firstly, there was agreement from respondents that there is a lack of career progression and unclear career paths or development opportunities for non-academic staff, which presented as a major catalyst for actual and intended reasons to leave. Based on this analysis, it seems that poor promotion prospects not only prompted initial thoughts about leaving but is a key factor in influencing voluntary turnover. Literature suggested that this causes widespread dissatisfaction among support staff and cite that low rates of advancement as one of the reasons for turnover. Similarly, literature

also suggested that even if employees are satisfied with their present job, they may still leave if there is a lack of future opportunities. When there is a policy of promoting from within, it has an impact on the opportunities for advancement in the institution which determines whether employees will stay or leave. In conducting this research, respondents commented on lack of career progression being a frustrating aspect of their job experience. In examining this issue, it related to UWL's process of promotions for non-academic staff. It seems that the main difficulty of getting a promotion stems from lack of line management authority to make promotion decisions, all promotions must be approved by the senior management team of the institution. Respondents indicated that due to promotion outcomes being out of their line manager's control, this then imposed barriers to their advancement potentially leading to the employee leaving the university. The hierarchical culture of the university seems to impede career development as there are not many higher positions to move into as non-academic staff, whereas academic staff have clear promotion processes in place.

It is important to note that non-academic staff have a high likelihood of getting external job offers as they have greater job mobility, however based on the responses received from interviews with employees, support staff are not likely to leave a job role because of the "pull" of an offer, but rather due to something about their current job role which causes them to accept an offer from elsewhere. This can be seen in the responses given of feeling stuck in a position with no prospect of progression leading to turnover if a better opportunity presents itself. This clearly demonstrates that there is a retention problem with non-academic staff and the university will need to implement a strategy whereby support staff have clear career pathways or a means to be promoted.

The heavy workloads of non-academic staff were reported to be as a result of extra responsibilities taken on. This is due to staff that had left the institution and the position not being filled quickly, and due to an improper induction process for new starters to the university or in some cases induction taking place months after a person had started their role. The continuous turnover of non-academic roles in the institution leads to the remaining staff feeling pressured and having lack of commitment. This may cause staff to be off sick with work place stress or trigger wanting to leave the university. The university needs to review the turnaround times for filling vacancies and ensure that line managers are utilising regular one to one meeting with staff, this will help in identifying whether staff are coping well with workloads and if not allow proper support to be put in place.

Due to staff stating that they found their work environment "*positive*" and having good team morale, it is clear to see how work place stress occurs when a member of staff leaves as they emotionally struggle to cope with a member of the team leaving.

The lack of reward and recognition was also identified to aiding turnover of non-academic staff as UWL does not have any clear reward strategies in place. Non-academic staff are on defined pay scales, which once the top salary point is reached they can go no further. This has brought about feelings of being stuck in a position, coupled with the fact of limited promotion prospects. The data collected indicated that staff would stay at the university longer if proper strategies were in place to try and retain them.

Finally, communication between line managers was found to be good as stated by respondents, communication should be used effectively in identifying issues within departments that may potentially lead to staff leaving. Non-academic staff indicated that they want to be heard and to be a part of the decision-making process. UWL needs to ensure that management are conducting regular one to one's with staff and keeping abreast of any issues as they arise, this may lead to a reduction in turnover by eliminating the intention to leave. The findings of the study show that for retention of non-academic staff to be successful there needs to be good induction in place for new starters, as this sets the foundation for their employment journey at UWL. This then leads to better understanding of what the job entails and allows challenges to be better managed, which alleviates any stress triggers. If there is a better understanding of the job, this opens more dialogue between non-academic staff and their line managers to have effective conversations that possibly explore an individual's career development and address issues with reward and recognition.

Therefore, based on the evidence and research it would be beneficial for UWL to implement retention strategies specifically focusing on non-academic staff as turnover is critical.

5. Recommendations

It is vital to implement practical strategies that can reduce the observed problems that have been identified, the following recommendations for improvements to the turnover and retention of non-academic staff can be offered as a result of the research findings.

Firstly, in tackling the issue of providing clear career development and progression opportunities it is imperative that UWL can understand and manage people's careers expectations and if the situation arises whereby promotions are not feasible, identify lateral moves that vary experience and make the work more interesting. Lateral moves can take place in the form of secondments, job rotations or project working which can provide wider development opportunities for staff.

Also, appraisals must be conducted regularly, and actions followed up rather than it being a paper exercise, this will help in facilitating discussions between support staff and their line managers by looking at their short and long-term aspirations. However, where a promotion can be made it is important that the promotion process is open and fair, UWL should follow good practice which involves ensuring a rigorous recruitment process is in place, and not promoting individuals beyond their capabilities who may later get overwhelmed and leave. Similarly, UWL should support employees by providing sufficient training and development before and after a promotion.

UWL can implement succession and talent planning which is the process of identifying successors to fill important roles and provides a basis for planning the career progression of non-academic staff and will ensure that staff feel valued. This will also alleviate the need for constant approval from senior management to approve promotions, if a plan is in place then approval would have already been given. The approach that UWL can take to implement succession planning is to identify and develop groups of job roles (non-academic) e.g. administrators, to enable potential successors to be considered for a range of roles. By having succession planning, UWL may be able to cut down on the costs associated with covering vacancies such as the use of agency staff to cover a job role; if a potential employee has been identified as being able to move into the vacant role due to succession planning then there is no need to use agency staff, which in effect will save money and allow managers to make best value recruitment decisions as well as boost the morale of staff.

UWL need to provide effective training to line managers, which promotes awareness and understanding of UWL's policies and procedures and develop the competencies and behaviours that are needed as line managers. Training should cover key areas such as having difficult conversations, absence management, appraisal, probation and performance management. The training can take the format of development courses delivered in house or by an external provider, interactive e-learning modules or workshops.

It is recommended that the induction process of new starters in particular for non-academic staff should be completed earlier on in post, this is influential in determining the quality and stability of the relationship between the employee and the university. There needs to be a robust probation process in place which will help identify any issues earlier on rather than when things escalate, and employees become dissatisfied and leave UWL. Line managers should ensure that support mechanisms are in place to allow employees to make a valuable contribution to the university.

As mentioned previously, non-academic staff have increased workloads due to turnover which often leads to workplace stress. It is recommended that UWL regularly review job content and design, as too much work placed on an individual may lead to excessive work pressures and thus increases the risk of turnover. There should be a process in place that monitors and reviews levels of work-related stress and adequate referrals to occupational health should be made, this will provide recommendations on how best to support the employee. UWL can also implement well-being programmes or standalone initiatives which focuses on targeting behaviours that present health risks and supporting lifestyle changes among employees.

A well-being plan and policy can be introduced which sets out the responsibilities of managers, employees and HR and list any programmes that will be run.

Finally, it is important that UWL ensure that base pay and overall remuneration packages for non-academic staff are competitive and in line with market rates. Base pay is the initial rate of compensation an employee receives in exchange for services, in comparison to competitor universities the salary and grading structure can be increased to help retain staff. Likewise, it is important that UWL maintains consistency in the grading of roles, the findings indicated that administrators of one academic school are on a lower salary grade than another administrator in a different school, but both are doing the same job role.

While it can be difficult to implement a reward strategy that will be beneficial to all, there are some changes that can be made to the reward framework at UWL to help retain non-academic employees. UWL can devise a total reward strategy which will involve the design, management and communication of reward in a way that treats financial and non-financial benefits offered by UWL. This helps to ensure that non-academic staff are aware of the various benefits they are receiving. Developing a total reward strategy will involve implementing objectives, research, consultation, identification and prioritisation of key reward elements. The non-financial rewards and recognition that can be implemented and are often overlooked by employers are departmental awards, "thank you" cards or employee of the month schemes.

Additionally, UWL should consider conducting staff surveys for both non-academic and academic staff either annually or every six months which will allow the "employee voice" to be heard. Current employees can state what is working well in terms of working for the university and state what is not working so well and provide suggestions. It is imperative that UWL take on board the data from staff surveys as it will give an informed and accurate view of any issues among non-academic staff and help to shape retention initiatives.

Finally, to address the limitations of this research it is recommended that further research be conducted to investigate the concepts of employee turnover and retention amongst non-academic staff within higher education institutions, which will allow it to be used as benchmark. This can be accomplished by using large sample data to identify the exact causes and effects of employee turnover of non-academic staff in universities. This research provides some valuable guidance for senior managers and aid the HR department in formulating strategies to reduce turnover and increase retention of non-academic staff.

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- Global education and Its challenges and opportunities
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9th ROGE 2019, Said Business School, University of Oxford, UK

8-9th July 2019

9th International Conference on Restructuring of the Global Economy (ROGE)

10th ITARC-2019, Mississauga, Canada

19-20th August 2019

10th International Trade & Academic Research Conference (ITARC)

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25-27th November 2019

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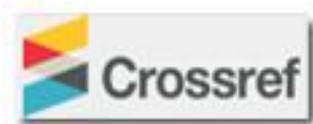
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