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PROBLEMS FACED BY MICROFINANCE INSTITUTIONS IN NIGERIA: A RECENT SURVEY

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ABSTRACT

In Nigeria, microfinance institutions (MFIs) have gained acceptance not only as important financial institutions but they are also being recognized for their economic and social contributions in the country. However, as financial institutions, MFIs are not invulnerable to problems. Like the other organizations, MFIs confront difficulties that affect their operations as well as performance. The literature reveals that there is not only limited research but also little information on the problems encountered by MFIs. This study attempts to investigate the problems faced by MFIs in Nigeria. By using questionnaire, the data was collected from 121 MFIs. Based on the analysis of the data gathered from the MFIs, the study detected a number of significant problems faced by these institutions.
Keywords: Problems, Microfinance, Nigeria

INTRODUCTION

The lack of development in developing countries is often linked to inadequate sources of financing and poverty. Given this, more and more developing countries are depending on financial institutions such as microfinance institutions (MFIs) to narrow the financial gap as well as eradicate poverty by providing financial products and services to help the poor people in their countries.

Since the MFIs were introduced in the 1980's, their numbers have continued to increase in developing countries across the globe. However, the growth, performance and sustainability of the MFIs depend very much on their ability to manage their institutions effectively as well as efficiently. In terms of their performance, some MFIs have been outstanding successes while others have been dismal failures. In the case of successful MFIs, they are able to perform well because of their effective management and lending practices. On the contrary, the less successful MFIs do not perform due to misdirection, ineffective management as well as poor lending practices (Dunford, 2000; Ehigiamusoe, 2008; Lawson, 2008; Olanike & Adebola, 2014; Wheelen & Hunger, 2013; Yunus, 1998).

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The MFIs in Nigeria have been recognized and emphasized as an essential part of the financial system in the country. Nevertheless, as an important field of study, MFIs have not been able to attract much research attention. The limited research in this field of study has resulted not only in little knowledge about MFIs but also the lack of information concerning their true nature, particularly in terms of their strengths and weaknesses as financial institutions**.**

Given the limited studies and lack of information, more focused research attempts need to be conducted in the area of MFIs. One important area of research would be to examine the problems faced by MFIs in Nigeria. Knowing as well as understanding the problems encountered by the MFIs is noteworthy because these problems may be hindering them from performing and becoming successful financial institutions. More importantly, if these problems can be captured, then this information can also be very useful for developing more effective assistance programs to support the MFIs in Nigeria so that they can improve their performance as well as sustain their financial viability.

As part of a larger research, this study examined the problems faced by MFIs operating in Nigeria. More specifically, the purpose of the study was to identify as well as provide some insights into the types of problems encountered by MFIs in the Nigerian context.

LITERATURE REVIEW

The definitions of the concepts of microfinance and microfinance institutions (MFIs) are not presented uniformly in the literature. Over the years, various different definitions have been documented in the literature. Microfinance institutions (MFIs) or also commonly known as microfinance banks are financial institutions established to provide micro credit (loans) and financing services to the poor or low income people as well as small businesses. These financial institutions are normally created and funded by non-profit organizations, government agencies, individuals, local community and large financial institutions. However, more recently, as the importance and potential of microfinance began to grow, more formal MFIs were established through funding from equity and debt (Lawson, 2008; Ngo, 2013; Singh, 2012; Tadele, 2013).

According to the literature, the term microfinance is generally defined in two different ways. First, the term is defined as small loans or microloan (microcredit) offered to poor people or those individuals who have very low income or are self-employed. Second, the term refers to not only the small amount of loans given out but also includes the other services related to finance such as savings (deposits), insurance and fund transfers. Nevertheless, as far as research on microfinance is concerned, the review of previous studies seems to suggest that many of the past studies tend to consider microfinance as small amount of loans provided to the poor people (Al-Shami et al., 2014; Olanike & Adebola 2014).

As far as their numbers are concerned, the more recent estimates from the World Bank indicated that there are more than 7,000 MFIs worldwide. In addition, these financial institutions served more than 16 million

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clients and provided a total of US$2.25 billion in loans as well as other financial services and assistance (Businessnewsdaily, 2013).

Apart from the huge number of MFIs and their significant amount of loans, it is equally useful to know that there are also different types MFIs. For example, in Nigeria, there are five specific types of MFIs. The five types of MFIs operating in the country include; the micro banks owned by the local community, the private initiated MFIs, the government funded MFIs, the MFIs owned by the non-government organizations and the foreign owned MFIs. These MFIs differ from each other not only in terms of their nature and importance but also with regard to their ownership, capital structure, organizational characteristics as well as their lending practices (CBN, 2011)

Just like the conventional banks, the performance as well as financial viability of MFIs depends very much on the effectiveness of their lending practices. For instance, in the case of MFIs, achieving both their social and financial objectives require them to adopt appropriate lending practices. Among the important microfinance lending practices include; group lending, individual lending, non-collateral, low interest rate, minimum processing fee, smaller installment amount and short term loan repayment period (Kodongo & Kendi, 2013).

The literature also reveals that past studies have from time to time verified the existence and to some extent discovered the general weaknesses as well as problems faced by the MFIs. For instance, it has been reported that some MFIs in Nigeria were not managed according to the microfinance international best practice. As a result, this has caused the operating expenses among the MFIs to increase tremendously. Furthermore, it was also found that MFIs do not provide adequate training to their staff and clients. The lack of training has also affected the effectiveness of the management of the MFIs, particularly in the areas of planning, product development and marketing, loan tracking, monitoring and recovery as well as in enhancing customer relationships (The Nigerian Microfinance Newsletter, 2008).

In addition, low quality loan portfolio and loan delinquency have also been identified as problems confronted by the MFIs in Nigeria. It was reported that many MFIs were unable to perform or failed due to the poor quality of their loan portfolio. The loan portfolio referred to the total amount of loans provided and held by the MFIs. As financial institutions, MFIs need to build and maintain quality portfolio that provide income to them through interest earnings as well as the fees charged for the loans. Besides the poor quality of the portfolio, loan delinquency has also been determined as a major weakness among the MFIs. Delinquency results from the inability as well as the unwillingness of the borrowers to repay the loans that were disbursed to them by the MFIs (The Nigeria Microfinance Newsletter, 2008).

Apart from the poor quality of portfolio and loan delinquency, there are no reliable and accurate sources of data on MFIs in Nigeria. The lack of data has often been a major constraint for not only the MFIs but also for researchers who attempt to study these financial institutions in Nigeria. According to Lawson (2008), the difficulty in obtaining the accurate data on MFIs is attributed to the high level of competition in the microfinance industry in Nigeria. Due to stiff competition among the MFIs, the stakeholders of

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these institutions are not willing to share information on the borrowing habits of their customers. The unwillingness and failure to share the information among the MFIs have to a certain degree affected the financial viability of these institutions, particularly in terms of their ability to verify loan applications, avoid fraudulent borrowers as well as improve their loan application process.

More recently, Ehigiamusoe (2012) identified at least seven more challenges faced by MFIs in Nigeria. Among the seven challenges included; more emphasis on profit making, high operating expenses, loan delinquency, lack of experience staff working in MFIs, inadequate funds to provide more loans to borrowers, lack of internal control resulted in fraudulent practices among the staff of MFIs and high risks associated to providing loans to the poor and low income borrowers.

RESEARCH METHODOLOGY

This study involves microfinance institutions (MFIs) operating in the financial industry in Nigeria. The 2005 Central Bank of Nigeria (CBN) Directory indicated that there were 872 licensed MFIs in the country. These MFIs are located in 37 states in Nigeria. The listing of the MFIs obtained from the CBN Directory was used as the sampling frame of this study.

The data was collected by using questionnaires. The questionnaire used in this study comprised three sections. In the first section, nine items were used to generate information regarding the background of the respondents. The items in section two attempt to collect information concerning the characteristics of the MFIs. In section three, the respondents were asked to list at least five most pressing problems that their organizations faced.

The questionnaires were mailed to the Managing Directors/Chief Executive Officer (CEOs), General Managers and Senior Managers of the MFIs located in the 37 states in Nigeria. Of the total of 872 MFIs, only 121 MFIs located in 26 states completed and returned the questionnaires. The response rate of the study was 13.9%.

THE RESULTS

Profile of the Respondents

In terms of the positions of the respondents involved in the study, 58 were General Managers, the other 47 were Senior Managers and the remaining 16 were Managing Directors and Chief Executive Officers of the MFIs. Table 1 presents the general profile of the 121 respondents that participated in the study.

As shown in Table 1, of the total of 121 respondents, 90 respondents (74.4%) were male and the remaining 31 respondents (25.6%) were female. With regard to their age, 52 respondents (43%) reported

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that they were between the age of 30 and 40 years old, another 52 respondents indicated that they were between 41 to 50 years old and the remaining 17 respondents (14 percent) were between 51 and 60 years old.

As for the ethnicity of the 121 respondents, 25 of them (20.7%) revealed that they were from the Hausa tribe, another 44 respondents (36.4%) disclosed that they were from the Yoruba tribe, the other 28 respondents (23.1%) indicated they were members of the Igbo tribe and the remaining 24 respondents (19.8%) represented the other minority tribes.

In terms of their academic qualifications, 51 of the total of 121 respondents in the study reported having a bachelor degree, the other 41 respondents indicated that they had obtained a master degree and the remaining 29 respondents attained a diploma.

Table 1 Profile of the Respondents

Profile of the Respondents	**Frequency**	**Percentage (%)**
Gender:		
Male	90	74.4
Female	31	25.6
Age:		
30-40 years old	52	43
41-50 years old	52	43
51-60 years old	17	14
Ethnicity:		
Hausa	25	20.7
Yoruba	44	36.4
Igbo	28	23.1
Other tribes	24	19.8
Level of Education:		
Master degree	41	34
Bachelor degree	51	42.1
Diploma	29	23.9

Problems Faced by the MFIs

Analysis of the responses from the 121 respondents in the study shows that the MFIs faced at least 12 pressing problems. Table 2 below lists as well as ranks the 12 problems according to their frequency and percentage. As presented in Table 2, 24 respondents revealed that lack of access to electricity supply as

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obstacle to their business operation. Following this, another 23 respondents disclosed that their institutions have experienced limited supervision and loan defaults. Next, the other 17 respondents indicated that unsustainable intervention programs have affected their institutions. This is followed by another 14 respondents that reported insufficient cheap funds have restricted their funding activities. Another 13 respondents unveil lack of awareness and poor regulatory enforcement as barrier to their institutions. Seven respondents pointed out that their problem is related to the gap in communication and low awareness of MFIs among the society. The other seven respondents cited the lack of banking experience among the poor and low income class has restricted their lending ability. Another six respondents considered high operating cost as limitation to their loan disbursements. Four respondents indicated low literacy rate among the population has affected the accessibility of the loans provided by the MFIs. However, the other four respondents were concerned that the MFIs do not have sufficient donor funding, loan and equity. The problem related to limited standardized reporting and performance monitoring system was also mentioned by the respondents. The remaining two respondents complained about the lack of good roads and transportation system as obstacles to the MFIs.

Table 2 Most Pressing Problems Faced by MFIs

Problems Faced by MFIs	**Frequency**	**Percentage (%)**
Lack of access to electricity supply	24	19.8
Inadequate supervision and loan defaults	23	19.0
Unsustainable intervention programs	17	14.0
Insufficient cheap funds	14	11.6
Low public awareness and poor regulatory enforcement	13	10.7
Gap in communication and low awareness in society	7	5.8
Lack of banking experience among poor and low income class	7	5.8
High operating cost	6	5.0
Low literacy rate among the population	4	3.3
Insufficient donor funding, loan and equity	2	3.3
Limited standardized reporting and performance monitoring system	2	1.7
Lack of good roads and transportation system.	2	1.7

Accordingly, the following section explains briefly the nature of the 12 problems as reported by the 121 respondents in the study.

1. Lack of access to electricity supply

The results indicate that of the 12 problems identified in the study, the lack of access to electricity supply appeared to be the most common and pressing problem faced by MFIs in Nigeria. This is probably due to the shortage of electricity supply in the country. The current electricity supply in Nigeria is as low as 1,327 megawatts (MW). However, the average usage of electricity amounted to 10,000MW. Furthermore, of the 23 power plants stations in

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the country, only five stations are able to generate electricity (Udo, 2015). Given the shortage in the supply of electricity, MFIs are required to buy their own power generators to provide the electricity that they needed for running their offices and business operations.

2. Inadequate supervision and loans default

Inadequate supervision such as the internal control of transactions has contributed to the increase in the number of loan defaults among the MFIs. In addition, according to the respondents in the study, the lack of supervision as well as control in operational procedures has affected not only their loan disbursement and repayment but also in some cases resulted in fraudulent practices among the staff of the MFIs.

3. Unsustainable intervention programmes

As financial institutions, MFIs generally have limited source of funding. As such, they need financial assistance to expand their lending activities. The MFIs in Nigeria are mainly supported by the government, large companies as well as non-government organizations. However, the amount and types of assistance provided to MFIs are not only limited but also meant for only a short period of time.

4. Insufficient cheap funds

Another pressing problem faced by MFIs in Nigeria is lack of access to cheap funds. Given the insufficient funds and the need to expand their lending activities, MFIs are forced to borrow additional funds from conventional banks. However, borrowing from the banks is very costly for the MFIs. The commercial banks charge the MFIs an interest rate of 22% per annum for their loans (CBN, 2016).

5. Low public awareness and regulations

Low public awareness and regulatory enforcement have also affected the performance of MFIs in Nigeria. According to the study, there are certain segments of the population in the country that are still not familiar with the types of financial products and services provided by the MFIs. In addition, the introduction of regulations has also limited the lending ability of the MFIs. For instance, according to the regulations, some MFIs are not allowed to accept cash deposit from their customers. This restriction has affected the liquidity of these financial institutions.

6. Communication gap and inadequate awareness in the society

The respondents in the study indicated that the level of awareness of the MFIs among the people in the society has been affected by the communication gap between them and the society in which they operated. The communication gap may be due to the different languages used in the local context. Nigeria has more than 70 local languages.

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Despite these many languages, the MFIs mainly adopted English as their medium to communicate and promote their financial products and services.

7. Lack of banking experience among poor and low income earners

The MFIs have difficulty in promoting their financial products and services to the poor and low income earners in the rural areas due to their lack of banking experience. Furthermore, the people in the rural areas are used to the traditional way of borrowing money. They prefer the traditional way because it involves borrowing money from people that they know and trust such as their friends and relatives.

8. High operating cost

In the study, the respondents identified factors such as frequent transaction with widely dispersed customers, inefficient operations and increase expenses have contributed to their high operating cost. With higher operating cost, MFIs would have to limit not only the amount loans but also the number of loans to be given to their clients.

9. Low literacy among the population

According to the study, low literacy among the population has also influenced the demand for the financial products and services of the MFIs. In general, people who are not able to read and write prefer simplicity and they are more likely to borrow money from their relatives and friends instead of applying loans from the MFIs.

10. Lack of donor funding, loan and equity

The MFIs provided loans to their customer by using several sources of funding. The sources include; their customers' savings or deposits, funds from donors, government grants, debt and equity. However, due to the lack of funding from these sources, the MFIs are not able to expand their lending activities.

11. Lack of standardized reporting and performance monitoring system

Lack of standardized accounting reporting and performance monitoring system has also been identified as a limitation in the study. As financial institutions, the MFIs need to adopt a standard accounting reporting and performance monitoring system in order to keep track of their financial transactions as well as monitor their performance.

12. Lack of good roads and transportation system

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Lack of infrastructure such as roads and transportation system has also affected the operations of the MFIs. The respondents indicated that good roads are needed to link their institutions with their customers in the urban as well as rural areas across the country. It has been reported that about one third of the network of roads in Nigeria needs to be rebuilt.

DISCUSSION AND CONCLUSION

The study reported in this paper attempted to examine the problems faced by microfinance institutions (MFIs) operating in Nigeria. Based on the analysis of data collected from 121 MFIs, the study was able to detect 12 types of problems encountered by the MFIs in Nigeria. The 12 problems confronted by the MFIs as identified in the study involved internal as well as external factors that appear to affect not only the operations of the MFIs but also their performance.

The identification and understanding of these problems provide the first step toward positive management of MFIs. For the owners and managers of the MFIs, knowing and understanding the problems faced by their institutions would not only make them more aware of what needs to be done, but would also assist them in seeking the information as well as identifying the skills, knowledge, talents and attitudes that are needed to overcome the problems. More importantly, by overcoming the problems identified in the study, MFIs would be able to improve their efficiency and effectiveness.

Furthermore, the information on the problems encountered by the MFIs is also useful for the government. In particular, the government could use this information to develop and implement more appropriate, focused and effective assistance programs to help MFIs, particularly those relating to the financial and training programs.

Lastly, since the study reported in this paper is limited to identifying and describing the problems faced by MFIs, future research should attempt to move toward examining the best practices of these financial institutions as well as investigate the extent to which the practices are able to improve their performance as well as their financial viability.

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THE ROLE OF THE TRANSFORMATIONAL LEADERSHIP IN UPGRADING THE PERFORMANCE OF THE FIVE STARS HOTELS STAFF FROM THE PERSPECTIVE OF HR MANAGERS

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Abstract

The current research study seeks to understand the impact of the transformational leadership on developing the performance of the Five Stars Hotels Staff from the Perspective of HR Managers. The sample of the study consisted of HR managers within top 5 stars hotels in Amman-Jordan. The tool of the study was a questionnaire which was distributed on the sample of the study. 26 individual responded properly to the questionnaire and the analysis revealed that there is an influence on developing the performance of the staff within the hotel. The findings of the study revealed that the transformational leadership does help in upgrading the performance of the staff within the hospitality setting. Among the aspects of the transformational leadership which were presented by Bass 1985 in his work "Leadership and performance beyond expectations" idealized influence appeared to be the most influential aspect on the performance of the employees.

Key Words:
Transformational Leadership , Performance , Five Stars Hotels , HR Managers

Introduction

Leadership is an uncommon kind of compelling action. It might be found as a result in a wide range of social circumstances, and it is particularly clear where the circumstance requests that individuals cooperate toward shared objectives. In Organizations, initiative is an administrative movement the reason for which is to coordinate the representatives in one prompt hierarchy of leadership toward the achievement of work objectives. Authority speaks to a mix of practices showed by one who possesses a chose, named, or assigned position of impact in a social framework. Initiative conduct is accordingly authoritatively endorsed either formally or casually and the leader is looked to for direction and course by

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the individuals who perceive in their energy.

According to Osabiya and Ikenga (2015) the term leadership along these lines can be characterized as the activity of impact in a social circumstance in which the devotees' (impacts) characteristic .leadership qualities to the leader (influencer). Leaders are leaders in light of the fact that other individuals view them all things considered. It must be noticed that not all leaders are powerful administrators and not all directors are successful leaders. At the end of the day, administration has been depicted as a procedure of influence where the leader (or group of leaders) go about for instance for a gathering with a specific end goal to inspire and instigate the gathering to seek after the targets of the leader and the association. In such manner, it is vital to understand the way of life of their workplace. They are essential parts of the framework in which they emerge yet subordinate upon two-route correspondence with constituent and the powers that make the conditions in which they rise. Furthermore, leaders are responsible for the execution of their association or the accomplishment of the administration, which is reliant on representative's profitability. The part of initiative in administration is to a great extent controlled by authoritative society of the organization.

Management and leadership

Leadership is a procedure by which an executive can direct, guide and impact the conduct and work of others toward the achievement of particular objectives in a given circumstance. Administration is a capacity of an administrator to actuate the employees to work with certainty and enthusiasm. Authority can be characterized as the ability to impact a gathering acknowledgment of the objective. Pioneers are required to build up the future vision, and to inspire the authoritative individuals to need to accomplish the dreams and to enhance the execution. As per Adair, "Administration is the capacity to influence others to look for characterized goals excitedly. It is the human variable which ties a gathering together and to enhance their execution and to direct them towards objectives". It is recommended that authority is to arrangement and adapt to change, concentrating on the long haul and the comprehensive view, not continually doing to safe himself in truth to go for broke, and focusing on individuals and their qualities, not only the primary concern.

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It has been contended that supervisor's convictions, qualities, and presumptions are of basic significance to the general style of authority they receive. Maxwell (2002) says that 21" century leader is one who enables others to be leaders. Directors and administrators must know the strategies, difficulties, and advantages of facilitative authority. As per him, "the old world was made out of supervisors who let you know what to do and think and settled on every one of the choices. In the new world, no chief can know everything or settle on each choice now to be effective, a director needs to work in association and in a joint effort with everybody, in other to tap everybody's thoughts and knowledge. Directors now are mentor, instructors, and group developers. Their employment is to discover individuals with ability and aptitude, and help them cooperate towards shared objectives. Initiative is persuasive procedures which recognize a leader by their activities, furthermore support a gathering of individuals to more towards a typical or shared objective. A leader is an individual, while initiative is the capacity that the individual performs. Furthermore, people inside an association who have power are regularly alluded to as a leader, paying little heed to how they act in their occupation. Be that as it may, on the grounds that somebody should be a formal leader in an Organization, him or her or not practice initiative. Truth be told, casual or new leader can display administration despite the fact that they don't hold formal initiative positions that could recognize them. Thusly, management adequacy is essential in the fulfillment of hierarchical objectives and goals.

Leadership and Performance

In the later past years, authority has connected with as another powerful approach for dealing with the workers and association on the loose. The customary idea of faculty organization has step by step supplanted with the human asset administration. This offer significance to the key incorporation of new initiative styles into viable administration of workers and to enhance the representative execution. Kenneth and Heresy stated that; The powerful pioneer must be a decent diagnostician and receive style to meet the requests of the circumstance in which they works. Diverse administration styles are utilized that fit to representatives on the premise of measure of bearings, strengthening, and basic leadership power. A

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managerial wonder mirrors the possibility of initiative, and style, circumstance and execution criteria have been left to choke on their own. As an outcome, representative execution was influenced because of absence of legitimate course and use of key style in overseeing day by day obligations.

According to Iqbal, Anwar and Haider (2015) leadership is progressively comprehended to include influence and clarification and also capacity to recognize, certify, and recharge the estimations of the gathering the pioneer speaks to managerial mastery, specialized abilities, social education and other applicable information and aptitudes are not adequate ideals for the pioneers whose lives will be committed to open administrations. A compelling pioneer has a duty to give direction and offer the information to the representative to lead them for better execution and make them master for keeping up the quality. Also, get to be leader of all colleagues is such an incredible duty. The presentation of the reasonable benchmarks of administration advances the center qualities and development on their part and duty.

Transformation Leadership

Burns (1978) initially presented the idea of transformational leadership in his spellbinding examination on political pioneers; however this term is currently utilized as a part of authoritative brain science too. As per Burns, transformational leadership is a procedure in which "pioneers and adherents help each other to progress to a more elevated amount of resolve and inspiration". Smolders identified with the trouble in separation amongst administration and authority and asserted that the distinctions are in attributes and practices. He set up two ideas: "Transformational Leadership" and "value-based authority". As per Burns, the changing methodology makes huge change in the life of individuals and associations. It updates observations and values, and changes desires and goals of representatives. Dissimilar to in the value-based methodology, it is not taking into account a "give and take" relationship, but rather on the pioneer's identity, characteristics and capacity to roll out an improvement through illustration, explanation of an invigorating vision and testing objectives. Changing pioneers are glorified as in they are an ethical model of working towards the advantage of the group, association and/or group. Smolders estimated that

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changing and value-based initiatives were fundamentally unrelated styles. Value-based pioneers for the most part don't make progress toward social change in the association yet they work in the current society while transformational pioneers can attempt to change authoritative.

Another specialist, Bernard M. Bass (1985), augmented the work of Burns (1978) by clarifying the mental instruments that underlie transformational leadership and value-based management; Bass likewise utilized the expression "transformational" rather than "changing." Bass added to the underlying ideas of Burns (1978) to clarify how transformational authority could be measured, and how it impacts supporter inspiration and performance. The degree, to which a pioneer is transformational, is measured to start with, as far as his impact on the devotees. The adherents of such a pioneer feel trust, appreciation, steadfastness, and admiration for the pioneer and in light of the characteristics of the transformational pioneer will work harder than initially anticipated. These results happen in light of the fact that the transformational pioneer offers adherents something more than simply working for self-increase; they furnish supporters with a moving mission and vision and give them a personality. The pioneer changes and spurs supporters through his or her romanticized impact scholarly incitement, and individual thought. What's more, this pioneer urges adherents to think of new and one of a kind approaches to challenge the norm and to change the earth to backing being fruitful. At long last, rather than Burns, Bass recommended that administration can all the while show both transformational and value-based initiative.

Transformational Leadership and Performance

Transformational leadership is a crucial part for viable directors since pioneer adequacy decides a definitive achievement of the association. As indicated by Hesselbein and Cohen (1999, p. 263), associations that take an ideal opportunity to show administration are a long ways in front of the opposition. By getting comfortable with the transformational authority approach and joining the four Is, administrators can connect with as viable pioneers in the business world. Transformational leadership can be connected in one-on-one or gathering circumstances. Utilizing this approach, the administrator (pioneer) and the partners (supporters) are "changed" to improve singular employment execution and, as a

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gathering, help the association more profitable and fruitful.

In a study by Geyer and Steyerer (1995) which is seen to be one of the oldest studies that have studied the influence of leadership on performance. The study opened a comparison account between transformational and transactional leadership styles and their influence on the performance. The results of the study showed that the transformational leadership appeared to be more influential compared to the transactional leadership styles, given that, the author have also examined the influence of the transformational and transactional leadership styles on the long terms and short term performance, it was found out that the transformational leadership style is also much stronger on the long terms performance compared to the transactional leadership style.

In a study by Hawi, Hashem and Al-Khodary (2015) which aimed at understanding the behavior of the transformational leadership among the Jordanian universities and the performance in general. In understanding that relationship, the authors applied their study on the Jordanian universities in which 10 private/public universities participated and 100 teaching staff took part in order to understand the transformational tendency in their behavior. The results of the study showed that there is a positive influence of the leadership behavior in the performance of the organizational in general noting that the behavior of the leaders behavior in general ha influence on the performance on the organization in general and the employee in particular, this appeared through the relevance of the transformative behavior and the and the consideration of the humanitarian aspects through managing and achieving the goals of the organization. With the developing need to get a feasible upper hand, numerous associations have moved toward leveled chains of command and self-guided groups (Antoni and Hertel, 2009). In this way, the utilization of groups has turned into a fundamental element in numerous associations (Cohen and Bailey, 1997; Tasa, Taggar, and Seijts, 2007). Given the reports from administration and researchers accentuating the significance of groups for authoritative achievement (Cohen and Bailey, 1997), understanding the precursors of group execution is basic for scholastic and professional groups. The group pioneer assumes a focal part in deciding gathering execution.

For instance, the exploration dispatched by Project Management Institute (PMI) reported that the venture

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initiative style is a key achievement component to venture group execution (Turner and Müller, 2005). A few scientific classifications for ordering pioneers by style have been proposed in the writing. Among these, the transformational administration style has been a standout amongst the most referred to hypotheses of initiative (Judge and Bono, 2000). Transformational\ initiative is characterized as the one that makes significant and positive changes in its devotees. Dvir, Eden, Avolio, and Shamir (2002) demonstrated that transformational administration is very compelling as far as subordinates' improvement and execution. Despite the fact that examination on transformational initiative has reliably noticed that there is a basic procedure through which transformational pioneers show their impacts on their supporters' improvement and eventually encourage group execution (e.g., Dvir et al., 2002; Walumbwa, Wang, Lawler, and Shi, 2004; Wang and Howell, 2012), shockingly generally little research has investigated this theme particularly in undertaking group settings.

Among the procedure variables connected with the transformational administration process, trust has been recognized as one critical element that can intervene the impact of the transformational authority on gathering results (Braun, et al, 2013; Jung and Avolio, 2000); (Zhu,et al 2013). Another gathering procedure variable that may develop in the transformational administration procedure is aggregate viability (Zhang, Tsui, and Wang, 2011). Earlier studies have found the impacts of transformational administration on aggregate adequacy (Arnold, Barling, and Kelloway, 2001; Walumbwa et al., 2004; Zhang et al., 2011), trust (Arnold et al., 2001; Jung and Avolio, 2000), and group execution (Jung and Avolio, 2000; Walumbwa et al., 2004). In any case, the relationship between these components has not been completely examined, particularly in a task group setting. The present concentrate along these lines proposes an exploration system with the point of examining the tangled connections between transformational authority, aggregate adequacy, group psychological trust, and group execution in task group settings.

Study Problem

The ongoing development within the administrative and managerial field specifically in understanding the

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human factor from a managerial perspectives, there have been many studies that tried to understand the best and most influential approach that may help in developing the performance of employees in different fields. In a study by Chou and others (2013) which tried to examine the influence of transformational leadership style on employee performance through the mediating role of cognitive trust and collective efficacy. The authors in that sense investigate the connections among transformational leadership style, subjective cognitive trust, and collective efficacy and additionally the effect of these variables on distal group performance. Information gathered from 39 groups observe that group subjective trust as two procedure variables includes a transformational leadership procedure in which psychological trust in the group leader and intellectual trust among colleagues intervene the effect of this managerial style on collective efficacy . The outcomes of this study demonstrate that utilizing cognitive trust in the group leader is essential however not adequate for better proximal collective efficacy, which thusly encourages distal group performance. Albeit intellectual trust among colleagues was more firmly identified with proximal collective efficacy than subjective trust in the group leader was, the elements that cultivate the improvement of psychological trust among colleagues remain inadequately investigated in the transformational leadership.

The current study seeks to understand the influence of the transformational leadership style on developing the performance of the staff within the five stars hotels in Jordan from the perspective of HR managers within the hotel itself; what differs the current research study is that is tries to understand the impact of the transformational leadership style thought he aspects of transformational leadership itself including the four main aspects which are (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration).

The current study launches from a study by Brown (2008) titled:***" Dimensions of transformational leadership and relationship with employee performance in hotel front desk staff"***. The main of the study was to understand the extent of the transformation leadership influence on the performance of the front desk employees within hospitality industry in general and hotels in particular. The author has adopted the definition of transformational leadership as *"a style of leadership whereby a leader can*

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motivate a subordinate to perform above and beyond what he/she had previously believed possible" p.2. The sample of the study consisted of 82 hotels (50% managers and 83% employees). The results of the study indicated that there is an influence and a strong correlation between the performance of the employees and the actual existence of transformational leadership along with its dimensions (Idealized influence, Inspirational motivation, Intellectual stimulation, Individualized consideration) from the perspectives of both managers and employees. Both parties have agreed that they are positively influenced by the transformational leadership compared to other types of leadership. Based on that, the current study seeks to examine the influence of transformational leadership from the perspective of HR managers within five stars hotels in Jordan – Amman throughout all employees in the hotel.

Study Importance

The importance of the current study stems from the ongoing need to understand the organizational aspects that might have the power to develop the performance of the employees in different field, given that the human factor is seen to be one of the most important aspects of the organizational assets, from that point the nature of the leadership style, the managerial perspective and the environmental tendency are influential in either pushing forwards or backward the performance of the employees which in its turn may influence the overall performance of the organization.

Study Objectives

The study aims at understanding the impact of transformational leadership on the staff performance in 5 stars hotels. This aim will be reached through actualizing the following set of objectives:

- Go through the role of leadership within the performance context
- Understand the influence of transformational leadership in management within organization
- Present the literature review related to the main aim of the study through presenting some of the related variables that took into perspective the idea of leadership and performance
- Investigate the impact of transformational leadership on the performance in general
- Investigate the impact of transformational leadership on the performance within the hospitality industry setting.

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Study Hypotheses

Based on the argument that have been presented earlier; and according to the model of the study above; the main here is to understand the influence of the transformational leadership along with its aspects in the hospitality industry of the staff within five stars hotels in Jordan-Amman.

From that point, the main hypothesis would be:

There is a statistically significant influence of the transformational leadership on developing the performance of the staff five stars hotels in Jordan.

The following sub-hypotheses were developed in accordance with the literature.

$H_0$1: Idealized Influence in transformational leadership doesn't develop the staff performance

$H_0$2: Inspirational Motivation in transformational leadership doesn't develop the staff performance

$H_0$3: Intellectual Stimulation in transformational leadership doesn't develop the staff performance

$H_0$4: Individualized Consideration in transformational leadership doesn't develop the staff performance

Sample and Population

The population of the study will be formed from all HR managers within 5 stars hotels in Jordan – Amman through the year 2016. The sample of the study consisted of the HR managers in the 5 stars hotels in Jordan-Amman.The final number of the sample reached 26 HR managers.

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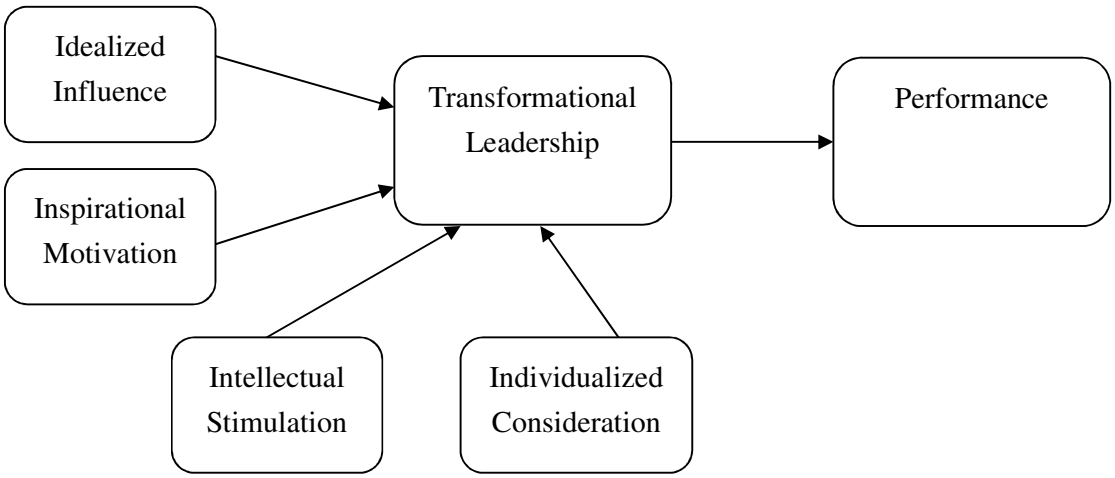
Study Model



Rafferty and Griffin (2004); (Cavazotte, Moreno and Bernardo, 2013)

Discussion and Analysis

The current part of the paper presents the discussion of the results which were retrieved from the sample of the study. It took into account the tendencies of the respondent on the questionnaire paragraphs; in addition to that, it presented the testing of the hypotheses, the final results of the hypotheses and the validity and reliability of the study tool.

Table (1): Mean and standard deviation of the questionnaire paragraphs

No.	Paragraph	Mean	Std. Deviation
Transformational Leadership			
q1	performance is positively and significantly correlated with self efficacy	4.08	1.197
q2	traditional performance management model requires a complete overhaul	4.23	.951
q3	Leaders must motivate performance and encourage desired behaviors	4.15	1.223
q4	Performance is influenced by the internal and external environment	4.42	.643

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q5	Performance can affect the overall performance of the organization	4.23	1.032
q6	There is no specific way to enhance the performance in the hospitality setting	4.31	1.123
Idealized Influence in transformational leadership			
a1	Idealized influential leaders act as role models and display a charismatic personality that influences others to want to become more like the leader	4.19	1.234
a2	Idealized influence can be most expressed through a transformational leader's willingness to take risks and follow a core set of values, convictions and ethical principles	4.23	1.451
a3	The leader builds trust with his followers and the followers, in turn, develop confidence in their leader.	3.35	1.648
a4	An idealized influential leader provides a role model for high ethical behavior, instills pride, gains respect and trust	4.23	1.336
a5	leaders perform as role models and exhibit charismatic personalities that inspire others to become one of them	3.92	1.671
Inspirational Motivation in transformational leadership			
a6	leaders have a clear vision that must articulate which is appealing and inspiring to followers for the future	4.04	1.509
a7	leaders have the ability to stimulate confidence, motivation to demonstrate a commitment to the goals and a sense of purpose in his followers	3.96	1.612
a8	Inspirational motivation leaders are great communicators who make the vision comprehensible, specific, influential and engaging	4.08	1.468
a9	Leaders like displaying continued enthusiasm, optimistic about the future and believe in their abilities and the ability to emphasize on positive.	4.31	1.289
a10	Inspirational motivation leaders have high expectations and support the followers' experiences	3.77	1.394
Intellectual Stimulation in transformational leadership			
a11	Leader encourages followers to discover innovative ways of doing things with the development of confidence in their leader.	4.31	1.192
a12	The leader challenges the group to identify and solve those challenges in a totally different ways	4.38	1.299
a13	The followers are encouraged for their creativity and autonomy among the members	4.27	1.251
a14	Intellectual stimulation represents the leader who helps the followers to change the way how they think and take decisions.	4.42	1.206

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a15	the leader assists the follower to overcome the obstacles they come across in life and solve the problems they face by conveying them to see the big picture and achieve their goals	4.50	1.208
a16	An intellectual stimulating leader digs into their employees to extract excellence from them.	3.92	1.547
Individualized Consideration in transformational leadership			
a17	Individualized consideration element of transformational leadership recognizes follower's specific needs, desires and potentials	4.04	1.399
a18	To develop the potential within the group members, the leaders behave as special people and act as a coach or mentor by providing chances for training sessions	3.88	1.608
a19	Transformational leaders treat the group members differently but equitably	4.00	1.470
a20	transformational leaders give empathy and encourage the followers to communicate openly as they feel free to share their feelings and idea	3.73	1.710
a21	leaders can offer direct recognition of the individual contributions of each follower	3.38	1.813
a22	the followers will have ambitions to be full filled for the development of self and is intrinsically motivated for the tasks	4.54	1.104

In analyzing the main hypothesis if the study which is "There is a statistically significant influence of the transformational leadership on developing the staff performance within 5 stars hotels in Jordan" The table (1) indicates that there are positive attitudes toward the main hypothesis because the means of the paragraph appeared to be above the mean of the scale (3).This rhymed with what came in Thamrin study (2012) which aimed at understanding the influence of the transformational leadership style on the performance, satisfaction, and commitment of the employees. Through applying the study on 105 employees of a shipping company in Jakarta/Indonesia the results of the study found out that "*transformational leadership has a positive significant influence on employees' performance, organizational commitment has a positive significant influence on job satisfaction and employees' performance*" (Thamrin, 2012. P. 566). Another study shares the same results of the current study which came in Ekaningsih study (2014) which aimed at understanding the influence of the transformational

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leadership in the performance of the employees through applying the study on a total of 201 employees, the results indicated that there is a positive influence of transformational leadership on performance, the aspects of transformational leadership includes trust and empowerment have helped in deepening the influence of the transformational leaders and elevate the performance of their employees. Ekaningsih added that the leadership improvement in an organization is a vital matter that necessities consideration. Leadership in an association can succeed as it is impacted by a few critical components; among others is trust on the pioneers. A transformational leader that effectively expands the trust on the pioneers will naturally prompt the subordinate's fulfillment with the pioneers bringing about better execution comes about.

In a study by Robbins (2001) the author expressed that the performance of the employees is a component of the connection between the ability and leadership. In administration study, an employee performance is a matter which needs cautious thought, since an individual performance in an association partakes in the general leadership performance and can decide the level of the organizational performance. The good performance or the bad performance of the employeescan be picked up by that organization which will be influenced by the members' level of performance. Gibson and Donnelly (2006) stated that performance is a hierarchical conduct which is straightforwardly identified with merchandise creation or administration conveyance. A man's execution is thought as accommodation of assignments, in which the term task originates from the reasoning exercises required by the occupation. The performance is a consequence of the assignments associated with authoritative purposes, for example, quality, productivity, and different viability criteria. Performance reflects how great and how adjust an individual satisfies the task's solicitation. Based on that, performance is seen as both subjective and quantitative result when talking about leadership. In that sense, it can be seen that the nature of leadership can deeply influence the level of performance among employees, according to the studies and this study, transformational leadership has a very positive influence of the level of performance that employees have, and it can also help in developing the level of their performance on the long term.

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Table (2): Descriptive Statistics

	Mean	**Std. Deviation**
Idealized	3.9846	.81373
Inspirational	4.0308	.85733
Intellectual	4.3013	.59445
Individualized	3.9295	1.04687
performance	4.2372	.66696

Table (2) presented the mean and the standard deviation of the study variables, the table indicated that there are positive attitudes toward the above variables because their means are above the mean of the scale (3).It seems that according to the respondents the most influential variable of the four main aspects of transformational leadership appeared to be the intellectual stimulation which mean reached 4.3013. In that sense, Cossin (2013) sees that *"Leaders intellectually stimulate employees by emphasizing rationality and creativity in problem-solving situations. Finally, transformational leadership offers individualized consideration: leaders treat employees individually offering them personal attention and, whenever necessary, they provide coaching and advise to those employees"*

Validity and Reliability of the tool

The content validity was tested through presenting the tool of the study on a group of experts and specialists in the field of management and leadership. Through their suggestions the author was able to funnel down the importance of the tool paragraphs in accordance to their relation to the topic of the study. Their amendments were taken into consideration. In addition to that, a Cronbach Alpha test was used in order to determine the instrument reliability. The value was = 0.86 which appeared to be accepted since it was more than 0.60 (Malhotra, 2004).

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Hypotheses testing

Table (3) Ho : transformational leadership doesn't develop the staff performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956[a]	.914	.898	.21328

a. Predictors: (Constant), Individualized, Inspirational, Intellectual, Idealized

According to table (3) it is found that R (0.956) is the correlation of the independent variables and the staff performance. Also it is found that R Square (0.914), which is the explained variance, is actually the square of the multiple R $(0.956)^2$. What the results mean is that (91.4%) of the variance (R-Square) in the staff performance variable has been significantly explained by the independent variables.

Table (4):**ANOVA**[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.165	4	2.541	55.870	.000[b]
	Residual	.955	21	.045		
	Total	11.121	25			

The ANOVA table (4) shows that the F value of (55.87) is significant at (0.05) level. Thus, there is a statically significant influence of the independent variables on the staff performance

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Table (5): **Coefficients**[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.286	.343		.832	.414
	Idealized	.323	.117	.394	2.757	.012
	Inspirational	.288	.090	.370	3.188	.004
	Intellectual	.244	.107	.217	2.266	.034
	Individualized	.117	.045	.183	2.568	.018

Also according to the coefficient table (5) it is found that t _values for the independent variables are significant at 0.05 levels, which mean there is significant effect of each of them on the dependent variable.

That means:

1: Idealized Influence in transformational leadership develops the staff performance in 5 stars hotels, since t- value is significant at 0.05 level with beta = 0.394

2: Inspirational Motivation in transformational leadership develops the staff performance in 5 stars hotels since t- value is significant at 0.05 level with beta = 0.37

3: Intellectual Stimulation in transformational leadership develops the staff performance in 5 stars hotels since t- value is significant at 0.05 level with beta = 0.217

4: Individualized Consideration in transformational leadership the staff performance in 5 stars hotels since

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t- value is significant at 0.05 level with beta = 0.183

Conclusion

The current research study seeks to understand the impact of the transformational leadership on developing the staff performance in 5 stars hotels in Jordan-Amman. The sample of the study consisted of HR managers within top 26 5 star hotel in Amman during the year 2016. The tool of the study was a questionnaire which was distributed on the sample of the study 26 individual responded properly to the questionnaire and the analysis revealed that there is an influence on developing the staff performance in 5 stars hotels. The influence came through the four main aspects of transformational leadership which are (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration). Through the analysis it appeared that the idealized influence was the most influential aspect in developing the performance of the staff which refers to the status in which encompasses practices that impart pride in supporters for being connected with the leaders. It shows that a leader will go past their individual self-enthusiasm for more sustainable benefit of the gathering and make individual penances for others' advantage. A transformational pioneer with admired traits shows a feeling of force and certainty and can promise others that they can defeat impediments. They tend to discuss their most essential qualities and convictions and the significance of believing each other. They stress an aggregate mission and note the significance of having a solid feeling of reason. The individuals or group of the association frequently copies leaders who have glorified impact, seeing the pioneer as a magnetic exemplification of the qualities and mission of that association which rhymes with what Hughes stated in his study (2014).

Under this concept of transformational leadership, pioneers give vision; mission and confidence and motivate employees about goals of organization. This nature of management makes leaders a good example before employees. They feel pleased and nobility with going with such kind of strong leadership, in that way employees take after their choice and decisions. Such leaders have more abilities, consistency, and assurance against issues. This quality needs to components that are behavioral and credited impact. By keeping this sort of characteristic pioneer turn out to be more daring person and stable about their

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correspondence with respect to business exchanges. They likewise have abnormal state of morals and assurance in their behavior. Under this measurement pioneer feel that the devotee gave him regard, then again pioneer gave supporters mission. In this environment adherent do their task in like manner and need to do over the particular target. Along these lines pioneers impact the inspiration of workers in positive way.

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COMMUNICATION MANAGEMENT IN SOFTWARE PROJECTS

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Abstract

Organizations carry out their business tasks using the project-based approach. Realization of projects requires appropriate management. One of the primary areas of project management is communication management, because of its impact on the success of the project, in particular IT projects carried out by dispersed teams. However, despite the existence of numerous sets of principles and methodologies concerning communication management and many available tools, many project failures that result from improper communication management. The main goal of the paper is to propose a simple communication by software code for the large IT project where participants of teams are distributed on the different locations.

Keywords: *UML language; Communication management; IT projects.*

1. Introduction

Communication with employees is one of the most important things in the project. Communication can take many forms depending on the type of activity it is supporting. Communication helps to build relationships, promotes mutual understanding, and enables employees to contribute to organizational success.

Studies have shown that employees prefer to receive information from their managers and supervisors (Finch, 2010). Employees also prefer to receive news face to face. The managers or supervisors send out the messages, the staff receive it and make response. Their reaction or response shows if they understand and accept the information. Communication is a complex two-way process that can involve several iterations before mutual understanding is achieved. It takes place in many ways. You can communicate using words, symbols, pictures, graphics, voice, or body language. Most communication is a combination of these elements. We need to use these elements effectively to improve the way of communicate and achieve best results. Communication skills are important to everyone. It is important to develop a variety of skills for both communicating to others and learning how interpret the information received from

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others. An important conclusion emerging from literature study is that ensuring proper and effective communication, and also identifying responsibilities for project team members and other project stakeholders (Muszynska, 2015).

In this paper, we discuss organizational and communication issue within large software project. When interacting with other project participants, it is important focus on communication information accurately and efficiently. We have proposed the communication using UML diagrams and by software code.

2. Project Organization and Communication

We need before communicate in the project to build the Communications Management Plan. The purpose of the this plan is to define the communication requirements for the project and how information will be distributed. The Communications Management Plan defines the following (htpp://www.projectmanagementdocs.com)

- What information will be communicated - to include the level of detail and format
- How the information will be communicated - in meetings, email, telephone, web portal, etc.
- When information will be distributed
- Who is responsible for communicating project information
- What resources the project allocates for communication
- How any sensitive or confidential information is communicated and who must authorize this
- How changes in communication or the communication process are managed
- The flow of project communications
-Any constraints, internal or external, which affect project communications
- Any standard templates, formats, or documents the project must use for communicating

The Communications Management Plan sets the communications framework for the project. It will serve as a guide for communications throughout the life of the project.

A project consists of four components (Bruegge and Dutoit, 2010) as it is shown in Figure 1:

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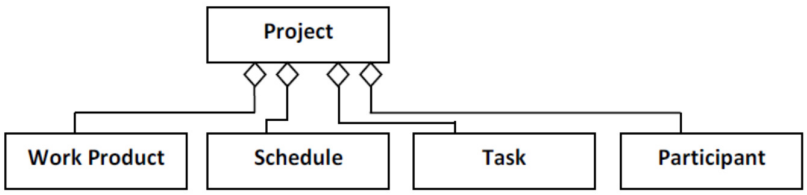

Figure 1: UML class diagram of a project.

The detailed project organization is described in the Bruegge book (Bruegge and Dutoit, 2010). An important part of any project organization is to define the relations among participants. A team-base organization consists of organization unit as it is shown in Figure 2:

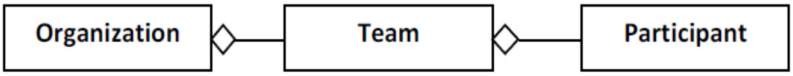

Figure 2: UML class diagram of a team-based organization.

Project participants interact with each other. The communication is a type of interaction used for exchanging all the types of information need for decision or status. We now describe communication in a project and we are going to do some propose for it. The basis are the teams in the team-based organization. Each team is made up of several participants who work on a common task. Participants need to communicate. We do draft a communication, which will be managed by program code. We use UML diagrams for the design of the communication.

The UML is a recent synthesis of earlier object design languages (Miles, 2006; Gomaa, 2011). The Object Management Group (OMG) released version 1.1 in November 1997. It merges Booch notation, Object Modeling Technique (OMT), and is likely to be the standard preferred method for specifying object designs. The Unified Modeling Language (UML) includes a set of diagrams that may be used to describe and communicate a software system's requirements, design, and code. It can be used to provide views of the system design and requirements at different levels of abstraction, and its artifacts provide the common view that serves as a basis for the collaborative design.

We propose the simplified design of the communication in organization composed from teams. However, participants of teams could be distributed between different space locations. Large-scale software development requires coordination within and between very large teams which may be located in different building, or in different time zones (Begel et al., 2009). Communication between participants at any given time is being sent and received messages, and physically it is a text file (flat file) in our model. Text files are sent to different directories, or folders on a file server. The folders do not have to be located on one server. Each participant has to own that server directory. For example, participant B has a folder

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called B, which stores the files of other participants in the team. When the participant sends a message and the message is implemented physically as a text file that participant A created, the file could be sent to the participant B. The A class calls MethodB() by method MethodA (b: B). The MethodB() after running transfers to B directory the flat file of the participant A. If the participant A wants to transfer the file also to the C participant, then the UML diagram reads:

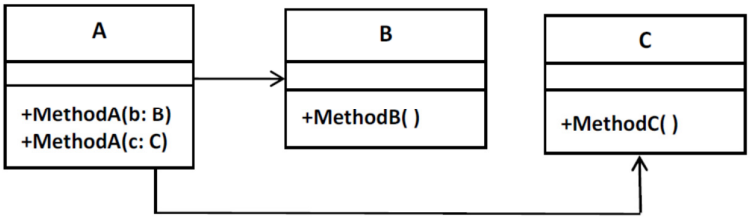

Figure 3: UML class diagram for three classes.

There is the concept of virtual team [Ebrahim et al.,2009; Stassi, 2013). This term is used in the business environment in recent years. Historically, project manager included people who communicate "face-to-face", and these people were concentrated in one building. Today, however, we have large complex projects and is almost unreal to people working on the project were placed in the same room or in the same building. Virtual members are geographically located in different time zones and communication depends on electronic communication. The first virtual team appeared in the USA in early 80s. In the last twenty years, attention focused on global virtual teams. It can not be said that the issue of virtual teams is complete and neither has been adequately investigated and developed. There is much discussion in the literature, what exactly is a virtual team. A closer look at virtual teams shows that the concept of a virtual team is associated with cooperating people who are not in the immediate vicinity. From this perspective, a virtual team is a group of people scattered workers coordinate their activities largely through information and communication technologies. In connection with virtual teams, there is one problem faced by managers and conflicts are related to overcome cultural diversity, which can lead to obscurity among the members of the virtual team.

Let us focus now on the communication among participants, which will represent the effective communication by sending messages. All messages will be stored on the file server, which is accessible to all participants working on the project. The file server will be composed of directories. Each directory will be assigned to one participant. A participant which is denoted by A, will have their directories and that will contain the files, which were sent from other participants in the team, working on a common task. Similarly, it will be to the participants B, C, etc., they will be allocated directories B, C and the like.

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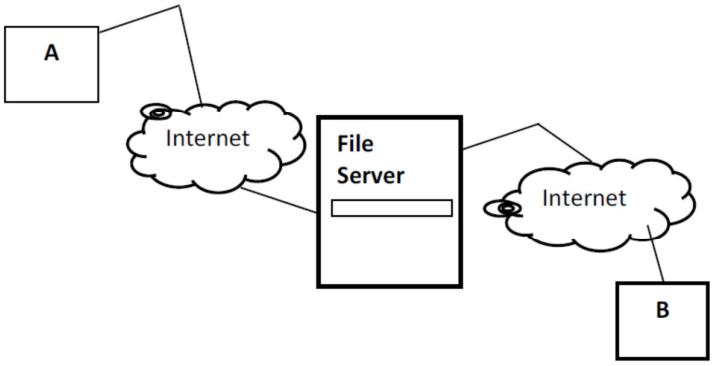

Figure 4: Communication between participants in the project.

How will run the communication? Consider the two objects, participants, A and B. Participant A creates a text file for the B. Let the file is named BA10_11_2016.txt. It is reasonable to have such a file name, which clearly shows that the file is for the participant B. The file from A is delivered for example on November 10, 2016. As will take place sending messages? The participant which is represented by class A has a method A using the method MethodB(). Class B transmits the file BA10_11_2016. txt. The directory B is a directory that is designed for the participant B. Web form programmed in ASP.NET (Meyone and Davis, 2002) might be:

```
<%@ Page Language="C#" Debug="true" %>
<%@ import Namespace="System.Data" %>
<%@ import Namespace="System.IO" %>
<html>
 <body>
   <form id="Form1" runat="server">
       <asp:button id="Button1" Text="I send my message to the participant B"
                   onclick="SentFile" runat="server"/>
   </form>
 </body></html>
 <script runat="server">
 class A   {
   public void MethodA(B b)   {
        b.MethodB();
  }
 }
 class B   {
   public void MethodB()   {
        File.Copy(@"c:\Server\A\BA05_09_2016.txt",   @"c:\Server\B\BA05_09_2016.txt");
```


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```
    }
  }
  void SentFile(Object s, EventArgs e)      {
    A a = new A();
    a.MethodA(new B());
  }
</script>
```

Listing 1: The program code for the communication between participants.

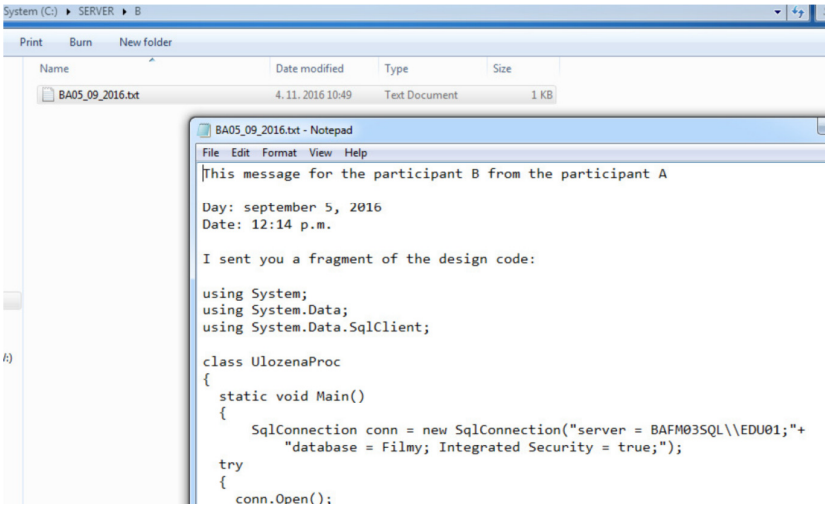

Figure 5: The structure of the sent file between participants.

This is the class A sending a message, it means in software to call any methods of class B. MethodC is in the class C (class C represents participant C). The file CA10_10_2016.txt is transferred to the C directory from the A. The above program should then be supplemented by further code which covers the class C:

```
class A   {
    public void MethodA(B b)     {
          b.MetodaB();
   }
public void MethodA(C c)   {
        b.MetodaC();
}
                                                                    }
```


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The method SentFile (Object o, EventArgs e) could be implemented by a code, which allows participants to choose to which participant will be send the message. This can be generalized for more participants. If we have that object A wanted to send a message to B, C, D or even E, a proposal would be represented as follows:

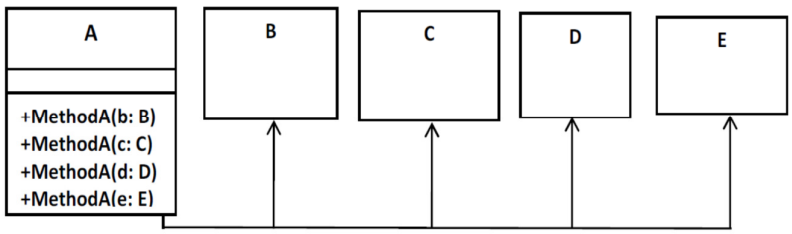

Figure 6: Sending messages to multiple participants.

A similar situation exists in the position of the B, just we need to make change things symmetrically A→B and B→A.

Preference for the written communication is important when we have a project with virtual teams. In places where is day and at another location can be night and we can not expect employees will communicate synchronously. This should not be a problem, it just has to agree on the validation of received messages. All communications by files are placed on a file server can be viewed by a manager and he has the information about the state of the project. In this sense, the priority written communication and its importance will be extremely important for successful projects.

3. Discussion and Conclusions

We focused mainly on the communication, which consisted in sending information between the different participants of the team regardless of whether participants in the team are located at one place or are located at different zones. We have proposed the design of communication by program code, where the information between participants is exchanged by flat files. All informations are saved in files and managers can view a time history of communications among participants in the project. The communication is not lost if we can all informations between participants recover from the files.

We did not take into an account coordination among software teams. Coordination is an action requiring communication, capacity and cooperation (Poile et al., 2009; Kraut and Streeter, 1995). These three components of coordination are also necessary. The communication is necessary because person A need to communicate to person B. Capacity is necessary because B needs to be able to do what is required of them, and cooperation is necessary because B needs to be willing to do what is required of them.

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Effective communication involves both sending and receiving the message. Communication is the way exchange of information between entities. The communication during projects can be of many different types such as oral, or written. We have focused our attention on the written communication and we have proposed mapping communication by the program code. The written communication has advantage, it is more precise and it means more effective than other types of communications.

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CONCEPTUAL OVERVIEW TO DISTRIBUTED MANUFACTURING SYSTEMS

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Abstract

Companies have focused on decentralising production units to establish a global market and meet local needs. This paper gives an overview about the main causes for the trend towards distributed manufacturing systems and discusses different design forms. The approach of a intelligent manufacturing system is further regarded and a simplified version of the system architecture is provided. Also, the challenge of an efficient data and knowledge exchange between the distributed units is explained. Possible approaches to support the reuse of knowledge and the globally collaborative work are presented.

Key words: *Distributed Manufacturing Systems, Intelligent Manufacturing Systems,*

1 Introduction

In recent years, the trend of manufacturing companies to relocate their production into low-cost-countries weakened. The significance of the main advantage of low wage costs in structurally weak and recently developing regions such as Eastern Europe or South America decreased because of quality issues and loss of flexibility.

However, in the future the concept of distributed manufacturing systems (DMS) will play an important role. Companies will focus on decentralising production units to establish a global market and meet local needs.

By distributing manufacturing facilities, companies try to get competitive advantages regarding costs, time and quality. Their objective is to reduce logistics and warehousing costs and the time from production to sale as well as to extend the supply chain into a network. They benefit in quality aspects

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from employing local specialist manufacturers and gain time on using immediately available machines. Additionally, DMS consider environmental and social sustainability by reducing emissions and supporting local labour.

The aim of this paper is to give an overview about the reasons for the increasing trend to geographical distributed manufacturing systems. Furthermore, modern forms are described and the critical issues of sharing and reusing knowledge between the dispersed sites are handled.

In the following sections, the key trends and reasons for the development towards DMS are explained and different modern designs of DMS are shown. Afterwards, possible solutions for the exchange of manufacturing information and knowledge between the separated production plants are explained. Two approaches on effective manufacturing systems facing this issue are given.

2 Distributed Manufacturing Systems

In [1] Buckley & Ghauri defined a distributed production system as a so-called "global factory" based on multiple local manufacturing units with a similar layout and a local supply chain. In their model, core activities such as product design, engineering and marketing are still centralized, while the manufacturing activities are performed by the globally dispersed units together with the local supply chains. Reichwald et al. proposed a related concept that is characterized by the combination of "Mini-factories" [2]. These are modular units with a similar layout, easily combinable, which are installed near to the customers. They are not only performing the core manufacturing operations, but also other processes such as product design with a high participation of the customers or after-sale services. The dispersed Mini-factories are connected to each other to share different information (e.g. customer requirements, solutions to problems occurring in Mini-factories) and get access to a global knowledge network.

2.1 Key trends towards DMS

In the future, the concept of distributed manufacturing systems will play an increasing role. In [3], Matt et al. summarize the key reasons for the trend towards DMS as the following: increasing importance of sustainability, rising logistic costs, mass customization, democratization of Design and Open Innovation,

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market and customer proximity, well-aimed use of resources & regionalism and authenticity.

According to the three-pillar model of corporate sustainability [4], the named reasons above can be categorized in economic, environmental and social causes for the growing significance of DMS as shown in Figure 1.

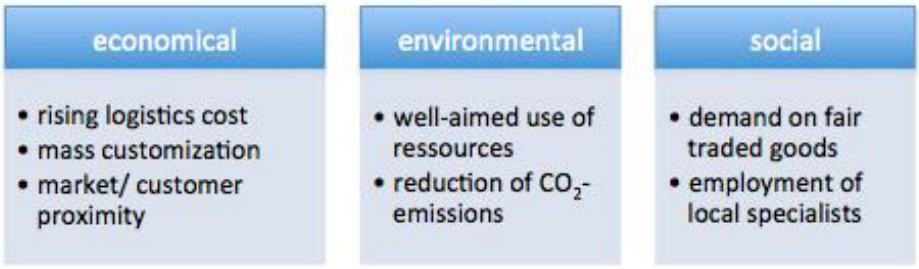

Figure 1: Causes for the trend towards DMS

2.1.1 Economical aspects

To maintain competitiveness, companies continuously try to reduce their costs. After a long period of decreasing logistic costs, due to rising energy, oil and transport prices in the last years, the shipment of materials and goods gets more expensive again. Therefore companies tend to shorten their transport routes and amounts by implementing a decentralized transport infrastructure. Another upcoming economical issue is the growing importance of customization. Manufacturing companies have to fulfil many different customer requirements to obtain competitiveness. The demand for globally standardized products decreased gravely, whereas specific local needs have to be considered. This leads to manufacturing systems that must be able to produce a high variety of products in small amounts. The democratization of Design and Open Innovation, described in [5], and its fast development in the recent years support the trend towards rapidly reconfigurable production systems. The proximity of the production location and the customer has become another important aspect for success on the market. Not only in the food industry, the market proximity gets more relevant and requires distributed manufacturing systems including flexible facilities.

2.1.2Environmental aspects

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The impact of the environmental pillar of sustainability on manufacturing companies grew due to issued conventions and laws by governments all over the world. The main objective is to slow down the climate change by globally reducing CO2 emissions. For manufacturing companies, the largest potential of lowering their carbon dioxide emissions is in the logistics sector. Beside more environmentally friendly transportation, the return to local production and thus shorter transport routes. To reach environmental sustainability, a well-aimed use of the limited natural resources is unalterable for producing firms. It may be useful for companies to establish their production sites near to the mining areas of important raw material, to use it efficient and sustainable.

2.1.3 Social aspects

The increasing awareness of customers of fair traded goods leads to a growing demand for authentic local products. Customers are willing to pay more money for them, if their origin and production methods are known. Thus, manufacturing firms need to place value on local production facilities with specialized workers for which fair working conditions are ensured.

2.2 Designs of DMS

In [3] different concepts for the design of distributed manufacturing systems are named and characterized. They are separated into evolution stages and special forms of DMS. In this section, only the evolution stages are considered while the focus is on the last evolution stage (Changeable and smart/wise model factory).

2.2.1 Standardized and replicable model factory

With the beginning of the globalization, it was possible for manufacturing companies to disperse their production facilities in different markets and countries. The products are standardized and developed in a centralized unit, while produced in geographically distributed and replicable sites in a defined amount of units. Despite its simplicity, many companies use the model nowadays.

2.2.2 Modular and scalable model factory

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This concept is superior to the model described above concerning quantity flexibility through the modularity of the geographically distributed factories. The different production sites are categorized in different configuration levels. Personnel and space requirements, manufacturing equipment and capacity depend on the respective configuration stage and need to be determined in advance.

2.2.3 Flexible and reconfigurable model factory

In this model, the geographically dispersed production units are rapidly reconfigurable and thus flexible in product variants and product quantity. The factories are able to adapt production and logistics area to new product variants. This concept was introduced as a response on the increasing importance of mass customization.

2.2.4 Changeable and wise model factory

With the progress in information technology, intelligent production was developed. So called “smart factories” have the ability to pro-actively make adjustments to environmental changes. In a distributed manufacturing system, the several factories build a network of intelligent and communicating units, that decides itself where, when and in which quantity a product is manufactured.

In [6], Chituc & Restivo define a wise manufacturing engineering system as “a wisdom-enhanced intelligent manufacturing system, which has the ability to solve problems and make decisions taking into consideration human values and human’s subjectivity”. It needs to be self-improving, which means the ability to monitor its production performance, diagnose the causes of lower performances and take decisions for measures to improve the performance. Furthermore the manufacturing system has to be able to detect deviations and taking decisions to recover from them (self-adaptable) as well as to find reasons for failure and address them to other production units (self-healing).

To establish an efficient and successful working wise manufacturing system, according to Chituc & Restivo following requirements must be fulfilled:

- Constant data integration, real-time transmission
- Instantly available analytical methods and tools to support operational and tactical decisions

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- Detection and correction of abnormalities
- High availability
- Scalability
- Wisdom-enhanced capabilities to support decision making

Additionally, basic requirements to distributed manufacturing systems such as integration of software and hardware, open system architecture, embodiment of human factors need to be satisfied by the distributed manufacturing units.

A wise manufacturing system includes all organizational units that are involved in the production process. *System Management Unit* is the core entity of the system involving automatic and human-based activities. It operates wisdom-enhanced as connector between the production units and the up- and downstream processes, collecting and coordinating information and data. The several units are able to communicate with each other indeed, but the *System Management Unit* takes final decisions about accepting orders or delivering processes. The *Order Management Unit* precedes the central unit as responsible entity for receiving an order and creating order-related e-documents.

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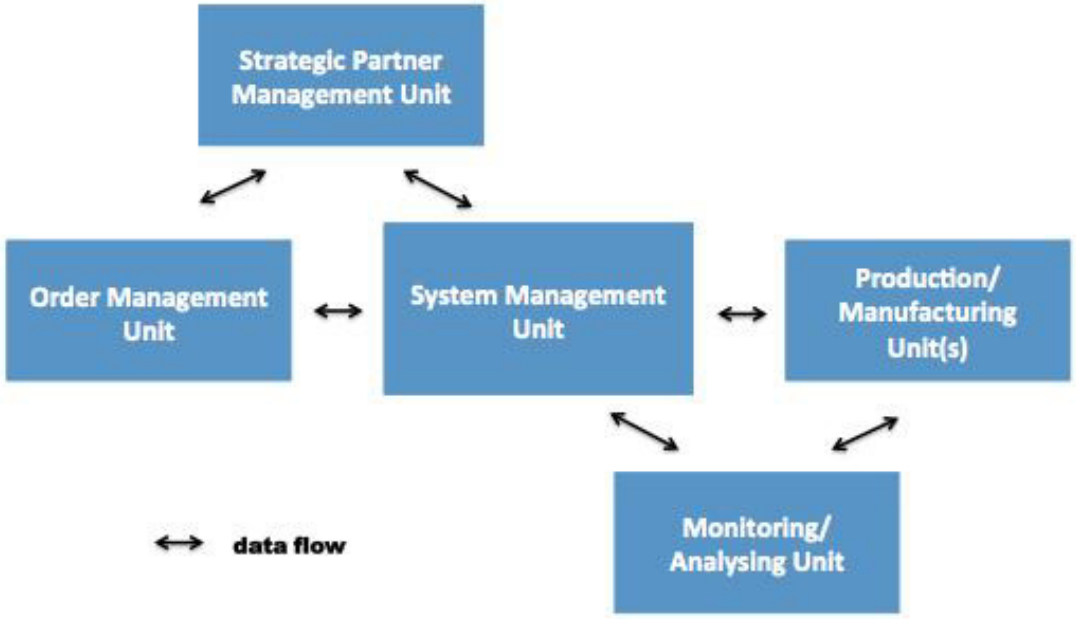

Figure 2: Simplified architecture for a wise manufacturing system

Strategic Partner Management Unit undertakes the management of relationships and processes with outstanding organisations such as customers, suppliers or outsourced companies. *Production/ Manufacturing Unit(s)* include all globally distributed production factories, which execute manufacturing processes. They share data between each other and receive orders and information from the *System Management Unit*. Monitoring and analysing activities are consolidated in the *Monitoring/ Analysing Unit.* Within the monitoring part, a software program tracks the execution of the manufacturing processes and is responsible for detecting inconsistencies. The analyser receives information from the monitoring unit and compares key indicators with benchmarks or threschold values.

3 Knowledge exchange in DMS

Over many production life cycles within different manufacturing units, huge knowledge has been accumulated in heterogeneous formats. Despite the progress in the development of convenient IT applications, manufacturers struggle with an efficient sharing of data between the geographically dispersed production sites. The management of information exchange and knowledge reuse is a huge

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challenge for companies that are establishing globally distributed manufacturing systems.

Optimally, there is a real-time transmission of data and the several sites share their knowledge by using manufacturing ontologies and cloud computing infrastructure. In this section, recent approaches to facilitate information exchange are further explained.

3.1 Manufacturing Ontologies

In [7] Lin et al. developed manufacturing ontologies to facilitate knowledge sharing in in distributed manufacturing systems. Their two-level modelling approach consists out of UML/OCL(Unified Modelling Language/Object Constraint Language)-based software engineering and OWL/SWRL(Web Ontology Language/Semantic Web Rule Language)-based Semantic Web paradigms. The UML/OCL-model is used to give a graphical and structured overview about the relations between domain experts and knowledge engineers. OWL/SWRL-based ontology modelling extends the existing model by adding semantics using a progressive, semantics-orientated knowledge acquisition method.

In Figure 3 the process for developing manufacturing ontologies proposed by Lin et al. is shown. Domain experts provide the specific production knowledge in different formats (CAD-/ERP-/PLM-models). In collaboration with knowledge engineers, domain experts create UML/OCL models that represent the manufacturing knowledge structured and enables unified communication between the both expert and knowledge engineer. To reach full ontological representation object-orientated UML/OCL models are not sufficient. Therefore the model needs to be extended into an OWL/SWRL-based model. According to [7], the extension is realized by using the semantics-oriented knowledge acquisition process in the following four steps:

1. Syntactic mapping between UML and OWL (UML models serialised in XML representation are transformed into OWL formats)
2. Syntactic mapping between OCL and SWRL

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3. Semantic enhancement in ontology contents (complementary semantics are added to the ontology contents)

4. Semantic enhancement in ontology rules (complementary semantics are added to the ontology rules)

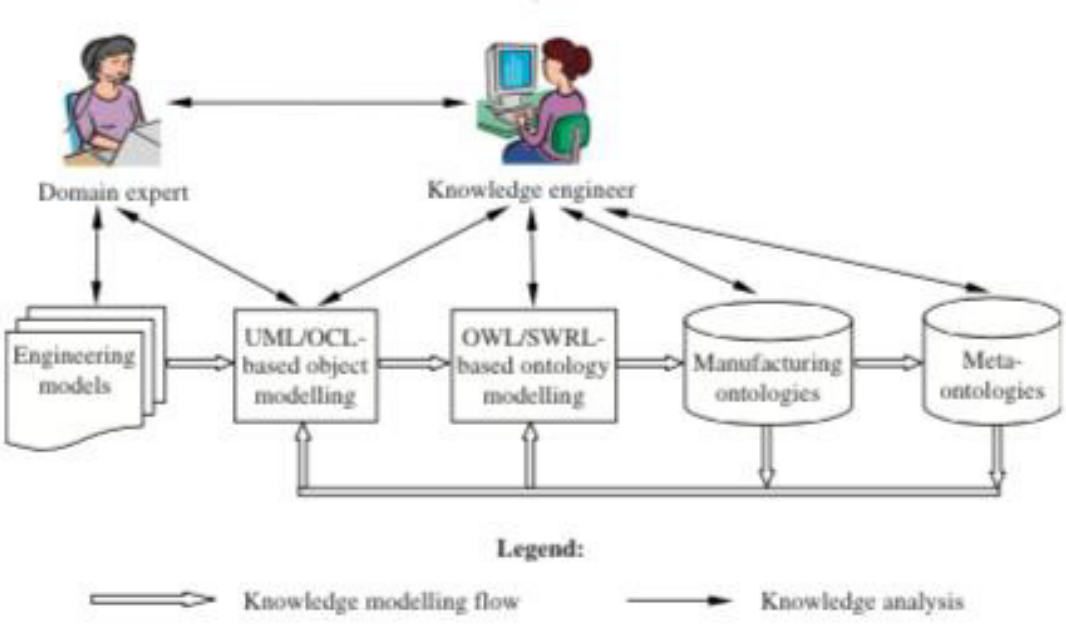

Figure 3: Two-level knowledge modelling approach[7]

The completed OWL/SWRL-based ontology model is sufficient as common manufacturing ontology that can be used by distributed manufacturing units. It must be ensured that the new acquired ontologies are consistent with the existing ontologies, possibly meta-ontologies need to be developed.

The two-level knowledge modelling approach combines the advantages of UML/OCL and OWL/SWRL and provides semi-automatically taken semantic enhancement activities. The described ontologies are useful for distributed manufacturing systems to facilitate sharing and reuse of manufacturing knowledge.

3.2 Collaborative and integrated platform for agents

With the development of a collaborative and integrated platform for distributed manufacturing agents in [8], Valilai & Houshmand face the lack of efficient tools to integrate manufacturing information over

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dispersed manufacturing units. There are two main requirements of an efficient collaborative and integrated distributed manufacturing system. Firstly, the structures and procedures are supposed to support distributed manufacturing agents. A platform should facilitate the collaborative work of agents who are globally distributed and enable the several agents to use data from other agents. Additionally, the product data should be integrated based on the STEP standard (ISO 10303). All different agents work according as to the application protocols of the standard to insure a coherent data base and enable collaborative work. Valilai & Houshmand extended their previous developed platform LAYMOD to achieve an efficient collaborative work by using a cloud manufacturing paradigm. The platform XMLAYMOD is built modular, supports different software packages and maintains the STEP based data integration. It supports dispersed collaborative manufacturing agents considering the service-oriented approach by using an accessible pool of computing resources (networks, servers, storage, services, etc.). Based on the cloud-computing paradigm, these resources are available from globally distributed agents. To provide the required services, XML is used to enable a machine-to-machine communication. XMLAYMOD consists out of five different sections that are linked to each other. In the *Interface layer*, product data is defined as CAx models based on their own data format by manufacturing agents. Different data channels provide the data exchange between the *Interface layer* and the *XML Service Cloud*. There, the received heterogeneous data formats are transformed into XML data structure. The *Step XML Layer* insures that the *XML Service Cloud* maintains manufacturing data based on the STEP standard. Afterwards the STEP XML batches are delivered to *Modular Interpretation Layer*, which maps the different packages to modules and exchanges it with

Store/Retrieve layer. Here, the product data is stored in platform databases and can be retrieved within the layer. Therefore, the whole process is reversible and manufacturing agents are able to use data from other agents. With the XMLAYMOD platform, data integration between distributed production units is maintained. The exchange and reuse of manufacturing knowledge within distributed manufacturing systems is eased by the use of a cloud-computing platform.

4 Conclusion

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In the competitive market nowadays, manufacturing companies focus on decentralise production units to establish a global market and meet local needs of customers. There is an obvious trend towards geographically distributed manufacturing systems to achieve cost-effective manufacturing strategies. The main causes for this trend have been worked out in the beginning of the paper under the genus sustainability. Economical, environmental and social reasons force producing companies to disperse their production units all over the globe.

The design of distributed manufacturing systems evolved over the years. The different stages have been briefly described and as most suitable form a wise manufacturing system has been further illustrated. The simplified architecture for such a system shows the different units and their relations and information exchange between each other.

The sharing of information, exchange of data and reuse of knowledge is one of the most complex challenges concerning distributed manufacturing systems.

Establishing a proper working manufacturing system necessitates efficient knowledge sharing between all dispersed production units. The described development of manufacturing ontologies ensures a coherent data structure, which facilitates the knowledge reuse. Additionally, manufacturing companies should use integrated platforms to ease collaborative work of distributed agents.

For further researches, both discussed approaches can be extended to get a higher automation and ease the use for companies.

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FINANCIAL AND MORAL INCENTIVES AND THEIR IMPACT UPON THE FUNCTIONAL PERFORMANCE OF THE ADMINISTRATORS WORKING AT THE INSTITUTES OF THE PUBLIC AUTHORITY FOR APPLIED EDUCATION AND TRAINING (PAAET) IN KUWAIT

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Abstract

The current study aims at investigating the system of the financial and moral incentive sat the institutes of the public authority for applied education and training (PAAET) in Kuwait. It should be noted that having a trained human resources that are capable to perform the roles assigned to them is considered as a primary requirement for improving the organization's performance. The problem of the study is no doubt that all kinds of financial and moral incentives have major clear impacts upon employees 'productivity and performance levels. The results of the study have been reached on:

1. The material and moral incentives affect the performance of the administrative staff working in the institutes of the General Authority for Applied Education and Training in the State of Kuwait.
2. The material incentives do not affect the performance of the administrators of the institutes of the Public Authority for Applied Education and Training in the State of Kuwait. This can be explained in light of the lack of satisfaction with the material incentives provided to the study sample.

The researcher recommends the following:

1. Pay attention to the salaries of employees to match the level of performance to stimulate them to rise.
2. Focus on providing adequate and fair compensation upon retirement of employees.
3. Provide appropriate health and social insurance.
4. Working to pay good salaries commensurate with the requirements of living
5. The administration must provide rewarding remuneration to the competent employees in their work.
6. Pay attention to the development of an effective system to evaluate the performance of employees.
7. Paying attention to providing moral support and praise to employees to improve their performance.
8. Conducting further studies on the subject of the study.

Introduction:

Incentives have become one of the most significant things that have obtained much attention by the

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managements of many projects. That is because incentives are considered as being a mean that aims at motivating individuals to work actively with employing their capabilities in a way that shall make that their habit. It should be noted that having a trained human resources that are capable to perform the roles assigned to them is considered as a primary requirement for improving the organization's performance. Thus, there has been much attention given to providing employees with incentives and raising their desire in working in a way that shall ensure achieving the project's goals effectively. That is because the incentives based policies play a significant role in raising employees' productive efficiency which is needed in many developing countries. In the light of the current circumstances, raising employees' productive efficiency has become one of the major needed requirements. However, raising such efficiency requires exerting many efforts to improve employees' performance and raise their productivity levels (Ala'edy, 2000).

The main goal behind giving employees inventive is raising individuals' productivity levels and such raise can be achieved through having an interaction between individuals 'capabilities and incentives. In addition, incentive systems are considered as a significant mean for achieving consistency between satisfactions of employees' needs and raising their income. Incentives are considered as a major method that shall participate in raising the national productivity level and developing it in quantity and quality. However, it should be noted that incentives are not limited to one kind, but there are diversity of kinds of them, whether they were positive, negative, moral, financial, individual or group. There is nothing that obstructs that application of all these kinds of incentives simultaneously and there shall be no conflict between them when applying them simultaneously. In fact, the successful incentive system is the one that applies several kinds of incentives simultaneously.

Hence, this study came to investigate financial and moral incentives and identify their impacts upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait.

Significance of the Study:

Employee's efficiency refers to his capability to achieve the tasks assigned to him efficiently and effectively. It is known that the organization's performance is highly linked to their employees' performance levels. Thus, the employee's performance levels are considered as being a key factor influencing the organization's survival. The researcher of the current study believes that it is significant to investigate the impact of financial and moral incentives upon the functional performance of the administrators working at the institutes of the public authority for applied education and training (PAAET) in Kuwait.

Thus, the significance of the current study is represented in the following:

1) - The current study shall investigate the impact of financial and moral incentives upon the functional performance of the administrators working at the institutes of the public authority for applied education and training (PAAET) in Kuwait

2) - The current study shall suggest several recommendations that shall participate in improving the functional performance of the administrators working at the institutes of the public authority for applied education and training (PAAET) in Kuwait

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The Study's Objectives:

The current study aims at investigating the system of the financial and moral incentive sat the institutes of the public authority for applied education and training (PAAET) in Kuwait. The current study shall also investigate the impact of such kinds of incentives upon the performance of the administrators working in these institutes

Statement of the Problem:

Incentives participate in guiding the organization's employees to the right path to be followed. There is no doubt that all kinds of financial and moral incentives have major clear impacts upon employees 'productivity and performance levels. However, such impacts could be positive or negative. Distributing incentives upon employees in an inequitable manner could lead to serious negative consequences that shall be reflected upon the organization's performance

The Study's Questions:

The current research seeks to provide answers for the following questions:

1) - What is the impact of the financial and moral incentives upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait?

2) - What is the impact of the financial incentives upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait?

3) - What is the impact of the moral incentives upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait?

The Study's Hypotheses:

HO1: There are no impacts for financial and moral incentives upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait

HO2: There are no impacts for financial incentives upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait

HO3: There are no impacts for moral incentives upon the functional performance of the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait

The Study's Population and sample:

The study's population consists of all the administrators who work at the institutes of the public authority for applied education and training (PAAET) in Kuwait. This population consists of two hundred and thirty eight (238) administrators. As for the sample, it consists of one hundred and fifty (150) administrators selected from the study's population. The researcher distributed questionnaire forms to the sample. However, one hundred and four (104) questionnaire forms were retrieved and they were valid for conducting statistical analysis. Thus, the response rate is (69.3 %).

Data Collection Methods:

1) - Primary data resources: They are represented in the questionnaire. For instance, the researcher of the current study distributed questionnaire forms to the sample.

2) - Secondary data resources: They are represented in the books, and scientific references that are related

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to the study's topic

First: The Study's Theoretical framework

Incentives aim to motivate individuals and encourage them to do certain acts. They also aim at raising the productivity levels. However, achieving that occurs through having an interaction between individuals' capabilities and the incentives given to them

Incentive is defined as being external stimuli that drive and energize individual's behavior to act to satisfy certain needs and desires in order to reduce the tension associated with such needs and desires. Abbas and Barakat (2001, p.190) define incentives as being a mean that aims at satisfying individual's needs and desires. They also define it as being a group of circumstances that exist at the workplace and aim at satisfying individuals 'desires. Incentives are also defined as being the factors that drive the employees who work in the production units to work with their full capacity to achieve the desired goals. As for Al-Qairuty (2004, p. 300), he defines incentives as being a power or internal feelings that drive individual's behavior to act to satisfy certain needs and desires.

Incentives aim at encouraging and enthusiasing individuals to raise their productivity levels. However, that shall occur through having an interaction between individuals' capabilities and the incentives given to them. When an individual has needs, then he shall desire to fulfill them. That is because needs are usually associated with feelings of stress which drive one to act and exert efforts in the aim of fulfilling them. Fulfilling them shall lead to experience feelings of satisfaction and desire to fulfill other needs. In case the exerted efforts were not able to fulfill the concerned needs, then the feelings of stress shall remain. In such a case, one shall be faced with several alternative solutions. For instance, he might exert the same efforts once again to satisfy the concerned need or he might change the track he follows when exerting his efforts. He might also replace the concerned need with another need (Al-Omyan, 2002, p. 280). Incentives are also defined as being a group of external factors and stimuli that stimulate individuals and drive them to perform the tasks assigned to them to the fullest through satisfying their financial and moral needs and desires. In other words, incentives are stimuli that drive individuals to act and perform the tasks assigned to them in a way that shall ensure the movement of human capabilities and transforming them into a production – oriented behavior (Al-Heety, 2003, p. 252).

The significance and benefits of incentives:

The primary significance of incentives arises from the significance of the human element as being one of the major elements of production. For instance, making use of incentives efficiently shall lead to achieving the goals of the individuals, organization and society (which are represented through the social and economic developments). Incentives that stimulate and motivate people can be also considered as being one of the most significant means that can raise the efficiency of the organization's human resources and the efficiency of the activities performed by the managements of these resources. For example, incentives assist the latter managements in choosing, and training the organization's human resources and organizing and directing the efforts exerted by those resources. Furthermore, there has been much attention given to incentives due to the following reasons (Al-Heety, 2003, p. 252):

1) - Competition has become more intensive between organizations in relation to the development of their

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human resources. However, such development must be consistent with the cultural developments. For instance, such cultural developments require raising the organizations 'capabilities in attracting the human resources who possess the required skills. Such developments also require motivating workers to develop their knowledge and capabilities and employ their full potentials when using the advanced technological instruments. Incentives play a major role in selecting the desired human resources that are capable to work and appointing them in the right positions. Incentives also play a significant role in developing these human resources constantly and driving them towards performing their roles in an accurate manner.

2) - The concept "incentives" is considered vague because it is associated with a group of psychological, social and organizational factors that are considered complex and complicated. Such vagueness has attracted the attention of many researchers to conduct studies about incentives. Such studies aimed at providing a clear comprehensive understanding for the mechanism in which incentive functions through and the factors that influence its success.

3) - There is an increase in the restrictions and challenges facing organizations and individuals and such challenges have a direct impact upon the organization's efficiency and ability to survive. There has been also an increase in the number of labor organizations and governmental legislations. That has forced organizations to use incentive as a mean for reducing the impact of such restrictions and challenges.

4) - There has been an increase in the size of organizations and diversity in the activities they perform. In addition, organizations have started to conduct international business operations. These things have forced organizations to move their employees to other countries to work. Thus, organizations have started to use financial or moral incentives or both as a mean for encouraging and motivating their employees to work in regions outside their place of residence or the countries they belong to.

5) - Many studies have indicated that there is a major influence for incentives upon motivating employees and keeping the organization's stability level.

As for the benefits gained from incentives,

Types of Incentives:

Incentives can be financial, such as: remuneration, or a share in the profits, or non – financial (i.e. moral incentives), such as: thank you letters and letters of appreciation. Incentive can be positive, such as all kinds of rewards, or negative, such as: punishments and warnings. Incentives are usually given to employees, administrators and technicians

1.1 Individual Incentives

Such incentives usually refer to the ones that encourage or motivate certain individuals to raise their productivity levels. Individual incentives could be financial, such as the rewards given to the employee who produces the best things, the award given to the best professor, or the gift given to the student who is the top of his class. Individual incentives are given to individuals not groups. Such incentives shall raise the positive competition between individuals to reach the highest productivity levels and achieve the best performance. Individual incentives could have a negative impact upon the team spirit which is considered the essence of the management process. Thus, that means that it is necessary for any organization to employ group incentives besides individual ones. (Al Qaryouti, 2004:304).

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One of the most important advantages of individual incentives is that the individual can touch the relationship between performance and reward. The individual incentive system is one of the most common types of incentives used in an industrial organization and non-profit organizations.

In order for the individual incentive system to be successful, some things are needed, including:

• The individual is actually willing to receive a higher reward.
• The worker can control costs.
• It is possible to measure and maintain quality.
• Work constraints can be controlled.
• Do not change the world's tasks at short intervals.
• The method of calculating the bonus is easy and understandable by the worker.
• That the method be fair and objective (realistic). (Salem and Saleh, 2002: 190).

II. Collective Incentives:

The collective incentives aim at encouraging the team spirit and enhancing cooperation between the employees, so that each of them is keen not to interfere with his work with colleagues, because that is detrimental to the main objectives of the work. This type of incentive involves the awarding of an award for best management in a ministry, a branch of a company or a bank, a university college, and so on. Collective incentives promote team spirit, and the spirit of collaboration among staff rather than the sometimes contradictory spirit of competition. In order for positive individual competition and team spirit to be achieved simultaneously, the two methods can be used together and not limited to one method, whereby incentives At the individual level, incentives at the level of the working group and incentives at the level of the Organization as a whole. (Al Qaryouti, 2004:304).

III. Material Incentives:

Cash incentives are the most important types of incentives, especially for individuals at the minimum level of management in the establishment. As basic physiological needs are not yet fully satisfied, money is therefore a powerful driver of human behavior. Individuals at this organizational level have limited income and need money to meet their living needs such as food, housing and clothing. There are various types of monetary incentives (Shawish, 1999: 210).

(A) Salary:

The importance of wages stems from an incentive for production that allows the individual to achieve many basic and basic needs such as food, housing and clothing, and to buy whatever he desires. Paying can also attract and attract good employment to work in the facility.

(B.) Annual increases:

Annual increases are not an incentive to work unless they are linked to production, that is to say, the basis for granting them as a base and activity that improves individual productivity. However, if the increase in seniority is granted, this incentive will lose its importance.

(C.) Bonuses:

A reward is a sum of money given to a working individual for the performance of a distinct work or achievement of a certain level of production or because of the achievement of a saving in a field. What

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has been said about annual increases and their success as an incentive for production also applies to bonuses.

(D) - Participation in profits:

Dividends can be defined as a percentage of the annual profits determined by the management of the entity to be distributed to the employees. The method of calculating this percentage is calculated on the basis of gross profits or net profits. Thus, participation in profits can be seen as a monetary incentive to increase production in the sense that employees will increase their efforts and activity in order to increase production and profits and thereby increase the profits they receive.

IV. Moral incentives

Moral incentives are those that do not depend on money to motivate and motivate workers to work, but are based on moral means based on respect for the human element which has feelings, hopes and social aspirations that seek to achieve during the work in the establishment must be respected. The most important moral incentives are: (Aqili, 1993: 287).

1- Promotion opportunities:

The effectiveness of promotion depends on labor if it is linked to efficiency and production. If the workers had a desire to hold a higher position than their current position, the promotion would be an encouraging incentive for those working and producing. If the promotion is linked to seniority, promotion as incentive will certainly lose its impact on motivation because of the equality between the productive individual and the normal, as both will be promoted after certain periods of time.

1. Estimate the efforts of workers:

Many employees recognize the importance of their efforts and consider it an important incentive for them to make additional efforts at work. Examples of possible applications of this incentive method include giving different moral rewards to employees such as naming the ideal employee, providing other important symbols such as celebrating, giving paid vacations, giving thank-you letters, decorations, or any other forms that vary from one organization to another. State to another state. "(Al-Qarouti, 2004: 305).

1. Involvement of management personnel:

The primary objective of engaging management is to motivate them to act by informing them of their importance, and the policies and programs developed are based on full knowledge of the wishes and needs of the implementers conveyed by their representatives to senior management.

Many staff consider the importance of the role that management gives them in participating in discussing policies, objectives and programs to be implemented. Therefore, officials must recognize the importance of this feeling among workers and consider the possible ways to satisfy this desire, which contributes if achieved in increasing the motivation of workers. There is no doubt that the management approach to the goals is a foundation in this direction and this method includes three steps:

1) Setting goals at all levels and with the participation of employees and at the administrative level in which they work.

2) To set dates for the achievement of the specified objectives, so that these date, which were originally agreed upon with the participation of all and within the known data, are respected.

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3) Follow-up and feedback on the level of performance achieved and act accordingly.

This method of stimulation is a response to the motivation theory, which is based on the importance of participation in goal setting (Karioti, 2004: 305).

1. Guarantee and stability of work:

The security or stability provided by the Department to the workmen is an incentive that has a significant impact on their morale and therefore on their productivity, because the stable work ensures a stable income for the individual to live with his family comfortably and reassuringly and is in a better position in terms of his ability to work and give. .

2. Expansion of work:

Expanding work is an important aspect of moral incentives. The expansion of the work contributes to the addition of new tasks for the work of the individual within the scope of his original specialization, that the breaking of the boredom and boredom that may be caused by repetition and routine in simple tasks do not feel important in the work.

1. Enrichment or enrichment of work:

Enrichment and business analysis is a very important incentive for organizations to use as a moral stimulus in the field of human motivation for work. The enrichment of work indicates the need to add new tasks close to the individual's competence, such as involving him in decision-making.

2. Organization of working hours:

There is a reasonable level of working hours that motivate workers to work efficiently and productivity. If they exceed this level, the individual will become tired and tired, and thus his moral spirit and productivity will be affected. This is called the organization of daily working hours. It is unreasonable for a person to start his work in the morning without interruption until the end of the official working hours.

1. Improve the conditions of climate and physical work:

Appropriate health climate affects the work environment such as lighting, ventilation ... etc., in the performance and productivity of the individual, as the more physical work conditions appropriate, the individual was willing to work better. (Aghili, 1993: 288-290)

V. Negative incentives:

Negative incentives seek to influence the behavior of employees through disciplinary action, which is represented by material sanctions such as deduction of wages or deprivation of allowance, deprivation of promotion, or inclusion of the name of the worker who is negligent or neglected in a special list published on the employees of the organization or other forms of punishment The disciplinary system or the negative incentives system includes the offenses that employees must not commit during the performance of their work, as well as the penalties imposed on the worker who commits any of these violations. In addition, the disciplinary system includes the procedures to be followed at the time of occurrence the violation by the workers. The use of negative incentives is a means to an end is to prevent the occurrence of defective behavior or prevent the recurrence of this behavior through proper understanding and appreciation of things. Therefore, the different establishments must use negative incentives with logic and wisdom, because excessive use will weaken the morale of the workers, and this negatively affects their

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productivity and therefore the objectives of the establishment (Shawish, 1999: p. 212).

Second: Literature Review:

This section deals with previous Arab and foreign studies related to the subject of the study, which dealt with both the incentives and productivity efficiency in descending order from the newest to the oldest, as follows:

First: Literature Review in Arabic

Al-Jessi (2011), entitled "The Effect of Material and Moral Incentives on Improving the Performance of Employees in the Ministry of Education in the Sultanate of Oman".

The study aimed at determining the effect of material and moral incentives on improving the performance of employees in the Ministry of Education in the Sultanate of Oman. The study sample consisted of (290) employees and employees in the general education directorates of the Ministry of Education at the level of the educational districts. The study measures the impact of material and moral incentives on improving the performance of ministry employees. The results of the study showed that there were no statistically significant differences in the attitudes of the study subjects about the effect of material and moral incentives on improving the performance of employees in the Ministry of Education in the Sultanate of Oman according to the variable age, social status, educational level and job title. Between the trends of the study personnel working in Muscat and the study personnel working in the other governorates in the effect of moral incentives in improving the performance of employees in the Ministry of Education in the Sultanate of Oman, for the benefit of individuals working in other governorates.

Al-Faris study (2011) entitled "The impact of incentive policies on organizational loyalty in public institutions".

The study aimed at determining the effect of the incentive policies on organizational loyalty in public institutions operating in Damascus governorate in Syria. The study sample consisted of (324) employees and employees from various administrative levels in the public governmental institutions in Damascus. The researcher developed a study tool that measures the relationship between study variables some. The results of the study showed that there is no consensus in the perceptions of employees on the concept of motivational policies, organizational loyalty and division of employees on the degree of organizational loyalty. The results also showed a statistically significant relationship between the study variables (age, experience, rank, educational qualification). On the other hand, the results of the study showed a strong and positive relationship between motivation and organizational loyalty.

Al Badi (2008): "The Manager's Skill in Using the Incentives to Raise the Performance of Amman Oil Company Employees".

The objective of the study was to identify the extent to which the director of the organization has the ability to motivate employees, and the extent to which these incentives are used both materially and morally to improve their performance and to identify the criteria used by the manager in evaluating the performance of his employees to motivate them. The study sample consisted of (532) employees and employees of Amman Oil Company. The researcher developed a study tool aimed at determining the effect of the manager's skill in using incentives to raise the level of performance of Amman Oil Company employees. The results showed that the manager has good skill in motivating the employees. The results

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also show the good use of the material and moral incentives to reward the employees. The results also showed the strong influence of the incentives used by the manager in improving the performance. Performance of employees under which incentives are distributed significantly. The results of the study indicated that the most frequently used material incentives were allowances (allowances, vacations, courses, free treatment tickets in private hospitals, travel allowances, letters of thanks accompanied by material rewards, external missions).

Khrkhash study (2003): "The effect of incentives on raising the level of production efficiency: A field study of extruding unit, covering and aluminum smelting of Aluminum Algeria".

The aim of the study was to highlight the importance of motivating workers to increase production efficiency by studying their behavior, desires and needs. The aim of the study was to determine the effect of incentives on raising production efficiency in Aluminum Algeria. The study sample consisted of (300) employees and employees of the company. To develop a tool for the study to measure the impact of incentives on raising productivity. The results of the study showed the correlation between the incentive and the production. On the other hand, the results showed the desire of the working individual to obtain the incentive to raise the level of productive efficiency.

Manzoor, 2012, entitled "The impact of employee incentives on organizational effectiveness".

The study was designed to measure the effect of incentives applied by banks on the organizational effectiveness of the bank. The study was applied to a sample of 300 employees and employees of commercial banks in Punjab province. The results of the study showed that the empowerment of the factors that contribute to motivate the employee more, where the study showed that empowerment is by granting the employee powers to make decisions and delegation of authority and decentralization of management, and the results of the study that there is a positive relationship between incentives received by employees and effectiveness The results of the study showed that banks that implement a flexible system of incentives and empowerment have better regulatory efficiency than other banks.

Al-Jishi, 2009, "The Effect of Incentives on the Performance of Nurses at the Aramco Health Center".

The study aimed at determining the effect of incentives on the performance of nurses at the Saudi Aramco Center for Health. The study sample consisted of 100 nurses. The researcher developed a study tool to analyze the effect of incentives on nurse performance. The results showed that nurses who showed better performance were better motivated than others and less inclined to think about leaving work. The results showed that nurses tended to quit as a result of violent working conditions or dangerous workplaces that could cause in the occurrence of injuries, long working hours, low wages, or lack of management show for moral incentives such as thanks and appreciation.

Study (Tella, 2007): "The Effect of Incentives on Academic Achievement of Students and the Results of Learning in Mathematics among High School Students in Nigeria".

The study aimed at determining the effect of incentives on academic achievement of students and the results of learning in mathematics among secondary school students in Nigeria. The study sample consisted of (300) students in the secondary stage in Nigeria and the researcher developed a study tool to measure the relationship of study variables to each other. The results of the study showed that there were

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statistically significant differences in the effect of incentives on academic achievement of students and the results of learning in mathematics in males and females and that these differences were in favor of females. The results also showed statistically significant differences in the effect of incentives on student academic achievement and learning outcomes in mathematics based on Academic level for students and for students with higher academic level.

Boating, 2007, "The Role of Incentive Systems in Strategic Human Resources Management".

The study aimed at determining the role of incentive systems in the management of strategic human resources. The study was applied to a sample of (170) Finnish companies, of which (27) companies responded with (350) employees and human resources managers. The strategic human resources management is the dependent variable, and the researcher has developed a study tool that measures the role of incentive systems in strategic human resources management. The results of the study showed that human resource incentive systems play a major role in the management of strategic human resources. The results showed that human resource specialists in the surveyed companies emphasize the need to use human resources information systems to support strategic HR functions.

Parker & Francesco (2002): The Relationship between Employee Productivity and Loyalty The study aimed at explaining the nature and direction of the relationship between the productivity of employees and their loyalty to their organizations. The study sample consisted of (200) UK, and the researchers developed a questionnaire that measures the relationship of study variables to each other. The results of the study showed that the relationship between motivation and productivity is not direct, but through organizational, personal and environmental variables. The results also show that the concepts of productivity, employee performance and organizational loyalty are not static variables and are influenced by automatic images of stimulation. They are also influenced by the influence of other environmental and behavioral variables such as attitude, Level of perception, values, trends, and organizational policies used in the work.

Quantini

(2001): "The Effect of Positive and Negative Motivation on Employee Performance".

The study was designed to determine the effect of the positive incentive methods and the negative incentive methods on the performance of the employees. The study sample consisted of (423) employees and employees of Bank Union in Italy. The descriptive method was used in the field. The results of the study showed that the stimulus takes positive images such as incentives, promotion and salary increases, and may come in a negative form such as sanctions and consideration and separation and transport, and results of the study that the efficiency of the incentive systems linked to the existence of an efficient system to assess performance. On the other hand, the results of the study showed that Union Bank takes into account the objective in selecting and appointing individuals within the bank. The bank also competes with competence and merit standards, and avoids nepotism and mediation. The results show that the bank is based on the criterion of competence and merit. Applicants, which is reflected positively on the level of performance of the bank as a whole.

The study sample characteristics:

The frequency and the percentage of the descriptive responses to the sample were extracted into the first

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part of the questionnaire:

1) Gender

Table no. (1)

Distribution of study sample by gender

Gender	Frequency	Percentage
Male	25	24.0
Female	79	76.0
Total	104	100.0

The percentage of females in the study sample is 76%, which is higher than that of males (24%).

2) Qualification:

Table no. (2)

Distribution of the study sample by scientific qualification

Qualification	Frequency	Percentage
Public secondary school or below	19	18.3
diploma	45	43.3
Bachelor	38	36.5
Postgraduate studies	2	1.9
Total	104	100.0

We note that 18.3% of the sample is from the secondary school or below, 43.3% of the sample is a diploma holder, 36.5% of the sample is a bachelor's degree, 1.9%.

3) Practical experience

Table (3)

Distribution of the study sample by practical experience

Category	Frequency	Percentage
less than one year	6	5.8
15	20	19.2
6-10	26	25.0

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11-15	19	18.3
16 years and more	33	31.7
Total	104	100.0

We note that 5.8% of the sample has less than one year of experience, and 19.2% of the sample has between 1-5 years and 25% of the sample. Their experience ranged between 6-10 years and 18.3% 11-15 years), and 31.7% of the sample has more than 15 years of experience. Reflecting the high practical experience of the sample members.

Presentation of the study results:

The arithmetic mean and the standard deviation were used to describe the sample responses to the paragraphs below.

1. Material incentives:

Table (4)

Descriptive statistics of material incentive clauses

Question	Arithmetic mean	standard deviation
1. I get enough salary to meet the requirements of life.	2.9231	1.19621
2. The administration provides rewarding rewards to the most competent employees in their work.	2.7596	1.22669
3. I get a higher salary than I might get elsewhere	2.6250	1.13366
4. The material incentives are the most influential on my performance in the company.	3.5192	1.36518
General average	2.9567	.73772

The sample trends are positive for paragraph (4) because their arithmetic mean is greater than the mean of the measurement tool (3), while the sample trends are negative towards the rest of the paragraphs because their mean is less than the mean of the measurement tool (3) the negative towards the material incentives provided to the sample members.

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1. Moral incentives:

Table (5)

Descriptive statistics of moral incentive clauses

Question	Arithmetic mean	standard deviation
1. Obtain appropriate health and social insurance.	2.1731	1.16953
2. I have the opportunity to receive my annual leave without any hindrance.	3.8750	.99208
3. All members of my family are covered by health insurance.	2.0000	.97543
4. The Department shall direct the sick leave directly as soon as I need it.	4.2019	.88548
5. The administration shall provide adequate and fair compensation upon the retirement of the employee.	2.7404	1.04273
6. I feel that I belong to where I work	4.1442	.91819
7. The place has the right amenities for my work.	3.7885	.95198
8. The lighting is adequate in the place where I work.	4.1442	.79340
9. Official working hours are clearly defined	4.3750	.71309
10. A good and convenient weekend system is available.	3.7596	.89763
11. The work system allows delaying some employees to complete the backlog.	3.5096	.96537
12. The administration will deal well with the staff	4.1346	.95590
General average	3.5705	.51928

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The sample trends are positive for the above paragraphs because their arithmetical averages are greater than the mean of the measurement instrument (3) while the sample trends are negative to paragraphs (5,7,9), because their arithmetic mean is lower than the mean of the measuring instrument 3, of 3.5705 positive trends towards moral incentives provided to members of the sample.

1. Performance:

Table (6)

Descriptive statistics of performance paragraphs

Question	Arithmetic mean	standard deviation
1. Done without mistakes	4.2212	.69613
2. There is a decline in my delay from work	3.3077	1.30776
3. Do not miss my job without need or compelling circumstances.	4.4904	.72400
4. I do my best to perform my work to the fullest.	4.6058	.56462
5. There is an improvement in my performance at work	4.3365	.84314
6. Get creative in my work.	4.1442	.87487
7. I consult my managers on various aspects of the work	4.3462	.79768
8. I try to excel in my work on my colleagues	4.1058	.86931
9. I accept the suggestions of my managers at work	4.4038	.63121
10. Help my colleagues to get their job done	4.5577	.55436
11. Participate in decision-making	4.1538	.90058
12. Take care of the work holdings	4.5192	.59088
13. I have sufficient preparedness to take responsibility	4.4615	.63740
14. Avoid litigation and complaints	4.4231	.83250
15. Develop a variety of	4.1923	.76421

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work methods (innovation)		
16. I have the ability to solve problems	4.3365	.70519
17. Be committed to achieving the objectives of the work accurately and objectively	4.4904	.60732
General average	4.2998	.49267

We note that the sample trends are positive for the above paragraphs because their arithmetic mean is greater than the mean of the measurement tool. 3 The overall average of 4.2998 also reflects the positive trends towards the performance of the sample members.

Stability test:

The cronbach Alpha test was used to measure the stability of the measuring instrument with a value of 0.857, which is excellent, above the acceptable 0.60.

Testing hypotheses:

Hypothesis (1):

Ho: The material and moral incentives do not affect the performance of the managers working in the institutes of the General Authority for Applied Education and Training in the State of Kuwait.

Table (7)

Test results of hypothesis (1)

F calculated	F Tabulated	F SIG	Result of the null hypothesis HO
3.795	3.10	0.026	Ignore

The results of the regression test are used in the table above. The calculated value of F = 3.795 is greater than the tabular value. Since the rule of decision is to accept the null hypothesis (HO) if the calculated value is less than the tabular value, (HO) if the calculated value is greater than the crossover value. Thus, we reject the null hypothesis (HO) and accept the alternative hypothesis (Ha). This means that the material and moral incentives affect the functional performance of the administrators of the institutes of the Public Authority for Applied Education and Training in Kuwait.

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Hypothesis (2):

Ho: The material incentives do not affect the performance of the managers of the institutes of the General Authority for Applied Education and Training in the State of Kuwait

Table (7)

Test results of hypothesis (2)

T calculated	T Tabulated	T SIG	Result of the null hypothesis HO
0.36	1.984	0.719	Accept

The simple regression test is used. From our reading of the results of the computer in the previous table, the calculated value of T = 0.36 is less than the tabular value. Since the rule of decision is to accept the null hypothesis (HO) if the calculated value is less than the tabular value, (HO) if the calculated value is greater than the crossover value, therefore we accept the null hypothesis (HO). We reject the alternative hypothesis (Ha). This means that the material incentives do not affect the performance of the administrators of the institutes of the Public Authority for Applied Education and Training in the State of Kuwait.

Hypothesis (3):

Ho: Moral incentives do not affect the performance of the managers of the institutes of the General Authority for Applied Education and Training in the State of Kuwait.

Table (8)

Hypothesis test results (3)

T calculated	T Tabulated	T SIG	Result of the null hypothesis HO
2.659	1.984	0.009	Ignore

The simple regression test is used. From our reading of the results of the computer in the previous table, the calculated value of T = 2.659 is greater than the tabular value. Since the rule of decision is to accept the null hypothesis (HO) if the calculated value is less than the tabular value, (HO) if the calculated value is greater than the crossover value. Therefore, we reject the null hypothesis (HO) and accept the alternative hypothesis (Ha). This means that the moral incentives affect the performance of the administrators of the institutes of the Public Authority for Applied Education and Training in Kuwait.

Results & Recommendations

Results

The following results have been reached:

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1. The material and moral incentives affect the performance of the administrative staff working in the institutes of the General Authority for Applied Education and Training in the State of Kuwait
2. The material incentives do not affect the performance of the administrators of the institutes of the Public Authority for Applied Education and Training in the State of Kuwait. This can be explained in light of the lack of satisfaction with the material incentives provided to the study sample
3. Moral incentives affect the performance of the administrative staff working in the institutes of the General Authority for Applied Education and Training in the State of Kuwait.

Recommendations

The researcher recommends the following:

1. Pay attention to the salaries of employees to match the level of performance to stimulate them to rise.
2. Focus on providing adequate and fair compensation upon retirement of employees.
3. Provide appropriate health and social insurance.
4. Working to pay good salaries commensurate with the requirements of living
5. The administration must provide rewarding remuneration to the competent employees in their work.
6. Pay attention to the development of an effective system to evaluate the performance of employees.
7. Paying attention to providing moral support and praise to employees to improve their performance.
8. Conducting further studies on the subject of the study.

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UNDERSTANDING THE INFLUENCE OF ROLE CONFLICT AND ROLE AMBIGUITY ON INTENTION TO STAY

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Abstract

Given the role of human resource in assisting organizations gain competitive advantages in challenging market environments, today's endeavour for motivating intention to stay of valuable employees is highly significant in organizations. General strain theory developed by Robert Agnew (Broidy, 2001) explains the role conflict and role ambiguity relationship with employees' intention to stay. These two stressor roles are the basis of dysfunctional workplace situation negatively correlated to intention to stay. This dysfunctional condition endangers employees' career growth and organizational success when there is high level of withdrawing behaviors among employees in the internal work pool. Thus, it is imperative to investigate these two stressor roles influence on intention to stay of employees, particularly, in Malaysian manufacturing organizations. Our review of related literature found that manufacturing organizations' effort will only succeed in increasing employees staying intention by assuring clarity of both stressor roles (Michaels & Spector, 1982).

Key Words: intention to stay, role conflict, role ambiguity, general strain theory, manufacturing organizations

Introduction

From the reviewed literature, Masibigiri and Nienaber (2011) found that increasingly attention on

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retaining employees who add values to organizations. Retaining employees is about the existing human resources management, intention to stay and their employment relationship with present organizations (Ing, Hao & Chih, 2006). Research into employees' intention to stay is more practical according to Thompson and Terpening (1983) since existing employees can provide the relevant information regarding their decision to stay. Efforts in retaining employees who have decided to leave are already too late (Allen & Bryant, 2012; Mosley & Hurley, 1999). Additionally, past studies on turnover can assist to explain the importance of retention efforts in increasing employees' intention to stay within the organizations. This study aims to develop a framework in measuring intention to stay among executive employees in Malaysian manufacturing organizations. General strain theory developed by Robert Agnew (Broidy, 2001) used to explain the two stressor roles, namely, role conflict and role ambiguity.

Intention to Stay

Sengupta and Dev (2013) highlighted that the employee' willingness to remain in the organization can be associated with the organization he or she is working for, the characteristics of the job, and the attributes of the individual. The high tenure of one employee continuing his or her employment relationship reflects the success of the organization in building strong intention to stay.

General Strain Theory

Despite some past studies had used general strain theory to explain intention to leave (Shim, Jo & Hoover, 2015), workplace deviant behavior (Mazni, 2013) and non-deviant behaviors (Jang, 2007; Jang & Lyons, 2006) but lacks explanation on the effects on employees intention to stay. Robert Agnew's general strain theory views strain in terms of the feeling of dislike to the particular conditions or circumstances by an individual which can cause frustration, depression, irritation and aggressiveness in emotion-coping behaviors. All of these negative behaviors can result from role conflict and role ambiguity. These two stressor roles are the basis of dysfunctional workplace situation negatively correlated to intention to stay. Employees' intention to stay increases when they have higher interest and sense of meaningfulness in

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performing their roles.

Role Conflict

Role conflict is a situation where employees begin to experience confusion concerning how to perform the jobs and find it difficult to decide which task to be prioritized (Tidd & Friedman, 2002). Udo, Guimaraes and Igbaria (1997) found that the manufacturing plant managers' role conflict have direct effect on intention to stay. The finding indicated that role conflict significantly affect their intention to stay within the organizations due to the stress caused by the inability to perform the assigned role. Thus, this study suggest that role conflict contributes a significant influence executive employees' intention to stay in Malaysian manufacturing organizations. This study propose:

H_a1: Role conflict has significant relationship on executive employees' intention to stay.

Role Ambiguity

Role ambiguity is a situation whereby employees are confused about what they think they should do and what is expected to be performed in the job (Guimaraes, 1997). Udo, Guimaraes and Igbaria (1997) found that role conflict and role ambiguity are positively interrelated with each other. Both dysfunctional roles negatively contribute to intention to stay. Thus, this study suggest that role ambiguity contributes a significant influence executive employees' intention to stay in Malaysian manufacturing organizations. This study propose:

H_a2: Role ambiguity has significant relationship on executive employees' intention to stay.

Methodology

Self-administered questionnaire form was successfully collected from 456 respondents. This study used a cross-sectional survey research and the sample was identified using double stage of sampling procedures. Intention to stay was measured using employee retention instrument which was developed by Kyndt, Dochy, Michielsen and Moeyaert (2009) and consists of eleven items. The two stressor roles were measured using role conflict and role ambiguity scales developed by Rizzo, House and Lirtzman (1970).

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Cronbach's alpha coefficients of the pre-testing research instrument based on the 30 responses showed that all constructs achieved more than .7. Nunnally and Bernstein (1994) stressed that Cronbach's alpha of .7 is considered good. The data was normal distributed whereby all constructs met the criteria of skewness (-2 to +2) (Byrne, 2010; Tabachnick & Fidell, 2007) and kurtosis (-7 to +7) (Byrne, 2010). Therefore, Pearson correlation was employed to test the study's hypotheses using IBM SPSS version 22 statistical software.

Analysis of Data

The correlation coefficient (r) between the two constructs were determined by the direction and strength of relationship. The direction of the relationship was based on the positive or negative indication. The strength of the relationship was based on the Guilford (1956) rule of thumb. The strength of relationship was presented as follows: negligible relationship ($r < .2$), weak relationship ($r = .2$ to $.4$), moderate relationship ($r = .4$ to $.7$), strong relationship ($r = .7$ to $.9$) and very strong relationship ($r > .9$).

Role conflict: Table A reported that the relationship between role conflict and intention to stay was -.487. Based on $r = -.487$, there was a negative and moderate relationship between role conflict and intention to stay.

H_a1: Role conflict has significant relationship on executive employees' intention to stay.

Since $r_{sig}\ (.000) < \alpha\ (.01)$, therefore, there was significant negative relationship between role conflict and intention to stay at .01 level of significance.

Role ambiguity: Table A reported that the relationship between role ambiguity and intention to stay was -.593. Based on $r = -.593$, there was a negative and moderate relationship between role ambiguity and intention to stay.

H_a2: Role ambiguity has significant relationship on executive employees' intention to stay.

Since $r_{sig}\ (.000) < \alpha\ (.01)$, therefore, there was significant negative relationship between role ambiguity and intention to stay at .01 level of significance.

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Table A: Pearson Correlations Results

Constructs	Intention To Stay
Role conflict	-.487**
Sig. (2-tailed)	.000
Role ambiguity	-.593**
Sig. (2-tailed)	.000

Note: ** correlation is significant at the 0.01 level (2-tailed).

Results and Discussion

The respondents' age ranged from 24 years old to 55 years old. It involved 83.8 percent male and 16.2 percent female respondents. Most of them were married with 58.3 percent, followed by 39.7 percent were single and 2 percent were divorced. Majority of the respondents were graduated with a bachelor degree (82.4%), followed by master degree (16.7%) and PhD degree (.9%). A total of 67.5 percent respondents have work tenure in current job position of less than 7 years, followed by .7 percent respondents have work tenure in current job position of 13 years and above, and 31.8 percent have work tenure in current job position between 7 and 12 years.

In general, both stressor roles were significant negative relationship towards intention to stay. All of these relationships showed correlation coefficient (r) in the ranged from .4 to .7 whereby represents moderate relationship based on the Guilford (1956) rule of thumb. Organizations need to face costly business problem when they not succeed in reducing the levels of two stressor roles. This situation certainly caused efforts on increasing intention to stay of employees not meet the desired results.

Conclusion, the findings from this study consistent with past study found that role conflict and role ambiguity were significant influence intention to stay of employees (Udo, Guimaraes & Igbaria, 1997).

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It is also noteworthy to highlight that role conflict was associated with behavior in role and thus, linked to role ambiguity (Rizzo, House & Lirtzman, 1970). It could be concluded that limited degree of role conflict and role ambiguity sufficient influences the executive employees' intention to stay in Malaysian manufacturing organizations.

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THE RELATIONSHIP OF ORGANIZATIONAL JUSTICE WITH MANAGERS' SELF-EFFICACY CASE STUDY: DIRECTORS OF EDUCATION IN RASHT CITY-NORTHERN OF IRAN)

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Abstract
The aim of the present study, the relationship between thinking style sand abilities of the individual employee organizations Education office is Rasht City. All staff education research population administrative Rasht City of sample included 490 men and 215 women who randomly-selected class. To gather the data from the two questionnaires assessing thinking styles and abilities of individual staff questionnaires were used. Cronbach's alpha coefficient of 95%, and Thinking Styles Inventory capabilities of individual employees was estimated at 96%. Data from the descriptive statistics (mean and standard deviation) and inferential statistics (multiple regression analysis to test the main hypothesis of the study and test specific hypotheses to test and Pearson correlation test and KS-test and ANOVA Friedman test, camera test Watson) was used. Overall relationship between the changing styles and interpersonal skills combined with the ability to confirm relationship was found between styles and between levels of utopian thinking, pragmatic-oriented analysis, and fact-oriented capabilities of individuals with confirmed. And the Friedman test with the highest correlation was found. At the end of the pragmatic thinking in the form of summary, discussion, conclusions, several recommendations In connection with the results in real-world applications and continues to pursue similar studies in the future are presented.

Keywords: Thinking Styles, Personal Empowerment, Organizational Justice, Department of Education.

1. Introduction

In Management studies also discuss about ways of thinking and perception of employees has allocated a

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special place in their (Hashemi, 2009). Wiles in 1992, provides a definition of the style of thinking:Thinking style is pattern of character behavior, which occurs in the work and activities of the organization, and others would recognize it.Variables affecting the formation of thinking styles include culture, age, gender, parents' thinking style, and job (Hasanpour, 2010).

5 pattern about thinking style by Harrison and Bramson (2002) has provided that (Combination thinking, idealistic thinking, pragmatism thinking, analytical thinking, realistic thinking) have been identified.In terms of people with combination thinking style, every man for his own has no particular point of view and is always function of others; hence they are similar to idealists.People with idealistic thinking style influenced by goals and high standards, have valuable attitudes to issues and people.In the role of manager of an organization are looking to assimilate and agreement between people (Hasanpour, 2010).

Pragmatic People often show a great deal of wit and speed to the success of the ideas of others. They are people with big and long-term plans but tend to be practical and short-term thinkers and they have phased approach to life.The analysts seems calm, hardworking and probably cold and hardly predictable.They see the world logical and regular and believe to the logic and a right way to do things,and their strategy is the scientific and analysis method. Realist people tend to have strong and honest lookand the most important strategy is experimental exploration that is cornerstone of realism (Keshtkaran, 2009). The most important and most vital asset of any organization is its human resources. The quality and capabilities of human resources, the most important factor of survival and the existence of the organization.Enable human resources, create capable organizations.Enable organizations is an environment thatemployees in different groups, in carrying out their activities cooperate with each other. Enable employees benefit to the organizations and themselves. They feel more targeted jobs or their lives and their involvement are directly related to continuous improvement in systems and processes in the workplace.Capable organizations, employees with a sense of excitement, property and honor, do their best innovations and thoughts. Capable organizations, employees with a sense of excitement, property and honor, do their best innovations and thoughts. In addition, they work with a sense of responsibility and prefer interests of the organization to their interests. Capable employees are with high self-esteem, creative, talented, creative and reliable.They are able to use critical thinking skills such as revealing, test assumptions and assessments of offered reasonsand organizations despite having Capable staff can reach the organizational goals and provide staff growth (Abdolahi and Navehebrahim, 2007).

2. Literature Review

Thinking in the first years of life from parents, teachers and members of the group or groups that person depends on them acquired.Individual see method of the behavior of its family and friends and coordinate itself with their thinking and behavior. With increasing age, imitates thinking style of celebrities or those who are admired (Khanian, 2099).

Thinking styles are not the ability but they are a preference to apply the abilities.If there was no difference between thinking styles and abilities, it was not necessary to speak about the concept of thinking styles. Life selection requires a balance between thinking styles and abilities.Consistentbetween thinking styles and abilities, is created a rising force that is much greater than the sum of its parts.Humans have multiple

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patterns for thinking styles. People in the flexibility of their thinking styles are different.Thinking styles change during the life, for education, and have socialization and measurable characteristics; valuation of thinking style in terms of location is relative and it's right and wrong is a relative thing (Emamipour, 2009).

According to Harrison and Bramson thinking styles include:

a) Combination thinking style (fusion oriented) that integrated-oriented people integrate. They like to discover several things that may be irrelevant for others and to find ways that they can comply with a new and innovative combination. Integration-oriented would like to enter the challenge and are always suspicious even when you do not see any reason for it (Hasanpour, 2010).
b) Analysts thinking style:The analysts seems calm, hardworking and probably cold and hardly predictable.They see the world logical and regular and believe to the logic and a right way to do things,and their strategy is the scientific and analysis method (Harrison and Bramson, 2002).
c) Idealistic thinking style:People with idealistic thinking style influenced by goals and high standards, have valuable attitudes to issues and people. People with idealistic thinking style consider a wide range of perspectives and are seeking ideal solutions.They have holistic view (Harrison and Bramson, 2002).
d) Realistic thinking style:Realist people tend to have strong and honest lookand the most important strategy is experimental exploration that is cornerstone of realism. Realistic People are dependent to the facts and expert opinions and are interested to coherent conclusions (Harrison and Bramson, 2002).
e) Pragmatic style of thinking:Pragmatic People often show a great deal of wit and speed to the success of the ideas of others. Pragmatists are more flexible than others and show empowerment (Keshtkaran. 2009).

Empowerment is a valuable and complex tool that fifty years of research has proven that its proper application can have a phenomenal impact on organizational performance and job satisfaction (Nikodim et al, 1994).

Empowerment is the perception that the definition of it is easy and impossible. Everyone nurtures a picture of it in their mind,but in reality few people aware of it. Therefore, to understand the empowerment of persons, issues such as power and control should be studied in a historical contextand should resolve obstacles in along the way of empowerment; because one of the main obstacles to empowerment, is a fundamental tension between the need for autonomy and the need for organizations to control people (Vanies, 1993).

Conscious and planned integrated of "knowledge and insight" could be considered to empower individuals and thus could extended “the structural approach of empowering" to education for Knowing and could extended “the functionalapproach of empowering" to education for applyingand could considered "ethical approach of empowering “in two other teaching of life skills, group life, specially (Ameri, 2010).

There are two types of empowerment, individual empowerment and organizational empowerment .In the individual empowerment, staff work with skills without the direct presence of a supervisor.At this stage, staff's analysis power is growing,and can respond to questions and problems and find

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solutions.Also person is capable to set its behavior in the new position, and is responsible for its performance and decisions (Ameri, 2010).

In the organization empowerment that is for managers, they can develop an organization's overall plans. They decide what is done by whom and how.Managers are aware of their duties and are responsible for guiding employees. At this stage leadership skills can be taught to employees who have successfully passed the empowerment of the individual.

3. Previous Research

- Kaffashi and Hataminajd (2009) have done their research entitled "Review and explain the affecting factors the ability of the social security medical staff of Golestan province in 2009"and to identify, roots and prioritize the affecting factors the ability of staff and outlining the practical framework for the protection of human resources and their increasing Productivity and offering more favorable medical services to people.Finally, according to the results,Three areas of delegation of authority and attract participation in organizational affairs, appropriate feedback on employee performance, improve the quality and quantity of education, professional competence of staff, and ultimately attract participation all employees in the enterprise information, have the highest priority in empowering employees were distinguished.

- Jahanban (2008) have been carried outin an article titled "approach, dimensions and framework of educational managers assessment" to determine the dimensions of empowerment training managers, in order to provide an appropriate framework for state school principals. The results show thatthe most important dimensions of empowerment of school principals are as follows: Information and communications technology, human relations, met cognition, development of partnerships, cognitive, management practices, transparency, modeling, common vision, gratitude, self-efficacy, and self-management.

- Bakhtiari and AhmadiMoghadam (2010) have done in his article titled "The role of management strategies in ability of managers" to determine the role of management strategies in ability of managers.The aim of the present study is applied and descriptive is a survey.The results show that effective management strategies for empowerment of managers include role clarity, provision of resources, reward, support, performance evaluation, information technology, leadership style and the structure.Considering that the transparency of the role has most affected and structure has the lowest impact on the empowerment of managers.

- The results of Poorkyani&Shahilo, 2010 to assess the thinking styles of school principals revealed that there is a significant difference between managers' thinking styles there in terms of level of education.Butwas not observedsignificant differencebetween thinking styles based on gender and service record.

- Research findings of Omidvar and Chari (2008) to evaluate thinking styles of students showed that between thinking styles, only in style of legislation thinking in terms of gender there is a significant difference.

4. Research Hypothesis

The main hypothesis

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There is a relationship between the various styles of thinking andstaffs' individual ability level on administrative organization of education.

The main hypothesis

1. There is a relationship between combination thinking styleand staffs' individual ability level.
2. There is a relationship between idealistic thinking style and staffs' individual ability level.
3. There is a relationship between pragmaticthinking style and staffs' individual ability level.
4. There is a relationship between analytical thinking style and staffs' individual ability level.
5. There is a relationship between realisticthinking style and staffs' individual ability level.

5. Research Methodology

The research method is descriptive from correlationaltypebecause this research is aimed to study the relationship between thinking styles and individual ability of employees.The study population included all employees of administrative organization of Education in Rasht City in 93-94 academic years, that the number is 490 people. The number of sample is 215by Morgan table and sampling method in this study is stratified random sampling. Most data and information necessary to analyze the data and test hypotheses were collected through questionnaires. Although in some cases documents in order to collect data is used because of necessity. In the present study to descriptive analyze the data, statistical indexes such as frequency, mean, standard deviation and drawing on diagrams and editing table As well as for inferential analysis of data, multiple regression analysis to test the main hypothesis of this study and Pearson correlation test to test specific hypotheses and Friedman to prioritize component of thinking stylesand analysis of variance to test for significance of regression coefficients and Kolmogorov-Smirnov test to test the normality of variables and Durbin-Watson test were used; as well as data obtained were analyzed by using SPSS software.

6- Statistical analysis and hypothesis testing

6-1- Descriptive analysis of research data

Table 1. Descriptive statistics of research data

	Combination	Idealistic	Pragmatic	Analytical	Realistic	Individual ability level
The number of data	215	215	215	215	215	215
Mean	2.99	2.88	3.02	3.00	3.04	2.98
Standard Deviation	1.141	.908	.831	.874	.958	.531
Absolute value of the	.085	.048	.071	.076	.046	.062

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maximum deviation						
The highest positive deviation	.085	.003	.047	.043	.039	.046
The highest negative deviation	-.069	-.048	-.071	-076	-.046	-.062
Z	1.243	.700	1.040	1.109	.668	.941
Significance level	.091	.710	.229	.171	.764	.373

As the result of the goodness fit test of Kolmogorov-Smirnov is determined, the significance level (Table 1) of each the research components is more than .05 percentthat is an indication of rejecting the null hypothesis and samples follow a normal distribution.

6-2- Comprehensive analysis of research data

The main hypothesis: There is a relationship between the various styles of thinking andstaffs' individual ability level on administrative organization of education.

Table 2. Pearson correlation between the variables ofthinking styles and individual ability levels

		Thinking styles	**Individual ability level**
Thinking style	Pearson correlation coefficient	1	.47
	Significance level		.000
	The number of data	215	215
Individual ability level	Pearson correlation coefficient		1
	Significance	.000	
	The number of data	215	215
	Sample size	Mean	Standard Deviation
Individual ability level	215	2.98	.531
Thinking styles	215	2.99	.699

Table 2 shows there are asignificant relationship between the variables of thinking styles and individual ability level, statistically ($r=.470$, $p<.05$). It is also a positive correlation but is not a strongly correlation; because how much the correlation coefficient be more its oval is thinner; So because the significant level is smaller than .05then calculated correlation coefficients are significant, statistically.So the

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hypothesis based onthere is a relationship between the various styles of thinking andstaffs' individual ability level inadministrative organization of educationin the Rasht Cityis confirmed.

The first hypothesis: There is a significantrelationship between combination thinking style and staffs' individual ability level.

Table 3.Pearson correlation between combinationthinking style and individual ability level

		Combinationthinking style	**Individual ability level**
Thinking style	Pearson correlation coefficient	1	-.024
	Significance level		.731
	The number of data	215	215
Individual ability level	Pearson correlation coefficient	-.024	1
	Significance	.731	
	The number of data	215	215
	Sample size	Mean	Standard Deviation
Individual ability level	215	2.98	.531
Combinationthinking style	215	2.99	1.141

According to the table Pearson correlation coefficient is equal to (r=.024) that this amount is very low.Because how much the correlation coefficient be more the graph is thinner and the correlation between two variables will be the greater. Then according to table the amount of significant level is more than 5 percent so the first hypothesis is rejected that it means there is no significantrelationship between combination thinking style and staffs' individual ability level.

The second hypothesis: There is a significantrelationship between idealistic thinking style and staffs' individual ability level.

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Table 4.Pearson correlation between idealisticthinking style and individual ability level

		Idealisticthinking style	Individual ability level
Thinking style	Pearson correlation coefficient	1	.543
	Significance level		.000
	The number of data	215	215
Individual ability level	Pearson correlation coefficient	.543	1
	Significance	.000	
	The number of data	215	215
	Sample size	Mean	Standard Deviation
Individual ability level	215	2.98	.531
Idealisticthinking style	215	2.99	.908

Table 4 shows there are asignificant relationship between idealisticthinking style and individual ability level, statistically (r=.543, p<.05). It is also a positive correlation; because the significant level id smaller than .05so calculated correlation coefficients are significant, statistically.So the hypothesis based onthere is a relationship betweenidealisticthinking style andstaffs' individual ability level inadministrative organization of educationin the Rasht Cityis confirmed.

The third hypothesis: There is a relationship between pragmatic thinking style and staffs' individual ability level.

Table 5.Pearson correlation between pragmaticthinking style and individual ability level

		Pragmaticthinking style	Individual ability level
Thinking style	Pearson correlation coefficient	1	.328
	Significance level		.000
	The number of data	215	215
Individual ability level	Pearson correlation coefficient	.328	1
	Significance	.000	

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	The number of data	215	215
	Sample size	Mean	Standard Deviation
Individual ability level	215	2.98	.531
Pragmaticthinking style	215	3.02	.831

Table 5 shows there are asignificant relationship between pragmaticthinking style and individual ability level, statistically (r=.328, p<.05). It is also a positive correlation; because the significant level id smaller than .05so calculated correlation coefficients are significant, statistically.So the hypothesis based onthere is a relationship betweenpragmaticthinking style andstaffs' individual ability level in administrative organization of educationin the Rasht City is confirmed.

The fourth hypothesis: There is a relationship between analytical thinking style and staffs' individual ability level.

Table 6.Pearson correlation between analyticalthinking style and individual ability level

		Analyticalthinking style	**Individual ability level**
Thinking style	Pearson correlation coefficient	1	.542
	Significance level		.000
	The number of data	215	215
Individual ability level	Pearson correlation coefficient	.542	1
	Significance	.000	
	The number of data	215	215
	Sample size	Mean	Standard Deviation
Individual ability level	215	2.98	.531
Analyticalthinking style	215	3.00	.874

Table 6 shows there are asignificant relationship between analyticalthinking style and individual ability level, statistically (r=.542, p<.05). It is also a positive correlation; because the significant level id smaller than .05so calculated correlation coefficients are significant, statistically.So the hypothesis based onthere

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is a relationship betweenanalyticalthinking style andstaffs' individual ability level in administrative organization of educationin the Rasht City is confirmed.

The fifth hypothesis: There is a relationship between realistic thinking style and staffs' individual ability level.

Table 7.Pearson correlation between realisticthinking style and individual ability level

		Realisticthinking style	**Individual ability level**
Thinking style	Pearson correlation coefficient	1	.449
	Significance level		.000
	The number of data	215	215
Individual ability level	Pearson correlation coefficient	.449	1
	Significance	.000	
	The number of data	215	215
	Sample size	Mean	Standard Deviation
Individual ability level	215	2.98	.531
Realisticthinking style	215	3.04	.958

Table 7 shows there are asignificant relationship between realisticthinking style and individual ability level, statistically (r=.449, p<.05). It is also a positive correlation; because the significant level id smaller than .05so calculated correlation coefficients are significant, statistically.So the hypothesis based onthere is a relationship betweenrealisticthinking style andstaffs' individual ability level in administrative organization of educationin the Rasht City is confirmed.

7. Discussion and Conclusion

The aim of this study is investigating the relationship between types of thinking style and individual ability level of Education and training employees.Chao and Huang (2002) in their study reported that teachers and female students more than their male counterparts prefer the style of idealism, but this report is about more preferring of men to use thinking styles of pragmatism and combination. Thatthis results are consistent with the findings of Emamipoor and Saif (2003), SaifHashemi (2003), Moghimi(2008), Palut (2008), Denison and Delice (2001), Zhang (2002).

In the present study to investigate the relationship between thinking style and individual ability levels

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have been paid that that four styles (styles thinking of idealistic, pragmatic, realistic and oriented analytic) have been had a relationship with the individual capabilities that the impact of each styles is respectively the thinking style of pragmatic, realistic, oriented analytic and idealistic and only a thinking style of combination is not associated with individual ability level.

8. Research limitations

- Weakness of a culture of research in Education and Training, lack of interest and motivation and lack of necessary cooperation with the researcher.
- Limitation of content regarding individual abilities of employees caused that the researchers use the content of ability.
- Lack of ensure and heart trust to the researcher about confidentiality of the answers.

9. Suggestions for future research

- Doing similar research in the broader level of community.
- Education is the most important factors that plays a major role in enhancing the ability of staff and managers with proper planning should provide acquisition development opportunity of intellectual skills for staff.

- Creation or strengthen the Inbox or system of suggestions for getting comments of staff.
- The use of social reinforcement, encouragement and verbal feedback to increase confidence
- Nurture of experiences and personal Dominance of employees in dealing with problems and challenges
- Necessary provision of needed resources to increase individual ability of employees

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DIVULGING SPORTS CORRUPTION: DELINEATING LOOP-HOLES/LINKAGES

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Abstract:

The essence of any sport is 'fair and open competition', however, corruption has become a systemic threat in both amateur and professional sports, which tends to distort fair play and threaten its integrity. Although there is ample literature on prevalent corruption in various other settings such as in politics or in business, however the literature on sport corruption is scant and underdeveloped. This study attempts to look into the unexplored area of sport corruption and tries to categorize sport corruption according to acts, actors, span and impact.

INTRODUCTION

Corruption is a complex phenomenon, and has been in existence since the human evolution (Lipset & Lenz, 2000). Corruption, derived from Latin term 'Corruptus' meaning 'to break', conceptually has been evolved as an "impairment of integrity, virtue, or moral principle. According to the Webster's dictionary, corrupt means crooked; not straight; dishonest, immoral or an evasive, person or practice. Seemingly simple, the term corruption is a very complex phenomenon. Numerous studies and researches are still unable to comprehend the multifariousness of its numerous forms, mixt causes and adverse impacts. Measuring or quantifying corruption and consequently curtailing it is all the more complicated. Practically, even defining corruption has not proven to be an attainable task and extensive debate concerning its definitions has been going on globally and though in existence since the human evolution (Lipset & Lenz, 2000), is still in need of a comprehensive definition. Various international organizations, aid agencies and the sociologists, have been exploring the phenomenon, yet there is no single universally accepted definition of corruption (UNODC, 2004). However, defining and understanding its nature and dimensions are pre-requisites for formulation, implementation and evaluation of an anti-corruption strategy in order to curb and curtail it (McCusker, 2006). Like other areas, corruption in sport is also emerging as an important issue. Although there is ample literature on prevalent corruption in various other settings such as in politics or in business, however the literature on sport corruption is scant and underdeveloped. Keeping in view this knowledge gap, we have tried to provide a

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holistic view to define what basically corruption in sports is, and to unfold the internal and external layers of corruption in sports system. Furthermore, we have also identified the acts of corruption related to various sports and the actors involved.

Corruption in Sport Business/Industry

Sport is no more a spare time activity and has been professionalized and commercialized since the middle of the last century (Jovanovic, 2011). It now has gained a status of a full-fledged independent industry which is defined as "the market in which the businesses and products offered to its buyers are sports related and may be goods, services, people, places, or ideas." The interaction between business and sport, due to involvement of multinational corporations in sports and the increasing impact of television and media companies, has given rise to a new global sport market. High profile sports, like soccer, football, cricket, tennis and athletics have become multi-million dollar businesses with global annual revenues of more than US$145 billion(TI, 2014) The broadcasting rights, merchandising, sponsoring, organization of mega sporting events, sport tourism, the public-private cooperation in building sporting infrastructures, , raising market share of sporting goods, shoes and clothing to mention but a few, have resulted in the development of a sport system far beyond the scope of sport in the narrow sense(Dejonghe, 2006).

Sports activities are not only undertaken at individual level but also at organizational, national and global levels. These have emerged as a wealth creator and an important economic activity and today's global sports' industry is worth $480-$620 billion (Zygband et al., 2011).

Millions of people participate in sport, nationally or locally or follow their favourite sports through the media. Events like the the FIFA World Cup, the Olympic Games or the tennis championships etc., are watched globally by billions of people and from an individual's play, it has transformed into an organized concept of sports. Globalization of sports has led to international marketing campaigns where sports teams and organizations collaborate with corporate sponsors creating opportunities for businesses, organizations and customers. Influx of funds from sponsorships , television rights, and infrastructure projects, in the past two decades, has made the sporting industry, a very lucrative business. For example, from the television rights alone, US $1.7 billion was earned by the International Olympic Committee (IOC) in 2008 for the Beijing Summer Olympic Games (Max Bloom, 2008) and from 2009-2012 it earned US$ 5 billion, $3.9 billion of which came from television income and $1 billion, from the IOC's TOP (The Olympic Partner) sponsors(Mamudi,2012). While, FIFA (Fédération Internationale de Football Association), world football's governing body in 2013 alone, had reserves and a turnover each worth nearly US$ 1.4 billion (TI, 2014). The sporting industry, in the European Union (EU), accounted for 3.65% of the gross domestic product (GDP), and for over 5% of the EU labour market with fifteen million jobs tied to it. This high level of participation, financial interaction, not only influences politics, economies and cultures (Austrian EU-Presidency, 2006; Grix, 2013) but also creates opportunities for corruption. and risk of misconduct mainly due to an environment created, by low levels of managerial, financial, marketing and organisational skills coupled with poor governance regulations, lack of independent oversight and lack of transparency and

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accountability in organisational structures. With the close-knit relationship between sporting officials, , business people, sponsors, media, the money at stake and political influence there is a constant risk of corruption to occur.

Sport Corruption: The Extent

Corruption has become a systemic threat in both amateur and professional Sports. The essence of any sport is 'fair and open competition' and corruption distorts fair play and threatens its integrity (Barrington, 2013). According to TI, the low level of transparency and accountability across sports industry is too frequent and unadequately addressed (TI, 2009) and has become a threat to the integrity of sport, globally. Like the other public or private sectors, the sport industry too, is not immune from corruption and reflects the values of the society where it takes place, and thus is experiencing its various forms e.g., from favouritism, fraud, bribery to match fixing and doping etc., at individual to collective and systematic levels and thus has resulted in financial as well as reputational loss.

Rigging in sport had always existed, with varying modus operandi and the earliest of sport corruption can be traced back to 388 B.C., when an athlete bribed three of his competitors, including the reigning Olympic champion, in the 'fist combat tournament' at the Olympic Games. Another earlier documented case of corruption is from 12 B.C., when an Olympic wrestler's father, attempted to bribe the opponents's father for persuading the opponent to concede victory, in the Olympic wrestling competition (Maennig, 2005 & 2008). Though not a new phenomenon, corruption in the sport industry has not yet been extensively explored. Research has shown that corruption distorts allocation of talents and resources, which cuts down athletes' chances to get access to resources provided by sports association and thus find no incentive to put in their best efforts. They rather indulge in other activities to generate income. Moreover, corruption demotivates talent when athletes know that their talent is not the only decisive factor for winning (Pierdzioch & Emrich, 2013). Alternative markets with strong gambling networks, exploitation of players, and corrupt officials thrive under corruption, where players are paid well, through match fixing , spot fixing, point-shaving or betting etc. to do their job badly (Hill, 2010).

With time, corruption in sport has changed its forms and extent 'according to the spatio-temporal context' and technological advances (Boniface et al., 2012) and has spread phenomenally and is no more an isolated event or merely 'deviance among athletes arising due to excessive over conformity to norms and values of the game (Hughes & Coakley, 1991), but rather a globally operated occurrence, where not only players and teams, but people around them, along with the sporting bodies, like clubs, federations in collusion with the criminal elements from the external environment are active players. For instance, corruption in cricket was exposed in 2000, when South African skipper admitted to match-fixing and was subsequently banned from all cricket for life. In 2010, the biggest rugby league scandal came to light and Melbourne Storm was stripped-off of all its titles for being accused of keeping two sets of books and paying their star players over the limits of the salary cap. in cycling, formal charges of doping were filed by US Anti-Doping Agency against the seven-time Tour de France winner and in 2012, Union Cycliste Internationale (UCI) disqualified him of all titles and banning him for life from the sport

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(FOX SPORTS, 2012). Badminton teams from South Korea, China and Indonesia were disqualified from Olympics(2012) for "not using one's best efforts to win a match" and "conducting oneself in a manner that is clearly abusive or detrimental to the sport" (Harris, 2012).

The world's most popular sport soccer, is tied to illegal betting and match fixing and this unregulated and unsupervised soccer gambling is said to be worth trillion dollars a year. The observers were stunned by a report in 2013, issued by Europol (the pan-European police agency allied with Interpol), alleging a global betting scam run from Singapore, wherein 680 matches from 2008-11 in 30 countries including 380 in Europe, involving prestigious competitions like the World Cup, the English Premier League (EPL), the pan-European Champions League and the Champions League etc., are said to have been fixed. Investigations have found involvement of professional gamblers, soccer officials and referees, (New York Times, 2014;Reuters, 2013). The allegations of corruption are not limited to players, teams, referees, clubs, or other individuals like managers, agents and sport officials of the concerned sports, but, also against a number of high profile sporting organisations such as the Federation Internationale de Football Association (FIFA), the Board of Control of Cricket in India, The International Olympic Committee (IOC) etc., indicate prevalence of corruption in the sport sector.

The world's two most influential and largest sporting organizations, the International Olympic Committee (IOC) and the Federation Internationale de Football Association (FIFA), have been besieged with accusations of mega corruption. The hosting of international mega sport events such as the Olympics and FIFA championships involves selection of the bids, which provides many opportunities for ethically questionable practices and the corrupt. The International Olympic Committee (IOC) has been condemned for 'corrupt' selection of the host city and six of its members were expelled in 1999 for accepting large bribes from officials who were involved in attracting the Salt Lake City for 2002 Winter Games. Moreover allegations of freeloading in bidding cities, ticket rackets, gifts and hospitality for members' extended families have also been levelled against the 'Olympic family' and also has been criticised for refusing democratic elections of its members and for lack of their accountability (Whysall, 2014; Rowe,2012).

In the recent past, one of FIFA's TOP sponsors opted out of renewal of its lucrative sponsorship deal with FIFA after allegedly being concerned over corruption allegations against the Qatar World Cup bid and also for not "addressing allegations of vote-buying in its presidential election and the alleged wrongdoing of executives who voted for the 2018 and 2022 World Cups" (Joseph, 2014). FIFA has been long been accused of corruption, graft and recently too, football officials of FIFA have been accused of receiving bribes worth US$5m (£3m) in return for their support of the 2022 World Cup Qatar bid (BBC, 2014; Zirin, 2014).

Sport corruption: The Global Shake-up

The allegations of corruption in the sport sector, are symptomatic of questionable integrity of the organizations and have impelled a global response shake up. Many international organizations and governmental bodies are working to introduce international good practice standards. For instance, the 5th UNESCO World Sport Ministers Conference"MINEPS V", held in 2013, focused on the issue of

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'preserving the integrity of sport', and unanimously, adopted the "Berlin Declaration", setting a guideline for future national and international sports policy. The Declaration consisted of recommendations for international sport federations, to adopt transparent measures in bidding and hosting major sport events and stressed upon a globally coordinated effort to combat manipulation of sport competitions. (MINEPS,2013). Similarly, the United Nations published a handbook comprising a strategy for safeguarding against Corruption in major public events in 2013, as major public events, due to involvement of significant resources, substantial public funds and complex logistics within tight timeframes, present opportunities for the unscrupulous and therefore major risks for corruption (UNODC, 2013). The United Nations Global Compact guidelines, also focused on corruption risks such as bribery, doping, match fixing and illegal betting etc in sport-sponsorship and sport-related hospitality (UNGC, 2014) as these negative issues not only damage sport image, its representatives and federations, but also threatens the integrity of sports and robs the sport sector of its core values such as fair play, love for rules, commitment, motivation and Comradeship (EU Sports Platform, 2010; Barrington, 2013).

In 2014, the Union of European Football Associations (UEFA), for its 54-member federations, approved an 11-point plan to tackle match-fixing. The European Union has funded prevention and education initiatives to combat match-fixing like. The IOC launched its Founding Working Group (FWG), in 2011 to tackle irregular and illegal betting, and introduced a monitoring system known as the Integrity Betting Intelligence System, in 2013. FIFA has also agreed to spend US$ 20 million for a ten-year collaboration with Interpol to sponsor awareness against dangers of match-fixing (TI, 2014).

Fighting Sport corruption: Major Hurdles

Understanding the System

In order to understand corruption in sports, we first need to delineate the generic sport system prevalent around the world. Usually, sports are handled by organizations built and structured for this specific purpose, and at national level are governed and supervised by a legal framework of laws/policies and relevant government ministries. Every sport has its own governing body that can regulate the sport through its affiliated societies, local clubs and are responsible for developing national teams. These organizations, on the national scale are run as 'sport federations' and have the supervisory powers over sports held at federations' national level and also organize for participation at international level. For instance the National Olympic Committees and National Paralympic Committees organize a country's participation in the Olympic and Paralympic Games. For international sports, there are International sports federations that are responsible for organizing and promoting one sport each (including groups of similar sport disciplines). They have a common set of rules and organize, govern and promote international competitions.

Being responsible for promotion of their relevant sports, these organizations need to generate funds and its allocation (see Figure 1 for flow of funds). These funds are required to organize events, settle local and international camps, providing training arranging national and international tours for competitions. The involvement of funds and resources, attracts not only the sponsors and media as major external forces

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but also provides a number of opportunities for corrupt elements like the betting mafia and money launderers, who not only influence sports organization and federations, but also the teams, players, referees, sports officials and managers. These opportunities need to be controlled and monitored which is not possible in absence of a precise sport related regulatory framework, as so far there are neither any agreed upon definitions of sport corruption nor are there any regulatory mechanisms to specifically monitor the flow of funds to and from the organizations.

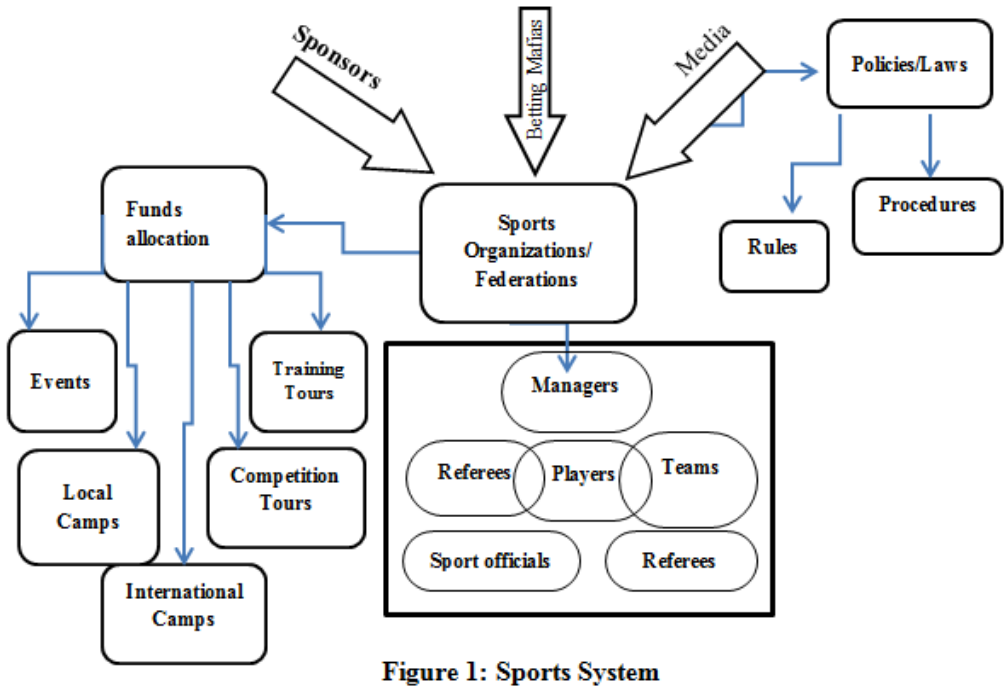

Figure 1: Sports System

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Defining Sport Corruption

The foremost problem in fight against corruption, and more so sport corruption is the problematic factor of defining it. Organizations such as OECD, UNODC and Council of Europe have not categorically defined 'corruption', but have outlined particular sets of behaviours or practices, that fall within the ambit of corruption, and most of the corrupt practices in the sport sector are dealt with under the regular legal provisions of law in a particular country, meaning thereby, that there is need of defining corruption specifically in context of sport. Most of the definitions such as that of Transparency International, the World Bank, UNESCO, OECD, ADB etc., define corruption as misuse/ abuse of public/private office for private or personal gain. The gain might be direct or indirect, economic or maybe in form of any other undue advantage.

Moreover, corruption may be 'according to rule' which in simple terms implies getting what rightfully was yours through corrupt means or 'against the rule' corruption which means obtaining services that, say a bribe receiver is legally prohibited to provide. These definitions are broad enough to

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cover misuse or abuse of power by sport officials and management, such as bribing for awarding bids or when teams or clubs are involved in match fixing or for embezzlement of funds, or for manipulation of results, but offences like use of performance enhancing drugs(Gorse and Chadwick, 2010), or cheating by players during the game like faking injuries etc., for instance fail to fit in. Firstly because technically, there is no misuse o

Table 1: Corruption Definitions of Sport

#	Definitions	Defining Sources
1.	"…**deviance among athletes** involves excessive over conformity to the norms and values embodied in sport itself. When athletes use the "sport ethic-which emphasizes sacrifice for the Game, seeking distinction, taking risks, and challenging limits-as an exclusive guide for their behavior, sport and sport participation become especially vulnerable to corruption. Although the sport ethic emphasizes positive norms, the ethic itself becomes the vehicle for transforming behaviors that conform to these positive norms into deviant behaviors that are prohibited and negatively sanctioned within society and within sport organizations themselves,,,,"	Hughes & Coakley, 1991
2.	"The abuse of public office for private gain"	World Bank 1997; USAID 1999
3.	"The abuse of public as well as private office for personal gain"	ADB,1998; Kaufmann, 2005
4.	"Corruption is operationally defined as the abuse of entrusted power for private gain. TI further differentiates between "**according to rule**" corruption and "**against the rule**" corruption"	Transparency International (TI)
5.	"**Active bribery** i.e. the promising, offering or giving by any person, directly or indirectly, of any undue advantage to any of its public officials, for himself or herself or for anyone else, for him or her to act or refrain from acting in the exercise of his or her functions. & **Passive bribery**: the request or receipt by any of its public officials'…in both private and public sectors"	Council of Europe: Criminal Law Convention on Corruption, 1999
6.	"Requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect, thereof, which distorts the proper performance of any duty or behaviour required of the recipient of the bribe, the undue advantage or the prospect thereof"	Council of Europe: Civil Law Convention on Corruption, 1999
7.	"abuse of public power for private gain that hampers the public interest. This gain may be direct or indirect"	UNO, 2001
8.	"No definition of corruption but corruption offences; such as bribery of national public officials, extortion, embezzlement, Trading Influence, Abuse of function, Illicit enrichment, Money laundering etc."	UNCAC, 2003
9.	"In sport, corruption may take the form of **behaviour by athletes who refrain from achieving the levels of performance normally required in the sport in question to win** the competition and instead intentionally permit others to win, or behaviour by sporting officials who consciously perform their allocated tasks in a manner at variance with the objectives and moral values of the relevant club, association, competitive sports, in general and/or society at large, because they receive or expect pecuniary or non-pecuniary advantage for them-selves "	Maennig, 2005
10.	"The abuse of a public or private office for personal gain. The active or passive misuse of the powers of public officials (appointed or elected) for private financial or other benefits'	OECD, 2008
11.	"…**any manipulation** or attempted manipulation of a **result or aspect of a game** with the aim of **enrichment on the sports betting market"**	Boniface et al., 2012
12.	'The **manipulation of sports results** covers the **arrangement on an irregular alteration** of the course or the result of a sporting competition or any of its particular events (e.g. matches, race etc.) in order to obtain financial advantages, for oneself or for other, and **remove all or part of the uncertainty** normally associated with the results of a competition"	European Commission (Directorate-General for Education and Culture, ,2012
13.	**"**Involves illegal, immoral or unethical activity, which attempts to **deliberately distort the result of a sporting contest** for the personal material gain of one or more parties involved in that activity"	Gorse & Chadwick, 2011; Also adopted by MINESPSV, 2013
14.	"Corruption in sports will be defined as any form of **competitive distortion** caused by any type of action considered illegal, unfair or unethical based on common international regulations and confinements, as for example issued by the IOC in the Olympic charter"	Eugen and, Christian, 2014

abuse of public or private 'office' in cases of doping, and secondly, there are rare chances of involvement of a second party that 'entices' an athlete to use drugs for enhancing performance. Researchers too have tried to define corruption in various contexts and with varying perspectives (see Table 1 for various definitions). For instance, (Hughes & Coakley, 1991), take corruption in sports as 'deviance amongst athletes', which arises due to the extreme love and commitment for the sport that prompts them to defy sport norms and makes them vulnerable to resort to unethical practices like use of drugs to 'over perform'. This definition too is restricted to unethical practices that are apparently not for economic gains, rather competition motivated, and again, does not involve direct external intervention. Maennig (2005) gives a different view and proposes corruption as an individual behavior, where athletes or sport officials may 'underperform' in their respective roles. Maennig's definition fails to cover the cases of over-performance or other typical cases of corruption such as embezzlement, espionage or cheating. Definitions given by Boniface et al.(2012) and European Commission(2012), also deal with cases, of 'competitive distortion', specifically for pecuniary advantages, and most of the cases of say match fixing, transfer of players, etc. do alter the match results and fall within the definition's purview, however offences like money laundering or embezzlement, though motivated by pecuniary advantage, do

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not have any direct impact on sport results. Similarly, definition given by Gorse & Chadwick (2011) is restricted to 'deliberately distorting the result of a sporting contest', which does not include cases of abuse of power when used, for example in awarding bids or cases of embezzlement. Eugen and Christian (2014), have given a more comprehensive definition, which takes corruption in sports as any form of competitive distortion caused by any type of an act declared as illegal, unfair or unethical under international regulations. This definition is quite broad as it comprises not only acts that distort sport results by external means such as through match fixing, but also those acts that include distortion through performance enhancing techniques, as well as competing for bids as in for hosting games. But this definition too restricts itself to competitive distortions and ignores acts such as money laundering or transfer of players. Keeping in view the complexity of the sport system, as depicted in Figure 1, all of the definitions fail to holistically plug in the loopholes, where corruption can strike. Since the expansion of sport from an individual activity to a mega global commercial activity, the sport system no more remains simple. There are multiple interfaces that can be potential gaps or loophole for development of corruption. Lack of a regulatory framework to specifically tackle sport corruption, the legal and illegal elements in the external environment (such as the media, betting mafia and the sponsors), the opportunities to mishandle funds or positions (by referees, managers, sport officials), the desire (of players) to be in or remain in the limelight are few of the niches where the probability to indulge in corrupt practices increases. This corruption could be competitive (directly distorting sport results) or non-competitive (which might not affect game results, but distorts sport image and destroys public trust in sporting organizations). However, to define, observe or to measure sport corruption has not been extensively focused and relevant research is sparse.

Sport corruption: Categorization

Corruption in sport, can be categorized according to the committed acts, the actors (players or non-players; individual or collective), the span (internal or external) and the impact (competitive distortion or non-competitive distortion). **According to the acts,** sport corruption can be categorized into various forms, such as bribery, cheating, illegal betting, doping, technological doping, match-fixing, espionage, embezzlement of sport organization's funds or property, espionage, money laundering, misuse of position and use of improper influence for transfer, buying and selling of players. **According to the actors**, corruption might be characterized as one committed by the players themselves such as in the cases of cheating in matches through faking injuries or through doping to enhance performance, or it may be committed by non-player entities such as the betting mafia, the managers, the referees or other sport officials for personal gains. These non-player actors can either directly impact the sport results or fix matches by enticing the players to underperform or they can manage to manipulate results, as in case of wrong recording of measurements in athletic events, or they can be involved in bribing to win the bids for hosting mega sport events. All these acts may involve individual players or non-players or could be organized and collective acts of corruption such as cheating through faking injuries as a team level strategy or doping to over perform, involving the teams and related sport bodies.

According to span, corruption in sport may be classified as being confined to the sport

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organization internally, i.e. it may involve the internal actors such as the players, teams, sport officials, managers or sport officials, or it may be operated from the external environment, for instance on the initiation of the illegal betting mafia, or through involvement/ interference of sponsors and the media. In some cases, government too have been found to be involved in manipulating sport results or in bribing for winning bids. Last but not the least, **according to its impact**, sport corruption maybe categorized as the ones resulting in competitive distortion, for instance when results are distorted through match fixing or and the ones that result in non-competitive distortions, i.e. for purely economic gains such as in embezzlement of sport funds or property or in cases of bribing to win bids.

Table 2 highlights the integrated mechanism for each act of corruption committed by various actors, its span and impact. Bribery is found to be committed mostly at international events mainly for securing sponsorships and winning broadcasting rights. It is also committed during selection of host countries for international events, for violation of procurement procedures in construction of venues for large-scale international sporting events; for buying votes during elections in international and National sporting organizations. Bribing in form of offering free sports tickets to influence business decisions is also common. Similarly cases of bribing laboratories and scientists to get favourable results in doping tests have also surfaced. It largely involves actors of sport organizations, national and international, including, sports officials , or persons involved in the dealing of sports marketing and sponsorship rights. When bribery is related to winning biddings or sponsorship rights its impact is in the form of non-competitive distortion, however, when it involves manipulation of doping tests, it results in competitive distortion. Corrupt acts like cheating and betting motivated match fixing usually result in competitive distortions. Cheating involves intentionally breaking the rules of sport or pretending that others are breaking the rules of sport, faking injuries to kill time, faking blood injuries etc. It may be committed by players, teams, clubs or its officials, referees or Physiotherapists. It has been observed in sports like handball, football, rugby, or for instance ball tampering in cricket. Betting motivated match fixing, seen in sports like baseball, football, basketball, cricket, horse racing, snooker; handball and weightlifting involves fixing of matches for economic gains, indirectly from sport through betting and global & cross-border betting via internet. It may also be committed through bribing referees and match officials to manipulate results or bribing players to underperform.

Doping that is use of illegal drugs (e.g., steroids) to enhance athletic performance, and technological doping (use of performance enhancing technology/equipment not approved by the relevant sports federations to enhance performance) are the acts that fall within the ambit of corruption and are committed usually by individual players, teams or clubs. In a few incidents governments have also been found to be involved in facilitating doping to distort competitions. Sports corrupted by technological doping are auto racing, cycling, swimming, skiing and drug doping is frequently observed in athletics. Other forms of corruption like espionage, money laundering and embezzlement too have been identified in Table 2.

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Table 2: Acts, Actors, Span and Impact of Corruption

#	Corrupt Practices or Acts	Definitions	Actors Involved	Vulnerable Sports- or where exposed	Impact
1.	Bribery	Requesting, offering, giving or Accepting, directly or indirectly, a bribe or any other undue advantage or prospect. Thereof, which distorts the proper performance of any duty or behaviour required of the recipient of the bribe, the undue advantage or the prospect thereof"….In securing sponsorships and winning broadcasting rights, In selection of host countries for international events; Violation of procurement procedures in construction of venues for Large-scale international sporting events; For buying votes during elections in international and National sporting organizations; The use of sports tickets to influence business decisions; Bribing laboratories and scientists to get favourable results in doping tests	Sports Officials and other. Persons involved in the dealing of sports marketing and sponsorship rights; Governments, Sport Organizations National and International	All international events	Competitive distortion/ non-competitive distortion
2.	Cheating	Intentionally breaking the rules of sport or pretending that others are breaking the rules of sport. Most famous example is the 'Diego Maradona''s "hand of god" goal', faking injuries to kill time; faking blood injuries;	Players; Teams; clubs and club's officials, directors, Physiotherapists	Handball; Football; Rugby; ball tampering in cricket	Competitive distortion
3.	Embezzlement	Misappropriation or other, diversion, by an official, of property or thing of value, Entrusted to him/her in public or private sector, … Theft misappropriation, misuse of sport organization's funds	Players; Managers; Federation Officials	All national and international events	Non-competitive distortion
4.	Betting motivated Match Fixing	Fixing of matches for economic gains, indirectly from sport through betting, global & cross-border betting via internet; bribing referees and match officials to manipulate results; bribing players to underperform	Players; Teams; Referees; Match Officials; & in collusion with External Mafias, Illegal Bookmakers, Gamblers- global & cross border)	Baseball; Football; Basketball; Cricket; Horse racing; Snooker; Handball; Weightlifting; Cycling; Volleyball; Sumo wrestling	Competitive distortion
5.	Sporting motivated match fixing and Race fixing	Fixing of matches to gain sporting advantage directly from the result (such as winning a match, a tournament, a championship, escaping downgrading or qualifying for competitions), for under-performing, deliberate crashing of cars in case of race fixing; Usually match fixing is done through selecting favourable referees; judges; competitors who can abuse their position for personal gain	Players, Teams, Clubs	Athletics; Football; Formula 1; Handball	Competitive distortion
6.	Espionage	Illegally obtaining sensitive information about opponents (passing of confidential technical information; videotaping opponent's signals & preparations)	Media Teams, Clubs	Car racing; Football; Soccer Formula 1, American Football & Soccer; Football World Cup	Competitive distortion
7.	Illegal performance enhancing technology, (doping)	Refers to use of technology/ equipment in sport to enhance performance (unauthorized software e.g. traction control; illegal fuel valves to pump fuel into the car faster; illegal bikes; special swimsuits) not approved by the relevant sports federations.	Individuals Teams	Auto racing; Cycling; Swimming; Skiing Formula 1**	Competitive distortion
8.	Doping	Use of illegal drugs (e.g., steroids), blood doping or gene doping to enhance athletic performance. Doping of animals has also been discovered .	Athletes; Teams; Related Sport bodies; & Governments *	Cycling; Athletics; Amateur Athletics;**	Competitive distortion
9.	Money Laundering	The process of changing money gained through crimes into money coming from a legitimate source. Money laundering in sport sector involves investing illegal money into ownership of clubs or players, Purchasing teams, advertising & sponsoring; betting in races	Team Managers/Agents Betting mafia	Football; Horse racing;	Non competitive distortion
10.	Selling and buying of young players	Cross border transfer through Selling and buying of players, usually under 18 years of age, through clubs and academies built specifically for the purpose	Clubs and external criminals/mafia	Football	Competitive distortion
11.	Misuse of position for Transfer of players	Use of improper influence and improper dealings by sporting clubs and agents for personal gains, to negotiate and facilitate the transfer of players; offering or receiving illegal payments from agents to sign players so as to have an indirect impact on matches and tournaments;	Sporting Clubs; Agents;	Football	Competitive distortion

Sources: EU Sports Platform, 2010; TI,2009; Match-Fixing—The Biggest Threat to Sport in the 21st Century?, Sweet & Maxwell's International Sports Law Review; Kevin Carpenter, [2012] I.S.L.R., Issue 2 © 2012 Thomson Reuters (Professional) UK Limited and Contributors

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*(Governments have been found to sponsor it and supervision by sports physicians, particularly in the East Germany and former Soviet Union)

**(Olympics; Tour de France)

Conclusion

This study discusses the phenomenon of sport corruption and its different dimensions. Its various definitions show that it is much difficult to sum up corruption in one definition because of the complexity of the sport system and environment. Summing up the dimensions and categorizations, sport corruption can be presented as existing in three layers (see Figure 2) and each layer of the sport system is fraught with opportunities for corruption. The four external forces in the outermost layer, that is the legal betting mafias, global interference, money launderers, illegal betting mafias impact sports activities through tempting offers either in terms of kind, fame or power, targeted at every or any level of sport structure. On the other hand laws and government policies are not yet fully developed to counter these targeted efforts, nor do the governments have well developed systems. As far as sponsors are concerned, their main focus of interest are the highly competitive and popular sports in hope of huge returns on their investments, which leads them to resort to activities which if regulated, would tantamount to corruption. The innermost layer is the core of the system, where actual sport related actors that is the sports federations, clubs, teams, athletes, mangers, other officials and the competitive environment exist, and each of these elements is exposed to ample temptations and opportunities to be involved in corruption. Corruption in the form of bribery occurs mostly at international level events and involves big players like global organizations and governments involving huge monetary amounts and favours. Corruption in the form of for example match fixing and doping

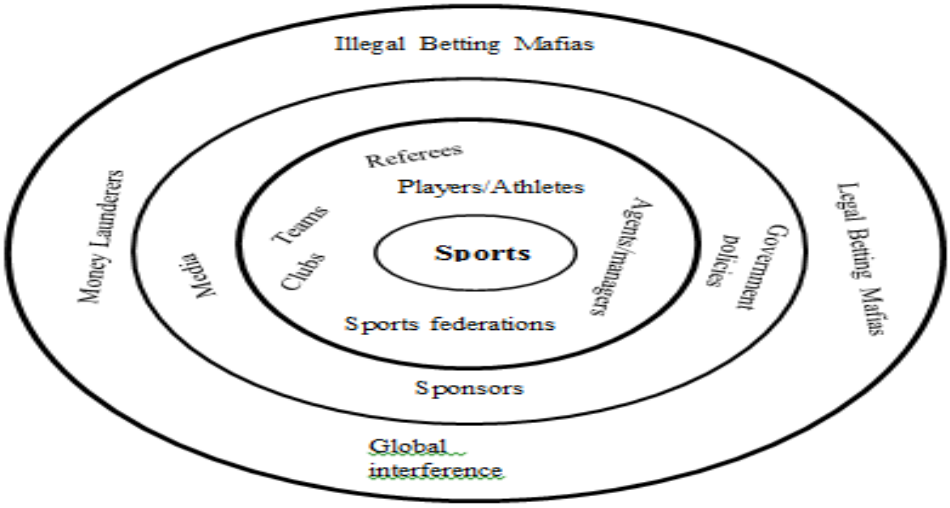

Figure 2: Layers of Sports System

particularly in international events is larger in scale and requires collusion of actors in the internal layer of the sport system including the athletes with the actors in the outermost layer such as the external mafias,

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illegal bookmakers and gamblers. Fixing of matches to gain sporting advantage, directly from the result (such as winning a match, a tournament, a championship, escaping downgrading or qualifying for competitions), or for under-performing is usually committed within the inner most layer and mostly involves players, teams or clubs who achieve their desired results through selecting favourable referees, judges, competitors who can abuse their position for personal gain.

Like other areas, corruption in sport is also emerging as an important issue. Although there is ample literature on prevalent corruption in various other settings such as in politics or in business, however the literature on sport corruption is scant and underdeveloped. Keeping in view this knowledge gap, we have tried to provide a holistic view to define what basically corruption in sports is, and to unfold the internal and external layers of corruption in sports system. Furthermore, we have also identified the acts of corruption related to various sports and the actors involved. Keeping in view the complex dimensions and layers of corruption in the sporting system, combatting would require a holistic approach. The most essential requirement in the present scenario is to specifically define sport corruption and its various forms, identify gaps and develop a regulatory framework to monitor the identified gaps. Since corruption is hidden and does not leave tracks, hence finding recorded cases of corruption is quite difficult making it very difficult to accumulate information for this study. Hence a need for a comprehensive database may also be developed in future. But this again would require tools for measuring corruption in sports, and that too should be considered as an important area for future researchers.

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EXPLORING FIRM'S COMPETENCE FRAMEWORK IN UTILIZING INFORMATION AND COMMUNICATION TECHNOLOGIES

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Abstract

This study explores the concept of firm level competence in using information and communication technologies and develops a comprehensive framework concerning competence as critical resources related to successful development and application of the technologies.

To surface underlying constructs of IT-related competence, (1) literature were reviewed collecting related items producing a list of 235 items, (2) collected items were Q-sorted by experts removing duplicates and revealing underlying constructs leaving 48 distinctive items , (3) these items were empirically refined into 35 items by a pilot test against a group of IT personnel in a firm, and (4) finally a main survey using this instrument were conducted against IT managers in 148 firms confirming seven different constructs with 21 items. Resulting IT competence model consists of 21 constructs around 7 critical themes: IT Competence to business knowledge, technology knowledge, operation management, performance management, flexibility thinking, project management and risk management. For academics, this framework is a useful for further development of competence measures of a firm, and for practitioners, it provides references to build their own competence for successful use of IT for strategic and operational purpose.

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Keywords: Information systems, IT competence, IT capabilities, skills, IT Strategy

Introduction

It is a tautology to emphasize the importance of information technologies (IT) in today's businesses. Most business operations are already transformed and industries are undergoing tremendous transformations using capabilities provided by IT. Such a rapid permeation of IT in the corporate world has been encouraged by expectations of strategic and tactical benefits IT may provide. Corporates are expecting unprecedented transformation in the future. Despite the popular conviction that IT is fundamental to a firm's survival and growth in this age of Internet and Information Revolution, business scholars are still struggling to specify what constitutes the successful use of IT. As executives experience stronger environmental volatility in businesses such as globalized competition across national boundaries, shortening cycles of product and service development, increasing pressures for globalization of product and services, and higher operational performance, the IT function of firms are expected to respond quickly and effectively to these challenges by providing adequate systems and technologies. Also, as IT is now inseparably intertwined with business processes and operations, the managers of IT have to cooperate closely with managers of other functions and executives in dealing with newly emerging uncertainties utilizing the mixture of business and technology solutions to business problems (Reich and Benbasat 1996; Feeny et al. 1992). In short, IT is perceived as new options and critical resources that can be effectively utilized in response to the challenges that they are facing (L. Willcocks et al. 2006).

In this regard, business firms today need to maintain IT competence as a part of their operational portfolio. Sambamurthy and Zmud (1997) define the IT competence as the capacities, skills, and the tacit know-how that a firm develops in using these technologies. IT competence is the firm's capacity to innovate using these technologies and converting available resources into strategic and operational assets.

This study aims at improving our understanding of the firm level competence in utilizing IT. Our intent is to further the discussion concerning the IT related competence. Review of literature in IT revealed, at least, many different fragmented view concerning IT competences, and therefore various concepts and variables are used. This may lead to fragmentation of research results. In this regard, this study develops 'IT competence' as a governing framework

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at the firm level. The objective is to integrate results of previous studies on IT competence and attempts to re-illuminate them in a single comprehensive framework.

Background

Different conceptualizations of firm level IT competence can be found in literature, varying in scope from narrowly focused on hardware related infrastructure to broader requirements of related management capabilities. Also, related research can be found in many domains under different terms in different context: managerial IT competence (Mithas, Ramasubbu, & Sambamurthy, 2011; Sambamurthy & Zmud, 1994; Sambamurthy & Zmud, 1997), IT capability linking to firm performance (Bharadwaj, 2000; Santhanam & Hartono, 2003), and informational orientation of a firm (Marchand, Kettinger, & Rollins, 2000).

Review of literature concerning firm level IT competence revealed that the competence is complicated and more intertwined with other factors as anticipated in competence literature. Despite the confusion and complexity involved, our review of the literature suggests that IT capability has been conceptualized primarily in terms of managerial capabilities (e.g. Sambamurthy & Zmud, 1992) or technological capabilities (e.g. Sabherwal & Kirs, 1994). Also, a variety of studies tried to adopt more inclusive view of IT capability taken takes into account both the technological and managerial aspects (e.g. Bhatt & Grover, 2005).

Information orientation model focuses on a firm-wide capability to effectively manage and utilize information (Marchand et al., 2000; Marchand, Kettinger, & Rollins, 2002), and presents three capabilities as critical: information technology practice (ITP), information management practice (IMP), and information behaviour and value (IBV). In this model, a firm's performance is seen to be enhanced or supported by effectively using technological applications and infrastructures appropriate for operational decision making and communication process (ITP); by effectively managing information life cycle (IMP); and by promoting effective information usage behaviour and value (IBV).

Capability model were developed by Feeny and Willcocks (Feeny & Willcocks, 1998; L. Willcocks, Feeny, & Olson, 2006). They are proposing nine capabilities as critical for IT utilization: business systems thinking, relationship building, IT governance, informed buying, contract facilitation, designing technical architecture,

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making technology work, vendor development, and contract monitoring. They named this model as nine core IS capabilities. As for models that use the term 'competence,' there are IT competence model (Steven & Monideepa, 2007; Tippins & Sohi, 2003; Walter & Ritter, 2004).

Table 1 summarizes the previous studies on capability and competence models. For this review, only the studies dealing with empirical constructs of firm level IT competence are reviewed here. Studies of individual level competence are excluded as well as conceptual or analytical ones.

It seems that the information orientation model deals mainly with management ability, while the capability models deals mostly with knowledge and skills including hard and soft infrastructural components. Competence models seems to deal with knowledge, especially crossover between IT and business people. In addition, literature also revealed other diverse perspectives concerning 'utilization' of IT: IT skills (Lee, Trauth, & Farwell, 1995), and IT resources (Bharadwaj, 2000; Santhanam & Hartono, 2003; Wade & Parent, 2001; Zaheer, 1997). In resource-focused studies, IT infrastructure (computer and communication technology, shareable technical platforms and database), IT-enabled intangibles (customer orientation, knowledge assets, and synergy), and human IT resources (technical IT skills, managerial IT skills) are presented as primary components.

In this study, we describe an effort to identify firm level IT competencies.

Table 1 IS/IT competence-related models in literature

Model	Construct	Dimensions
Feeny and Willcocks (1998)	IS capabilities	Business and IT Vision, Design of IT Architecture, Deliver of IS Services
Bharadwaj (2000)	IT capability	IT infrastructure, human IT resources, IT-enabled intangibles
Marchand et al. (2000)	Information Orientation	Information Technology Practice, Information Management Practice, Information Behaviour and Values
Tippins and Sohi (2003)	IT competence	IT knowledge, IT operation, IT object:
Walter and Ritter (2004)	IT Competence	top management support of IT, development of individual IT solutions when standard solutions fail, permanent update of IT applications, intensive use of IT, IT training
Bhatt and Grover (2005)	IT Capabilities	Value capabilities, competitive capabilities, dynamic capabilities

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L. P. Willcocks and Feeny (2006)	Core IS Capabilities	IS/IT governance, business systems thinking, relationship building, designing technical architecture, making technology work, informed buying, contract facilitation, contract monitoring, vendor development
Steven and Monideepa (2007)	IT competence	Information and knowledge management, project management, collaboration and communication, business involvement
Nakata, Zhen, and Kraimer (2008)	IT Capability	Speed, capacity, quality of IT in communicating information, speed, capacity, quality of IT in storing information, capacity and quality of IT in processing information
Zhang, Sarker, and Sarker (2008)	IT Capability	IT–business partnerships, external IT linkages, business IT strategic thinking, IT business process integration, IT management, IT infrastructure
Lu and Ramamurthy (2011)	IT Capability	IT infrastructure capability, IT business spanning capability, IT proactive stance
Mithas et al. (2011)	Information management capability	Data availability, hardware and software quality
Crawford, Leonard, and Jones (2011)	IT competence	IT technical resources, IT human resources (Worker tenure, Worker composition), IT-business relationships, IT-business knowledge

Research Method

A multi-phasic study was conducted to evaluate IT competences at the firm level and develop an empirically validated instrument to measure it.

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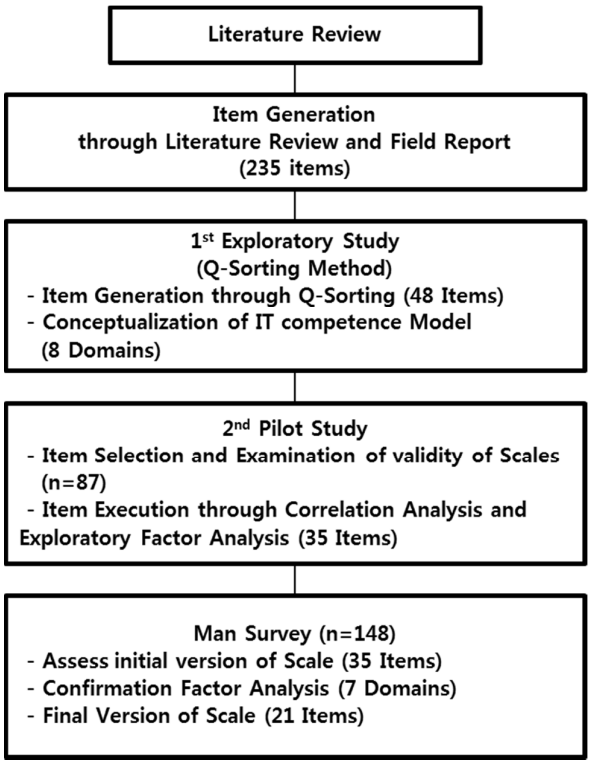

Figure1. Research procedures

This study was carried out in fourth stages. In the first stage, previous studies concerning IT competence are screened in order to reveal and collect constructs that deals with 'IT competence' at the organizational level, building a list of components. 108 measures that deals with IT competence were collected from the extant literature review while 127 from the practitioner's in-house evaluation documents, totaling 235 items.

In the second stage, a Q-sort session was conducted using cards of these constructs. Goal of the Q-sort exercise was to reduce the data as well as revealing underlying constructs. Four industry experts were participated in a series of Q-sort exercises. Participants were briefed on the meanings of this exercise beforehand. Authors were observing the Q-sort exercise and answered clarifying questions. Though it was initially intended for classification and clustering, participants found too many similar items, and reducing items into 84. As the initial exercise was focused on finding similarities and differences, clustering were found to be incomplete. A week later, second session of Q-sort exercise was held using the 84 constructs for subsequent clustering. During sorting 36 items were removed additionally because of overlapping in meanings. Some were combined and integrated with others. As a result, 48 constructs representing IT competence of a firm were clustered into 8 clusters, as listed in the rightmost column of table 2. As a result, 48 items were confirmed as critical competence that should be maintained

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and provided by a firm for successful utilization of IT, these were clustered into eight constructs: business knowledge, operation management, performance management, flexible thinking, project management, technological knowledge, communications management and risk management (see table 2).

In the third stage, a pilot survey was administered with these 48 items trying to empirically confirm the clustering and possibly purifying these items. Respondents were 87 IT managers in different firms in South Korea. Validity and reliability of the scale were analyzed through this survey. Since it was conducted on a limited number of respondents, this step was only seen as a preliminary analysis. At this stage, two analyses and purifications were done. First, highly inter-correlated items were excluded from the scale based on the correlation analysis. Excluded are inter-correlations values higher than 0.8, assuming these are tapping onto the same construct. The sufficiency of the correlations among items was tested through Bartlett's test of sphericity. Bartlett's test proved that the correlations, when taken collectively, were significant at the 0.0001 level.

Table 2. Clusters and items of IT competence of a firm

Clusters	*No.*		*ITEMS*
Business Knowledge	1	BUK1	· Consult on internal process innovations
	2	BUK2	· Understand business processes
	3	BUK3	· Maintain coordination among business processes
	4	BUK4	· Assimilate IT to business processes
	5	BUK5	· Innovate business processes
	6	BUK6	· Understand the synergy between IT and business
	7	BUK7	· Experiment with new technology
	8	BUK8	· Understand effects of IT on other business areas
Operation management	9	OPM1	· Control IT processes and get it to work
	10	OPM2	· Maintain and manage HW and SW

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			infrastructure
	11	OPM3	· Maintain proper storage and transmission
	12	OPM4	· Manage appropriate information processing capacity
	13	OPM5	· Control proprietary technologies
	14	OPM6	· Maintain standards and manage architecture
Performance management	15	PEM1	· Manage cost
	16	PEM2	· Measure and manage returns on investment
	17	PEM3	· Provide reliable system services
	18	PEM4	· Monitor and manage actual system use and conformity
	19	PEM5	· Manage user satisfaction and feedback
Flexibility thinking	20	FLT1	· Maintain strategic flexibility
	21	FLT2	· Provide IT for organizational flexibility
	22	FLT3	· Develop and implement flexible systems
	23	FLT4	· Develop vendors
	24	FLT5	· Make informed procurement
	25	FLT6	· Operate systems efficiently
	26	FLT7	· Manage and develop negotiation skills
	27	FLT8	· Monitor contracts
Project Management	28	PRM1	· Understand IT's role in business
	29	PRM2	· Maintain project-related techniques and skills
	30	PRM3	· Improve members skill to project goals
	31	PRM4	· Manage performance of projects

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	32	PRM5	· Understand project management methods
	33	PRM6	· Understand critical success factors for business
Technology Knowledge	34	TEK1	· Provide technical support
	35	TEK2	· Update information appropriately
	36	TEK3	· Accommodate technology change
	37	TEK4	· Technology benchmarking with competitors
	38	TEK5	· Educate new technologies
	39	TEK6	· Understand new technologies
	40	TEK7	· Maintain information quality
	41	TEK8	· Deliver quality service
Communications management	42	COM1	· Maintain close partnership between IT and business
	43	COM2	· Communicate and share objectives and goals of IT
	44	COM3	· Promote IT
Risk management	45	RIM1	· Operate with risks in mind
	46	RIM2	· Develop plans and guidelines for emergencies
	47	RIM3	· Deal with emergencies
	48	RIM4	· Manage security

Second, exploratory factor analysis was conducted before the removal of closely related items in order to confirm the overlapping nature of items. Table 3 shows the factorial structure after varimax rotation. Factor analysis revealed eight distinct factors with eigenvalues greater than 1.0, explaining 74.67% of the variance. To reduce the number of items to a more comprehensive measurement set, the criteria used in deciding whether to delete an item were low factor loadings (below 0.5) or high factor loadings on more than one factor (Hair, Anderson, Tatham, &

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Black, 1998). The items with the low item-to-total correlations, which indicated that the items had a relatively weak relationship with the other items, were also eliminated. In comparing the eight extracted factors with the eight original proposed dimensions of IT competence, there was no change in their dimensions. As a result of this process, a preliminary version of the IT competence scale including 35 items was obtained to use in the main survey.

Table 3 Factor Analysis in pilot Study

No.	*Items*	Mean	S.D	*Factors*								*Commona lities*
				FLT	TEK	OPM	BUK	PRM	RIM	PEM	COM	
1	BUK1	5.793	0.990				0.774					0.768
2	BUK2	5.724	1.064				0.733					0.783
3	BUK3	5.828	1.048				0.693					0.763
7	BUK7	5.690	1.082				0.669					0.730
8	BUK8	5.701	1.069				0.665					0.725
9	OPM1	5.552	1.043			0.688						0.792
11	OPM3	5.736	0.994			0.757						0.791
12	OPM4	5.517	0.938			0.699						0.708
13	OPM5	5.701	1.036			0.810						0.811
14	OPM6	5.586	1.006			0.678						0.812
15	PEM1	5.356	1.181							0.794		0.794
18	PEM4	5.632	0.904			0.412				0.582		0.764
19	PEM5	5.782	1.016							0.622		0.783
20	FLT1	5.506	0.987	0.642								0.716
21	FLT2	5.333	1.075	0.689								0.770
22	FLT3	5.414	1.073	0.799								0.820
23	FLT4	5.529	1.055	0.729								0.755
25	FLT6	5.586	0.947	0.754								0.776
26	FLT7	5.690	1.004	0.659								0.735
28	PRM1	5.506	1.170					0.670				0.793
29	PRM2	5.414	1.006					0.827				0.820
30	PRM3	5.598	0.933					0.746				0.802
31	PRM4	5.782	0.933	0.413				0.570				0.739
32	PRM5	5.517	1.044	0.405				0.580				0.789
34	TEK1	5.287	1.033		0.653							0.731
36	TEK3	5.161	1.055		0.595							0.714
38	TEK5	5.138	1.036		0.803							0.772
39	TEK6	5.138	0.942		0.643							0.702
40	TEK7	5.264	0.921		0.716							0.781
41	TEK8	5.241	0.902		0.667							0.611
43	COM2	5.103	1.023								0.617	0.726
44	COM3	5.218	0.868								0.732	0.821
45	RIM1	5.069	0.925						0.706			0.763
46	RIM2	5.069	0.950						0.747			0.806
48	RIM4	5.172	0.967						0.722			0.717
Eigenvalues				15.218	3.140	1.937	1.629	1.319	1.278	1.155	1.008	26.684
Vaariance Explained(%)				43.480	8.970	5.534	4.655	3.787	3.650	3.301	2.880	76.239
Cronbach's a value				0.895	0.908	0.802	0.902	0.899	0.878	0.931	0.850	

Note: Factor loadings less than 0.40 have not been reproduced, FLT = Flexibility Thinking, BUN = Business Knowledge, OPM = Operation Management, TEK = Technology Knowledge, PRM = Project Management, RIM = Risk Management, PEM = Performance Management, COM = Communication Management

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Data Collection and Descriptive statistics

The last stage of IT competence scale development is the main survey. Respondents of the main survey were solicited among IT department managers. The main survey, in the form of a self-administered questionnaire, was then used to collect the study's data via e-mail from an informal group of IT managers who were registered in the "IT CEO and Manager Community" offered by the online community in Korea. 186 organizations were asked to participate in the survey. The e-mail included a cover letter which briefly explained the purpose of the study as well as a questionnaire form. Survey packets were sent to each of these 186 organizations, with 151 responses returned (81.2 percent response rate). 3 responses with incomplete data were eliminated from further analysis. As a result, 148 responses were used in the data analysis. Table 1 shows the respondents' characteristics. Most of the respondents (87.8%) were working for IT department. CEO represented 12.2% respectively. Most industry type (31.1%) was manufacturing and 28.4% had software industry. Most organizational revenue was found to have a size of less than 100 billion won, the majority (38.5%) of which was small-scale organization with revenue of 10 billion won.

Table 4. Sample profile

Characteristics	*Category*	*Sample*	*Percentage*
Education	Bachelor Degree	98	66.2
	Master Degree	42	28.4
	Ph.D Degree	8	5.4
Experience (Years)	Less than 5	28	18.9
	5~10	68	45.9
	11~15	18	12.2
	16-20	23	15.5
	More than 21	11	7.4
Job Position	CEO	18	12.2
	CIO/CSO	40	27.0
	IT Department Manager	66	44.6
	IT Department Leader	24	16.2
Industry type	Products/Food & Beverage	9	6.1
	Manufacturing	46	31.1
	Telecommunication	15	10.1
	Shipping/Transportation	6	4.1
	Software	42	28.4
	Technology/Network	21	14.2
	Banking/Insurance	9	6.1
Revenues (2012)	Less than 10 Billion Won	57	38.5
	11 Billion Won to 50 Billion Won	17	11.5
	51 Billon Won to 100 Billion Won	41	27.7
	101 Billon Won to 500 Billion Won	21	14.2
	More than 501 Billion Won	12	8.1
Sum of Respondents		148	100

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Factor analyses

To ensure the robustness of this model, a confirmatory factor analysis using AMOS version 9 was performed after an exploratory factor analysis with SPSS 9. According to Hair, Anderson, Tatham, and Black (1998), Factor analysis was requested to model-building framework. We conducted the correlation matrix for 35 items of the scale before factor analysis. A review of the correlation matrix reveals that 588 of the 595 correlations (approximately 98.8%) are significant at the 0.01 level, which provide adequate basis to perform a factor analysis for each item and for the overall basis. To evaluate the overall significance of the correlation matrix, Bartlett's test was conducted. Bartlett's test found that the correlations, when taken collectively, were significant at the 0.0001 level. The data gathered from the main survey were analyzed through principal components factor analysis. Table 5 shows that the seven factors capture 71.278% of the variance of the 35 items, which can be deemed sufficient in terms of explained total variance. The structure of the scale and the constructs of model based on factor analysis had changed from the pilot survey to main survey. The result of the main survey revealed slightly different results than the pilot survey. The items of Communication construct divided into risk management (43th item, Com2) and technology knowledge (44th item, Com3). When considering the related literature and the items included in these factors, the factors can be labeled as IT Competence to business knowledge, technology knowledge, operation management, performance management, flexibility thinking, project management and risk management, respectively.

To verify the underlying factor structure in the proposed scale from the previous exploratory factor analysis (table 5), a confirmatory factor analysis was conducted. The 35 items with first-order factor structure were tested and the dimensions of structure were specified as one level of factors that were mutually correlated. The model would not be able to accept an adequate fit (see Table 6). Hair et al. (1998) recommended that some variable should be deleted from the model in the lower adequate fit state. Thus an iterative elimination process was carried out. As a result, a total of 14 items were successively removed from the proposed measurement scales. Scale items were deleted from the all constructs to be a satisfyingly parsimonious one. Table 6 illustrated the goodness of fit between the initial scale and final scale.

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Table 5. Factor analysis of initial items

Constructs	Items	Mean	S.D	Exploratory Factor Analysis				Confirmation Factor Analysis		
				Loading	Eigen-values	Variance explained	Cron-bach's a	Loading	Error	R^2
Business Knowledge	BUK1	5.676	0.949	0.716	15.149	43.284	0.901	0.792	0.333	0.628
	BUK2	5.716	0.997	0.747				0.853	0.268	0.728
	BUK3	5.791	0.964	0.757				0.850	0.256	0.723
	BUK7	5.696	1.028	0.721				0.745	0.466	0.556
	BUK8	5.662	1.034	0.764				0.778	0.419	0.605
Operation Management	OPM1	5.432	1.051	0.595	2.928	8.367	0.886	0.786	0.418	0.618
	OPM3	5.642	0.948	0.734				0.790	0.335	0.625
	OPM4	5.507	0.892	0.703				0.775	0.316	0.601
	OPM5	5.689	0.954	0.720				0.728	0.425	0.53
	OPM6	5.466	0.993	0.667				0.827	0.310	0.683
Project Management	PEM1	5.426	1.037	0.780	1.881	5.374	0.815	0.641	0.630	0.411
	PEM4	5.514	0.900	0.587				0.832	0.247	0.693
	PEM5	5.703	0.944	0.593				0.850	0.246	0.722
Flexibility thinking	FLT1	5.459	0.943	0.623	1.437	4.106	0.904	0.796	0.324	0.634
	FLT2	5.250	1.062	0.675				0.700	0.571	0.490
	FLT3	5.365	0.998	0.805				0.819	0.326	0.670
	FLT4	5.439	0.977	0.720				0.823	0.306	0.678
	FLT6	5.527	0.899	0.664				0.772	0.324	0.596
	FLT7	5.608	0.980	0.642				0.800	0.344	0.640
Performance Management	PRM1	5.486	1.059	0.680	1.292	3.690	0.896	0.808	0.387	0.653
	PRM2	5.365	0.984	0.787				0.749	0.421	0.562
	PRM3	5.500	0.951	0.653				0.817	0.298	0.668
	PRM4	5.615	0.907	0.587				0.799	0.295	0.639
	PRM5	5.426	1.044	0.676				0.804	0.382	0.647
Technology Knowledge	TEK1	5.223	0.946	0.505	1.183	3.379	0.892	0.704	0.449	0.496
	TEK3	5.101	0.988	0.649				0.746	0.430	0.556
	TEK5	5.169	0.992	0.800				0.746	0.434	0.556
	TEK6	5.108	0.897	0.647				0.748	0.352	0.559
	TEK7	5.257	1.011	0.768				0.813	0.344	0.661
	TEK8	5.311	0.996	0.761				0.741	0.433	0.55
Risk management	COM3	5.176	0.878	0.524				0.625	0.443	0.391
	COM2	5.095	0.999	0.530	1.077	3.077	0.830	0.659	0.604	0.435
	RIM1	5.047	0.898	0.728				0.782	0.311	0.612
	RIM2	5.122	0.910	0.736				0.844	0.237	0.712
	RIM4	5.176	0.931	0.754				0.762	0.361	0.581

Table 6 illustrates the results of the analysis for the final set of 21 items. All estimated parameters were positive and significant at the 0.05 level. Given the various issues associated with the sole use of the chi-square value in evaluating overall model fit, we also examined several absolute and incremental fit measures. Iacobucci (2010) recommended to behavior researcher that the $\chi 2$ (and its degrees of freedom and p-value), the standardized root mean square residual (SRMR), and the comparative fit index (CFI) should report as goodness of fit statistics. Table 7 shows that several commonly utilized indices of the overall fitness of a model— $\chi 2$, CFI, the non-normed fit index (NNFI), Adjusted Goodness of Fit Index (AGFI), root mean square error of approximation(RMSEA) and standardized root mean square residual (SRMR). The change in chi-square illustrates the incremental improvement

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achieved by each successive model. two relative indices (TLI and CFI) were computed and provide a more robust evaluation of model fit (Iacobucci, 2010).

CFI and NNFI are the "comparative fit index" and unlike the $\chi 2$, which compares a model to data, the CFI takes the fit of one model to the data and compares it to the fit of another model to the same data. Thus, this kind of statistic captures the relative goodness of-fit as an empirical increment above a simpler model, in particular, one in which no paths are estimated. CFI and NNFI range from 0.0 to 1.0, and larger numbers are better. AGFI adjusts this value to the degrees of freedom in the model. SRMR is enhanced (lowered) when the measurement model is clean The index is a pretty good indicator of whether the researcher's model captures the data, because it is relatively less sensitive to other issues such as violations of distributional assumptions (Hu & Bentler, 1999). The RMSEA is an index that sounds somewhat like the SRMR but it is computed differently and it behaves differently. The RMR and SRMR are badness-of-fit indices. If the model predicted the data fairly closely, then the residuals should be close to zero, making the numerator of RMR obviously zero, and the numerator of the numerator of SRMR similarly zero.

For each index, an acceptable level of fit is indicated as follows: $\chi 2/df < 2.0$, CFI > 0.95; NNFI > 0.95; RMSEA < 0.06; SRMR < 0.08, and AGFI >0.80 (Gefen, Straub, & Boudreau, 2000; Hu & Bentler, 1999; MacKenzie, Podsakoff, & Podsakoff, 2011). The results of final scale measure indicated that the model fit the data satisfactorily in terms of all the fit indices considered in this study: $\chi 2/df = 1.334$, CFI = 0.968, NNFI = 0.961, AGFI = 0.836, RMSEA = 0.048, SRMR = 0.045.

Table 6. Compare Goodness Fit of IT Competence Scales

Scale	$\chi 2$	*df*	$\chi 2/df$	*CFI.*	*NNFI*	*AGFI*	*RMSEA*	*SRMR*
Initial Scale (35 items)	896	539	1.663	0.753	0.887	0.711	0.067	0.059
One-factor model (21 items)	762	189	4.03	0.677	0.642	0.562	0.144	0.099.
Seven-factor model (21 items)	224	168	1.334	0.968	0.961	0.836	0.048	0.045

Three types of reliability indices examined in this study were Cronbach's alpha, composite reliability, and average variance extracted. As shown in Table 7, Cronbach's alpha ranged from 0.815 to 0.860. All exceeded the recommended values (0.7). The composite reliability of the seven constructs regarding IT competence ranged from 0.829 to 0.872, and all exceeded the recommended level of 0.7. For the variance-extracted measures, all the constructs with their high values ranging from 0.621 to 0.694 substantially exceeded the recommended level of 0.5.

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This indicated that more than half of the variance for the specified indicators could be accounted for by a certain construct. Therefore, the measure assessments lent substantial support for the confirmation of the proposed IT competence scale.

Table 7. Confirmatory Factor Analysis of Final Scale Items

Constructs and items		*loading*	*t values*	*Error*	R^2
Business Knowledge CCR = 0.863, AVE = 0.678, Cronbach alpha = 0.860					
BUK2	· Understand business processes	0.792	N.A	0.267	0.729
BUK3	· Maintain coordination among business processes	0.853	11.851	0.258	0.720
BUK8	· Understand effects of IT on other business areas	0.850	10.407	0.441	0.584
Operation Management CCR = 0.844, AVE = 0.644, Cronbach alpha = 0.820					
OPM3	· Maintain proper storage and transmission	0.786	N.A	0.305	0.658
OPM4	· Control IT processes and get it to work	0.790	10.184	0.268	0.660
OPM5	· Control proprietary technologies	0.775	8.884	0.439	0.514
Project Management CCR = 0.829, AVE = 0.621, Cronbach alpha = 0.815					
PEM1	· Manage cost	0.641	N.A	0.617	0.422
PEM4	· Monitor and manage actual system use and conformity	0.832	8.143	0.252	0.686
PEM5	· Manage user satisfaction and feedback	0.850	8.254	0.248	0.720
Flexibility thinking CCR = 0.860, AVE = 0.672, Cronbach alpha = 0.855					
FLT3	· Develop and implement flexible systems	0.796	N.A	0.332	0.637
FLT4	· Develop vendors	0.700	10.744	0.358	0.702
FLT7	· Manage and develop negotiation skills	0.819	10.332	0.283	0.652
Performance Management CCR = 0.844, AVE = 0.644, Cronbach alpha = 0.849					
PRM1	· Understand IT's role in business	0.808	N.A	0.290	0.740
PRM2	· Maintain project-related techniques and skills	0.749	9.914	0.431	0.552
PRM5	· Understand project management methods	0.817	11.16	0.360	0.668
Technology Knowledge CCR = 0.858, AVE = 0.669, Cronbach alpha = 0.855					
TEK5	· Educate new technologies	0.704	N.A	0.294	0.699
TEK7	· Maintain information quality	0.746	11.329	0.264	0.740
TEK8	· Deliver quality service	0.746	9.788	0.433	0.560
Risk management CCR = 0.872, AVE = 0.694, Cronbach alpha = 0.846					
RIM1	· Operate with risks in mind	0.659	N.A	0.315	0.608
RIM2	· Develop plans and guidelines for emergencies	0.782	10.431	0.185	0.776
RIM4	· Manage security	0.762	9.291	0.364	0.577

Note: N.A = Constrained to equal 1 in order to fix the scale of the latent variables, CCR = Composite Construct Reliability, AVE = Average Variance Extracted.

To assess discriminant validity, we followed the technique recommended by Fornell and Larcker (1981). It was found that the correlation between pairs of sub-scales was less than the square root of the average variance extracted of the two constructs in all cases (see diagonal of Table 8).

Table 8. Correlation of constructs

Constructs	AVE	BUK	OPM	PEM	FLT	PRM	TEK	RIM
Business Knowledge	0.863	**0.929**						
Operation Management	0.844	0.518	**0.919**					
Project Management	0.829	0.583	0.593	**0.910**				
Flexibility thinking	0.860	0.575	0.636	0.569	**0.927**			
Performance Management	0.844	0.530	0.530	0.525	0.564	**0.919**		

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Technology Knowledge	0.858	0.328	0.422	0.409	0.368	0.491	**0.926**	
Risk management	0.872	0.455	0.408	0.401	0.429	0.427	0.528	**0.934**

Examination of Nomological Validity

For finishing scale development, IT competence scale we proposed should be examined to predict IT department performance. According Pe´rez-Lo´pez and Alegre (2012), the organizational performance variables play an important role in assessing the nomological validity of measurement tools to do with competence or capability of organization. IT department performances are based on a revision of the study by Choi, Lee, and Yoo (2010). All the statements were measured using the same scale with the endpoints ‘‘strongly disagree’’ (1) and ‘‘strongly agree’’ (7). A path analysis was conducted to test the relationship between IT Competence and IT department performance. The results indicate that risk management, business knowledge and technology knowledge had a direct effect on IT competence but the others had not. However, the each index of model had an excellent fit with the data (table 9). Thus, IT competence constructs served as an important indicator for predicting IT department performance. The developed measurement scale also exhibited a good predictive validity.

Table 9. Relationships between IT competence and IT department performance

Path	Estimation	*t-value*	Fit indices
Business Knowledge – Department performance	0.343	3.081	
Operation Management– Department performance	0.231	2.190	
Project Management– Department performance	0.229	1.663	*χ2/df = 1.318, CFI=0.964, NNFI = 0.956, AGFI = 0.810, RMSEA = 0.047 and SRMR = 0.045*
Flexibility thinking– Department performance	-0.071	0.464	
Performance Management– Department performance	0.012	0.097	
Technology Knowledge– Department performance	0.382	3.854	
Risk management– Department performance	-0.164	1.669	

Conclusions

Literature presents multiple perspectives and a bit confusing views concerning what is necessary for successful utilization of IT in practice. Terminologies were used interchangeably increasing confusions in the field. This research is an effort to clarify this confusion and provide a comprehensive model for IT competence of a firm. 235 constructs related to competence, capability, and skills for IT were collected from academic literature and practitioners' documents. These 235 constructs were refined and reduced down to 48 critical constructs through a

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series of Q-sort method focus group sessions. These 48 constructs were presented with 8 underlying constructs for IT competence of a firm. This frame work provides a way for a firm to investigate and understand their current levels of competence related to IT. We suggest that IT competence model consists of 21 constructs around 7 critical themes: IT Competence to business knowledge, technology knowledge, operation management, performance management, flexibility thinking, project management and risk management. Proposed model is would be a necessary step for further research. It is our hope that the model and items presented in this paper will allow future researches to empirically demonstrate the close connection between IT competence and various constructs in running business of the future.

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EXPLORING WEB MARKETING AND FEATURES OF PRIVATE SAUDI UNIVERSITIES

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Abstract

This paper emphasizes the analysis of the web marketing implemented on Saudi private universities websites. We consider that our paper has significant implications on the higher education e-strategies as it provides a high visibility of the academic institutions in the online environment which is appreciated by the main target represented by the students. The focus was to observe course and fees related information, marketing messages, unique features, student activities, presence of social media, and news related to accreditation. The observation was conducted during 20 Jan 2017- 25 Jan 2017. Finding shows that improvement needed to attract students.

Introduction

The Ministry of Higher Education in Saudi Arabia was established in 1975 to supervise and to provide educational environment within the framework of the Kingdom of Saudi Arabia Education Policy, as well as to promote the quality of education outcomes, increase the effectiveness of scientific research, encourage creativity, develop community partnership and supervise scholarships. The Ministry is also seeking to make Higher Education in the Kingdom competitive with other regions and advanced countries.

Currently, there are twenty-one well established universities in Saudi Arabia, from them ten are private universities. With regard to gender, all private universities serve both genders but on separate campuses with two exceptions, Effat University and Dar Al Hekma University-accept women only (Table 1).

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	Name of Universities	Cities	
1	Prince Sultan University	Riyadh	Male and Female
2	Al-Yamamah University	Riyadh	Male and Female
3	Alfaisal University	Riyadh	Male and Female
4	Dar Al Uloom University	Riyadh	Male and Female
5	Effat University	Jeddah	Female only
6	University of Business and Technology	Jeddah	Male and Female
7	Dar Al-Hekma University	Jeddah	Female only
8	Arab Open University	Riyadh, Jeddah, Dammam, Al Ahsaa, Madinah, Hail	Male and Female
9	Fahad Bin Sultan University	Tabuk	Male and Female
10	Prince Mohammad bin Fahd University	Al Khobar	Male and Female

Table 1-Saudi Ministry of Education Website

Saudi public universities provide free education in comparison to private university, private sector charge tuition fees, thus believe that it will be more student centric, more exposure to extracurricular activities, more attention to career advice, usage of teaching English language in classrooms is a major attraction of private higher education, to make sure employability in future.

Now the matter of question is that, all private universities are offering the same basic service – teaching, along with that it is required to highlight the focus of distinctiveness so it can influences student choice. In regard to university education management, number of studies discusses the relevancy between higher education institutions and the labour market; it can then link to curriculum, career services, training, and social events (Bennett *et al.*, 1999). With all these activities, literature assert that the newer features of "education or academic marketing" needed to apply which is different from commercial marketing, such as Universities declare more how their products are positioned against benchmarks and ratings (Temple, 2014; Ramachandran, 2010; Litten, 1980). Furthermore, research on academic marketing suggests that students want to see what college "looks" like therefore universities attempt to create an image into which the student can imaginatively place herself (Anctil, 2008; Schneider, 2006; Fairclough, 1995). Colleges and universities can use language, textual or visual image, to

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position and differentiate themselves from other institutions and promote their efforts. Hossler (1999) stated that admissions and marketing administrators at colleges and universities need to actively evaluate institutional websites to ensure they supply the type of information students need rather than adding content and services students may not use, or even ask for. Anctil (2008) appropriately concluded, that colleges and universities can successfully market themselves while fulfilling education values, at the same time these institutions should use their marketing as a way of tightening their mission, purpose, and practice.

The crux of the matter is that there is no research within Saudi context to identify the distinctive factors in Saudi private universities; therefore this research will make an attempt to fill this research gap.

Literature Review

For college prospective students, website is increasingly important to collect information regarding programs, course offerings, location and accreditation as they first visited the website prior to actually visiting the campus (Schimmel *et al*., 2010). Student opinion about the college can be shaped to a large extent by the website. While targeting prospective students, Hartman (1998) indicates the importance of developing websites that offer not only promotion but also substance. The reason of offering least through website can be that Universities have been slow in recognizing the need for a comprehensive strategy for architecting the design and implementation of their Websites (Gary *et al*., 2004). Hartman (1998) challenges institutions to develop strategic websites that will allow for a competitive advantage. In this manner the university's website is being used to develop and refine the student evoked set (selection of important factors) (Schimmel, 2010).

When prospective students visit a website, they are seeking information, the success or failure with information seeking is tied to interface design (Vassiliadis, 2002). Steele (2002) note that high school students student internet attention span minimal, so without losing their attention it should be direct, quick at a glance seek information. Thus, main factor for determining the effectiveness of a website is to evaluate the usability of the website organization and design. Christoun *et al.* (2006) investigated students' overall satisfaction with an academic website, with regard to its technology, usability, aesthetic, and content using an online questionnaire. The results showed that only 53.4% of the students agreed that the search function of the site was effective, and 66% agreed that it was easy to find information. Whereas Ng (2003), surveyed 129 graduate students of Midwestern regional university and found that search feature and the graphics design (pictures and colors) on the home (splash) page need to be improved. According to student the most important are Organization/Site Architecture; Ease of

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Navigation; and Content. Interestingly, Poock's (2001) findings also indicate that 95% of high school students rated the organization/architecture of a Website as very important factor, they expected it need to be intuitive and flexible.

Noiwan and Norcio (2000) also evaluated and compared the usability of two Thai and two US academic websites. The checklist was categorized into four major sections: Finding the information, understanding the information, supporting user tasks, and presenting the information. Each guideline of the checklist was presented as yes/no question. The results showed that the sites had several usability problems including: Lack of a site map, old content, lack of navigational tools, and inconsistency problems. The results also showed that the Thai websites have additional problems, such as: Ineffective internal search functions and language problems (e.g. misspelling words).

Furthermore, Toit and Bothma (2010) investigated the usability of the website of an academic marketing department in the University of South Africa. They mentioned usability problems that were identified on the website: Poor navigation, old content, and incomplete information regarding the modules of the department. Similarly, Kostaras and Xenos (2006) employed the heuristic evaluation method to evaluate the usability of the Hellenic Open University website. They identified lack of navigational support links, variation of font sizes, errors in the internal search function, and inappropriate design of menu.

Kasli and Aucikurt (2008), for example, employed 54 students to investigate 132 websites of tourism departments at universities in Turkey. The results showed that most of the sites did not present updated information, did not have an internal search function, did not present their content in foreign languages, and did not display important information (e.g. academic calendar, FAQ, programs).

Mustafa and Al Zoua'bi (2008) employed a questionnaire to evaluate the usability of nine Jordanian university websites, by 252 students. The results showed that, although the overall usability level of the websites was acceptable, there were some weaknesses in some aspects of the sites (e.g. design, interface, performance). However, the study did not provide details regarding specific types of usability problems that users identified on the university sites.

Similarly, Hasan (2012) asked 237 students to provide ratings for nine Jordanian university websites using usability criteria. The criteria consisted of five categories: Navigation, organization, ease of use and communication, design, and content. The students were also asked to report qualitatively what they liked, and disliked regarding the design of the websites. The results showed that the order of the criteria from the most to the least important in the evaluation of the usability of educational websites was: Content, navigation, ease of use and communications, design, and organization / architecture. The results also

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showed the website features, which students preferred the most for a usable educational website include: Navigation support, logical structure of a site, quick downloading of web pages, aesthetic design, and up-to date information. The results showed that the common weaknesses on the websites include: The design of the sites, the fact that most of the sites were inconsistent, in terms of: Colors, fonts, the Arabic and English language interface, and the design of the pages, and the lack of support to Arabic language.

Similarly, Sandvig and Bajwa (2004) investigated the most liked and disliked website features by 48 students on nine public and private university websites. The sites were randomly selected from a list compiled by InfoSpace, 100 most heavily visited university websites. The nine university sites selected for this study included: Harvard University, Pepperdine University, Princeton University, Rensselaer Polytechnic Institute, University of California Los Angeles, University of Michigan Ann Arbor, University of North Carolina Chapel Hill, University of Texas, Austin and Yale University. The study finds that university students have a significant preference for using browsing methods (hyperlinks) over search (via search features). The result further showed that the most liked features were: Simple layout, useful information, easy to follow menu option, good use of graphics and color. However, the least liked features were: Outdated links, incomplete and outdated information, difficult search option, confusing menus, cluttered and disorganized information, slow download time, and small fonts.

Guilikson *et al*. (1999) identified the reasons inability of students to find information, which mainly related to: Unclear organization of the site's information, lack of a search engine, confusing menus, and poor navigational capabilities.

Tanveer *et al*., (2008) did a very interesting research which compare Malaysian and UK local websites (Education, bank, tourism). A web content analysis highlights considerable differences in representing local cultural values. They used Hofstede's individualism/collectivism, and power distance, high/low-context cultural dimensions, and analyses how these cultural values reflected.

Marcus and Gould (2000) applied Hofstede's framework to their study of user-interface designs, and they identified Hofstede's cultural dimensions in different web pages from different cultures. Focusing on the structural and graphic elements of web page design, they found that a university website from Malaysia, a culture with high power distance in Hofstede's framework, tended to emphasize the official seal of the university and pictures of faculty or administration leaders, which could not be found on a university website from the Netherlands, a culture with low power distance in Hofstede's framework. Also, a website for a national park from Costa Rica, a collectivistic culture, emphasized national agendas and political announcements,

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whereas a website for a national park from the U.S., an individualistic culture, focused on the visitors and their activities.

Mohammad *et.al* (2012) examined cultural markers in a selected sample of 27 web pages from three countries in Saudi Arabia, United Arab Emirates and Kuwait. They chose Web pages from three sectors (Education, News and Media, Business). Their analysis revealed that images of leaders (63%), images of official buildings (33%), and official logos (100%) is found. On the scale of individualism and collectivism according to Hofstede dimension their findings include the group pictures, lesser authentication passwords. We found most websites have the pictures of males. Few of them also have the pictures of both males and females together, but females are covered in Abaya. The presence of simple menus, and detailed information supports Hofstede's claim that Arab countries have high (68) uncertainty avoidance. They also found that 96% of the total websites surveyed have a search engine and 48% have site maps. Alumni links where found in university websites.

The literature outlines above identify various types of usability problems on educational websites. They provide important information regarding types of usability problem that could be found on educational websites. However, most of the studies used quantitative data based on questionnaires to identify usability problems, therefore, few number of usability problems, with little details, were provided.

Research Method

This study addresses the webpage of Saudi private universities, because websites are the most important form of their online appearance, as a reflection of the style, the activity and the reputation of the particular institution. According the website (geert-hofstede.com), Saudi Arabia scores high on power distance dimension (score of 95) which means that people accept a hierarchical order. High power distance culture further reflects on the characteristic of website, they tend to have a formal layout, limited choices and restricted access to information, Authority, Certification, Official stamp, Quality assurance and awards, and Vision statement. Visual elements that are resonant with the pulse of the nation are valued. On the contrary, low power distance prefer informal web layout with clear access, flexible interaction, and visual elements that are more universal preferred.

Therefore, based on the literature review, this research makes an attempt to identify whether Saudi private universities website are

- Providing direct and quick information regarding programs/course offerings, fees, any news related to accreditation, and Arabic and English language interface

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- Focus of main marketing ads and graphics and Aesthetic element (colours)
- Internal search function (we search for keyword 'fees') and Site map
- Display of other information (e.g. academic calendar, FAQ, presence of Social media, Alumni, Club activities, GPA calculator)

To collect the information about above factors, Observation of websites was conducted during 20 Jan 2017- 25 Jan 2017. Based on the observation, this research suggested private Saudi higher education institutions to do more which can add in attracting and enrolling new students at the same time existing can also find relevant information.

Findings

1) Prince Sultan University website is the most colorful, attractive with lot of attractive features (Date, Day and Time, student discounts, weather, 12 Video focusing on student events), they are the only one who focuses on university vision statement in the main ad on website. Other than the features, it is noticed that their main ads focus on short language courses (Turkish, Korean, Arabic, English) for a day. Another interesting 1 day certificate course was offered about Drone pilot Training. Other main ad was about workshop, internship opportunity, career event and forum (Marketing for non-profit organization, Summer internship opportunity with collaboration to Harvard evidence for policy design, Career Day Event and Undergraduate student research forum). Another public speaking event TedX was advertised, and lastly one of the ad focuses on Registration and Admission open.

   Accreditation Tab was found among 32 colorful square boxes. The presence of Social media found at top right side of main webpage. Search function identified correctly the keyword 'fees'. Sitemap can be found on the top right of main webpage, which can be easily locate by students.

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Prince Sultan University



2) Al Yamamah University main web ad focuses on first economic forum, Admission open for diploma, bachelor, master, Pics of students, Continuing education activity. Video of graduation ceremony is posted on main webpage. Search function cannot identify anything for “fee/ fees”, with CAPS only it can search, sitemap cannot found aswell. Social media icons are found twice on the webpage (at the bottom of main web page and also on the left top side of main web page). In FAQ it is only information about major courses and accreditation generally. Accreditation is not stated on the main page. The brand color Orange, black and white is the main color theme of webpage which can be a differentiating factor.

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Al Yamamah University



3) Alfaisal University, blue colour webpage highlighted main web ad about Career Expo, student events in campus 2017, Student Credit Card Arab National Bank and accreditation news. Search function correctly identifies the word 'fees', Sitemap can be found at the top aswell as at the bottom of the page. FAQ is also found on main page with sufficient information. Video of Prince Sultan Bin Salman College of Business Lecture Series is uploaded on main webpage. Social media icon is placed at the bottom of main web page.

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Alfaisal University



4) Dar Al Uloom University placed their all six colleges info on the main webpage, in most cases such information is under the 'academic' or 'colleges' tab on the top. The main ad focuses on Snapchat account, Registration and admission open, Saudi vision 2030, last Ads which was advertised earlier. Another interesting focus of website is information about Student Rights and Code of Ethics. Social media icons are found at top right side of main webpage. The poll about their new website "do you like DAU new website" shows that they involved existing students and new students. However website have mix of Arabic and English together. No Accreditation news is found on main webpage. FAQ is there but Sitemap cannot be found.

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Dar Al Uloom University



5) Effat University offered Live Demo, Live Chat, Testimonial and Effat Stars and Female Graduate video as unique features. “Effat Stars” are about student achievements who make university proud. Accreditation tab is found on the main webpage, hyperlink was there for accreditation certificate aswell. Social media icons found at right side of mid main webpage. No FAQ however Sitemap is found at the bottom of page. Noticeable aspect of Effat university webpages was pictures of female students which were more relaxed (no abaya or veil) compared to Dar Al Hekma website (all female pics in abaya). Their main ad focuses on admission (Welcome and encouraging new students and transfer students to apply, Students of high academic merit can apply online) and conference and workshop (Third English and translation conference at Effat Library and a workshop ‘How to be a Role Model’ initiative which was launched by HRH Prince Khalid Al Faisal).

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Effat University



6) University Business and Technology website have 'News and Event' but not active –no news. Interesting feature of this website is Testimonial, Calendar, FAQ and Sitemap, and info about board of trustee. Though the web seems loaded as colleges and all majors, deanship of admission and library all on the main webpage, it should be under the tab (administration or research). No accreditation news found. Social media icon found at the top right side of main webpage.

Main web ads was about hosting 6th education conference, Master program (Quality, Industrial and Construction), Register now and get a job as soon student graduate, Educational Support Center for student, contact detail, Pictures of building and student. One of the main web ad focusing on the assistance for special need students which was ignored by other websites.

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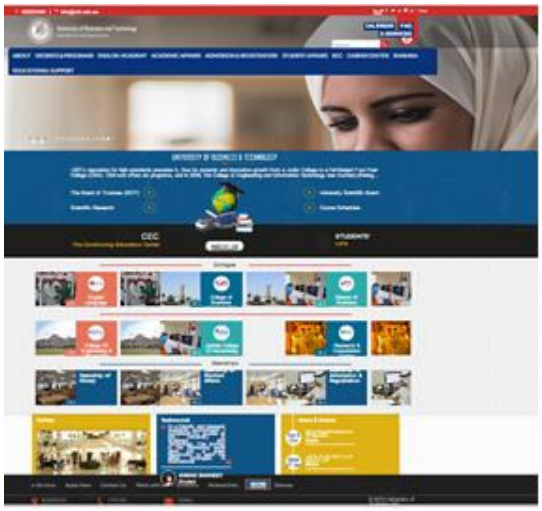
University of Business and Technology



7) The organization of Dar Al Hekma website is little difficult to navigate about majors as it is under the 'admission' heading but in other university website the information about the majors are under the 'academic'. The attractive web features are Alumni in three area (leaders, academic, and entrepreneur), information about Donors and Donation, Award winning video focusing on carrying the legacy of knowledge and innovation. There website give us the feeling of achievements, success celebration and knowledge sharing successfully. The main ad focuses on female students participation in international competition, Inventor and Alumni focus, Graduating accomplished leaders and entrepreneurs, 20 years of excellence-journey. No news about accreditation. Sitemap and FAQ and Social media icon are at the bottom of main webpage.

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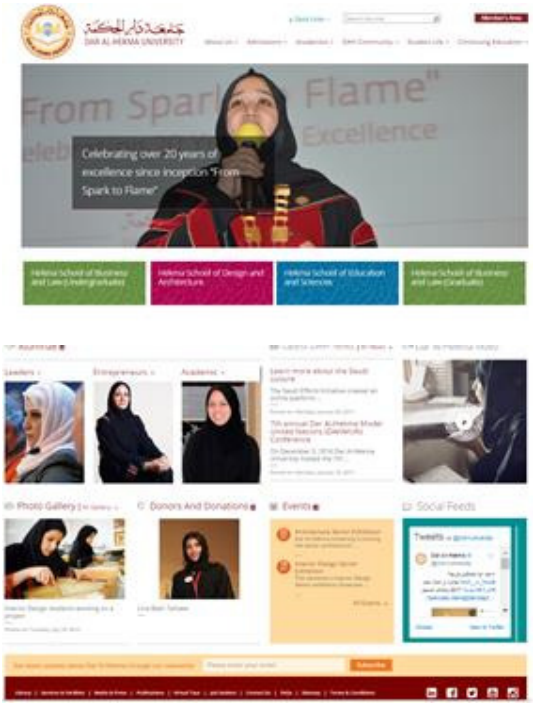
Dar Al-Hekma University



8) Arab Open University is too lengthy, scrolling down and down to look for information on the main webpage. Arabic and English language / text used together in a main webpage. The main ad focuses on the Picture of University Building, Students and Governor Riyadh and How to activate student email (same info in Arabic and English). Stressed on Quality Assurance, and on the left side on main page Contact info and Organization Structure is also found. Unique features are Complaints and Suggestion option, English and General Studies Club, Pay through Saddad (internet banking). Social media icon found at the bottom of main web page.

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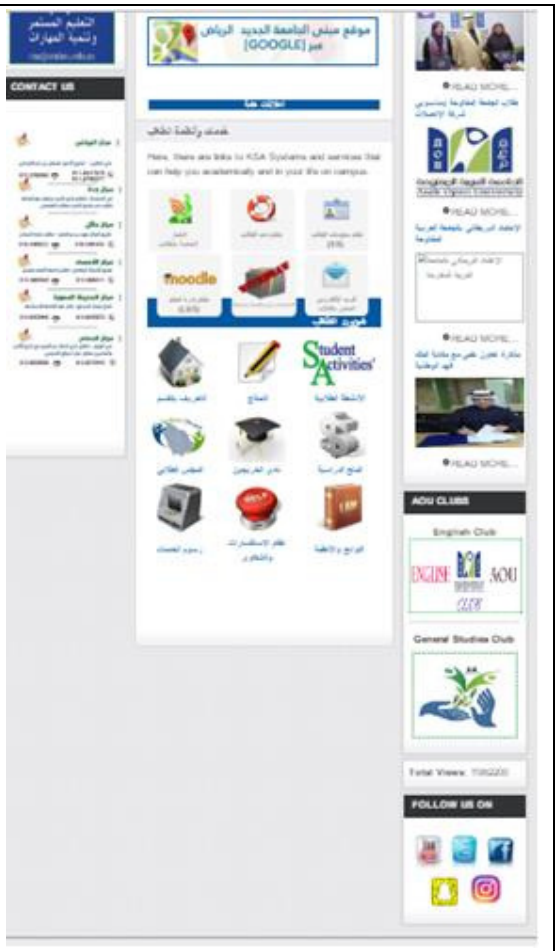
Arab Open University



Main Webpage (top)



This page was the continuation of the main page (bottom)

9) Fahad Bin Sultan University website has no ads and not much text on main web page, only university building pic and rest hyperlink is found with heading or picture…however Accreditation, Female section and Achievement tab not working. Their website seems very reserved and restricted. Social media icon found at the bottom of main web page.

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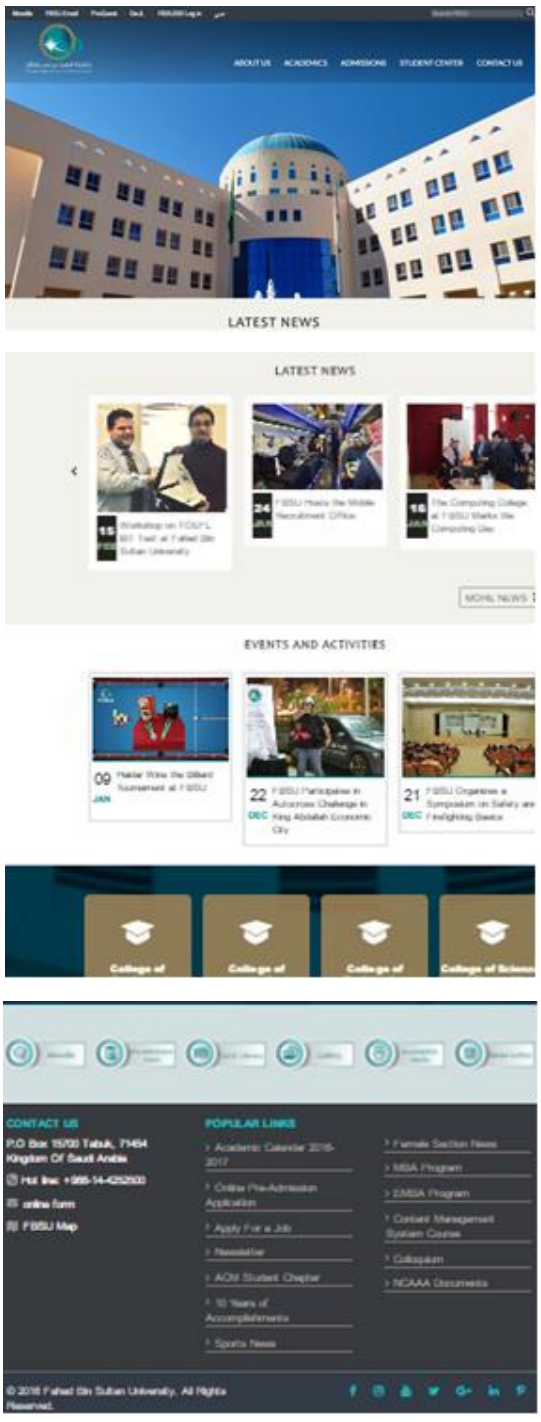
Fahad Bin Sultan University



10) Prince Mohammad bin Fahd University, main ad focuses on Admission for spring 2017, Alumni Club, Auditorium, PMU embarks on it second decade 2016-2026, 10 years of dedication and excellence, Accreditation for two major engineering and computing, PMU theme of 2016: Conflict Resolution Globally Connected (every year PMU adopts a

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theme and encourages the University Faculty, Staff and Students to focus on it). FAQ and Sitemap not easy to find. Unique features are under the heading of Quick Link: transport buses timing schedule, Sports event activity, GPA Calculator. Social media icon found at top right side of main webpage.

Prince Mohammad bin Fahd University



Suggestions

1) Websites may be one of the most important tool in a competitive environment

In such competitive environment, Saudi private universities need to invest time and money on Website service quality, design and evaluation. Merisotis (2002) explained the major purposes were to give information to the students regarding programs, course offerings, location and accreditation in order to help them to make higher education choices, to function as an institutional marketing strategy, to promote quality of education institutions and motivating competence among them. Thus to make sure it fulfill marketing and quality perspective aswell, sincere and serious evaluation is required to find gaps. In this sense, it might be necessary to evaluate the Websites according to a user's perspective to confirm influencing factors in selecting university. While examining effective university websites meet the informational needs and expectations of

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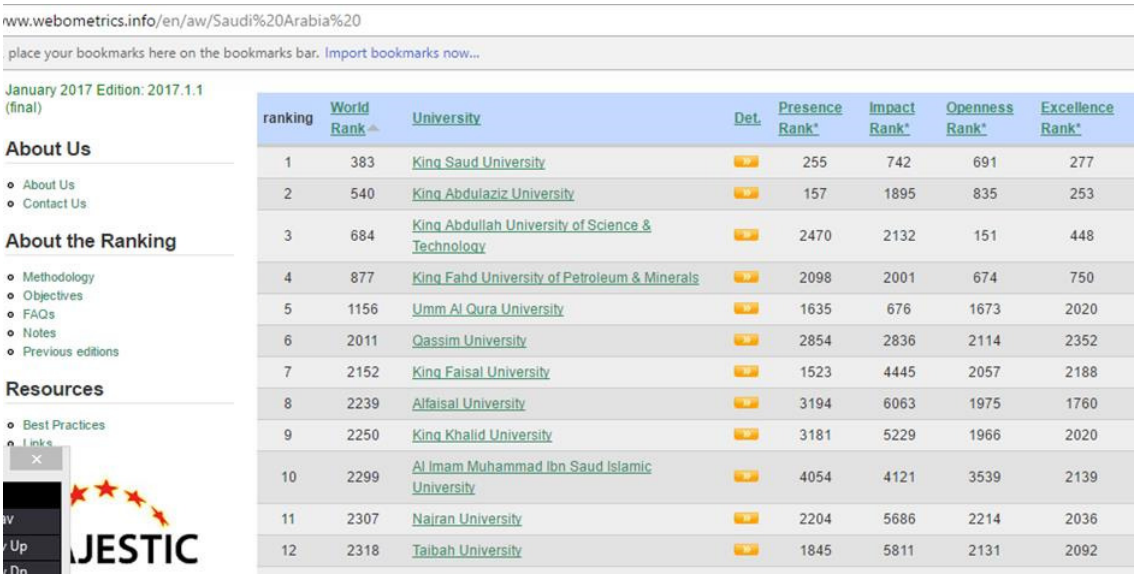
prospective students, Mechitov (2001) also suggested that there should be a link between identifying user needs and incorporating them into website design. Literature also suggest that referring back to vision statement can also help to align marketing activities. Furthermore, internal and external stakeholders inputs and suggestions can be taken seriously to create useful Websites that convey a suitable presence.

2) Indicator of Website Quality-Ranking

There are different websites which can indicate the ranking of university based on different criteria. The 'Times Higher Education World University' (https://www.timeshighereducation.com) listed 980 top universities in the world after judging their teaching, research, knowledge transfer and international outlook. Upon our search in the weblink, we found three Saudi public universities listed and fourth one is private (Al faisal University).

Another website Webometrics-Ranking World Universities (http://www.webometrics.info), they rank the Web presence and performance of over 20,000 universities in the world. Again according to this list, Al faisal University in only listed among private universities.



ranking	World Rank	University	Det.	Presence Rank*	Impact Rank*	Openness Rank*	Excellence Rank*
1	383	King Saud University		255	742	691	277
2	540	King Abdulaziz University		157	1895	835	253
3	684	King Abdullah University of Science & Technology		2470	2132	151	448
4	877	King Fahd University of Petroleum & Minerals		2098	2001	674	750
5	1156	Umm Al Qura University		1635	676	1673	2020
6	2011	Qassim University		2854	2836	2114	2352
7	2152	King Faisal University		1523	4445	2057	2188
8	2239	Alfaisal University		3194	6063	1975	1760
9	2250	King Khalid University		3181	5229	1966	2020
10	2299	Al Imam Muhammad Ibn Saud Islamic University		4054	4121	3539	2139
11	2307	Najran University		2204	5686	2214	2036
12	2318	Taibah University		1845	5811	2131	2092

According to David and Tolvaišas(2011), the first indicator of Website quality is the ranking. If this ranking is low, the owners should pay more attention and make more efforts to analyse quality, and after evaluation proceed the changes of weak elements of the Website. Baty (2010), believed that Rankings help students select courses, help faculty make career choices, help department heads choose new research partners and help university managers set strategic priorities.

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3) Compare themselves with world universities

The webpage is the gateway to all other forms of communication and a primary medium through which undergraduate students choose their institution (Schimmel et al., 2010). Therefore benchmark of any international renowned website can be set. To design strategically, Saudi Universities can identify if IT department are capable enough to meet the web design requirement and updating it timely otherwise outside consultant can be hired to design with more detailed and with specific specificity required at international level.

4) Educational experiences and social events

Former student can inform more about their educational experiences and social events and entertainment activities and other university related matters (Soedijati and Pratminingsih, 2011). Therefore Alumni and testimonial section matter for new students. Four Saudi private universities focus on Alumni and Testimonials. It could also enhance their image and reputation by present publications and research records from students and well-thought-of professors (Ivy, 2008; Enache, 2011). The Ministry of Higher Education in Saudi Arabia has been endeavoring to raise the quality of Higher Education that would contribute to serving the community, economic development, and the job market requirements, thus Saudi University websites should state their contribution in key focus area (community, economic, or fulfilling job market demand).

5) Aesthetic, Navigation, and Other features

Almost all Private Saudi University websites have used Blue colour except Al Yamamah University. Presence of Social Media is found at every university website, however it is noticed that five universities have social media icons at the bottom of the webpage and in some cases it is twice bottom and top. Youtube video icon can be added instead of posting the video on the webpage, it is taking space. From users' perspective it need further research to identify how much they are checking Social media pages, further university to make sure that social media links. Pics and news are updated.

It is noted that Prince Sultan, Al Faisal, Dar Al Uloom, Fahad bin Sultan and PMU have 'Academic Calendar' on their main webpage which is visible for students. Two university websites need attention Arab Open (too much information, usage of Arabic) and Fahad Bin Sultan (less information, broken kinks). More overlooked problems can be broken links or pages that do not work in a particular browser, it require attention. Link checking programs should be run at least once each week to ensure that any links on the site are working (Schneider and Bruton, 2004).

Accreditation news is mentioned in five university main webpage.

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Two universities (Prince Mohammed bin fahad and Dar Al Hekma) highlighted the numbers of years in this industry providing education.

Moreover, according to Table 2, five university main ads focusing on workshop and conference, two university main marketing ad highlighted about career fair. Six universities highlighted about registration and admission.

In this research it is found that, four university websites have pictures of building and student faces, here further research is required whether there is a need to display building structure on main webpage or pics or gallery section can be added as limited research suggests that students associate well-kept modern buildings with perceptions of quality of the institution (Ramasubramanian et al., 2002).

	Name of Universities	Main Graphic Animation	Unique Features on main webpage	Accreditation	Social Media
1	Prince Sultan University	• Vision and mission • Language courses: Turkish, Korean, Arabic, English • Workshop on Marketing for non-profit organization • Short 1 day certificate course Drone pilot Training • Summer internship with collaboration to Harvard evidence for policy design • Career Day Event • Undergraduate student research forum • TedX • Registration and Admission open	On the top of main webpage Date, Day and Time Student Discounts Weather 12 Video focusing on student events	NCAAA Tab found among 32 colourful square	At top right side of main webpage
2	Al-Yamamah University	• First economic forum • Admission open for diploma, bachelor, master • Pics of students • Continuing education activity	Video graduation	-	At the bottom of main web page and also on the left top side of main web page
3	Alfaisal University	• Career Expo • Events at Al Faisal 2017 • Full Accreditation • Student credit ANB card	Video of **HRH. Prince Sultan Bin Salman** College of Business Lecture Series	Full Accreditation news on main web ad	At the bottom of main web page
4	Dar Al Uloom University	• Snapchat account • Registration and admission open • Saudi vision 2030	The poll “do you like DAU new website” Student Rights	-	At top right side of main

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		• First meeting • Last Ads which was advertised earlier	Code of Ethics		webpage
5	Effat University	• Students of high academic merit can apply online • Third English and translation conference at Effat Library and cultural museum Feb 23, 2017 • Effat University is participating in (How to be a Role Model) initiative which was launched by HRH Prince Khalid Al Faisal. • Welcome new students and transfer students encourage them to apply	• Testimonial • Live Demo • Live Chat • Effat Stars • Female Graduate video link	Accreditation Tab on main webpage certificate attached after clicking	At right side of mid main webpage
6	University of Business and Technology	• UBT host 6th education conference • Master program: Quality, Industrial and Construction management • Register now and get a job as soon they graduate. • Assistance for Special need students • Educational Support Center for student, contact detail stated in AD • Pictures of building and students	• Board of trustee information on main webpage • Scientific research • Testimonial • Calendar • FAQ and Sitemap • News and Event not active –no news • Deanship of library, deanship of student affair and dean of admission	-	At top right side of main webpage
7	Dar Al-Hekma University	• Female Students participate in international competition, • Inventor and Alumni focus • Graduating accomplished leaders and entrepreneurs • 20 years of excellence-journey o Just pics no hyperlink	• Alumni (leaders, academic, entrepreneur) • Donors and Donation • Award winning video focusing on carrying the legacy of knowledge and innovation	-	At the bottom of main web page
8	Arab Open University	• Picture of University Building, Students and Governor Riyadh • How to activate student email (same info in Arabic and English)	• Too lengthy, Arabic and English together in a webpage • Complaints and Suggestion option • English and General Studies Club	Stressed on Quality Assurance Contact and Structure is also stated on the main page on left sidebar	At the bottom of main web page

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			• Pay through Saddad		
9	Fahad Bin Sultan University	No ad, only university building pic	Not much text on main web page, pics display and rest hyperlink connected…however Female section and achievement links not working	NCAAA document not working	At the bottom of main web page
10	Prince Mohammad bin Fahd University	• Admission for spring 2017 • PMU Alumni Club • PMU Auditorium • PMU embarks on it second decade 2016-2026 • 10 years of dedication and excellence • Accreditation for two major o Engineering and computing. • PMU theme of 2016: Every year PMU adopts a theme and encourages the University Faculty, Staff and Students to focus on it. Conflict Resolution Globally Connected	Quick Link: transport buses timing schedule Sports event activity GPA Calculator	Yes main ad focus on two dept receive accreditation	At top right side of main webpage

Table 2-Finding of Saudi Universities Websites

Conclusion

The result of this study provides a basic academic marketing focus which Saudi private universities are applying. The present study shows that efforts have been made to use the Web to communicate to students and provide the online information, but the need for improvement exists. However, there is no comprehensive set of evaluation criteria exists in literature that institutions and researchers can use to examine Websites (Kim *et al.,* 2003). For that, further research needed which can provide as a benchmark base tool for assessing college and university websites within Arab context. While designing a university website distinctiveness yet systematic and user-centered approach need to incorporate.

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INFERENCE OF SWAMI VIVEKANANDA'S TEACHINGS AND SKILLS IN MODERN MANAGEMENT STUDIES

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Abstract

Apart from being a preacher, Swami Vivekananda can well be considered a management guru whose teachings can benefit entrepreneurs of modern times. However, his management skills have largely gone unnoticed. Inspired by the practical insight of the Swami, the present paper attempts to establish him as a relevant source of management wisdom for the benefit of mankind in general and entrepreneurs in particular. For managers concerned with controlling and guiding people, the relevance of his values is even more significant. The aim of this research paper is to analyse the great social and spiritual force of history, retrieve long-standing management concepts and deepen the study of modern management science. The success story of a historic leader, himself a non-management graduate, deserves to be studied in today's business schools.

Keywords: ***Entrepreneurship, History, Leadership, Management***

1. Introduction

According to Western scholar A. L. Basham., "Swami Vivekananda, one of the foremost thinkers and religious leaders of the present age, who is regarded as 'one of the main moulders of the modern world', in the words of an eminent" *(Ramakrishna, n.d.).'*At the time of parliament of Religions, Vivekananda was only thirty years old. He had been born in Calcutta on 12th

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January1863. The name of his family was Datta, and his parents gave him the name Narendernath; Naren for short. As a Monk he had wandered about India under various names; he assumed the name of Vivekananda only just before embarking for the United States, at the suggestion of the Maharaja of Khetri, who, with the Maharaja of Mysore, paid the expenses of his journey'.'Viveka is a Sanskrit word meaning discrimination, more particularly in the philosophic sense of discrimination between the real (God) and the unreal (the phenomenon recognized by our sense-perceptions). Ananda means divine bliss, or the peace which is obtained through enlightenment; it is a frequently used suffix to any name which is assumed by monk. Vivekananda was the last person in the world to worry about formal consistency. He almost always spoke extempore, fired by the circumstances of the moment, addressing himself to the condition of a particular group of hearers, reacting to the intent of certain question. Vivekananda was not only a great teacher with an international message; he was also a very great Indian, a patriot and an inspirer of his countrymen down to the present generation'.

1.1 Vivekananda as a magnificent personality

'Vivekananda is one of the very greatest historical figures that India has ever produced. When one sees the full range of his mind, one is astounded. The man (Vivekananda) is simply a wonder for oratorical power. The Swami is an honor to humanity. The neo-Hinduism of Vivekananda, in its many developments, is the most potent religious influence in modern India, and adapted by the genius of Mahatma Gandhi, has provided the ideology of the Indian independence movement.Swami Vivekananda said if there is a God, we must see Him and if there is a soul we must perceive it. Otherwise, it is better not to believe. It is better to be an outspoken atheist than a hypocrite'(*Dutta, 2014).*'The Hindu religion, unlike the meditarorion ones, does not have a historical founder. It has an array of illusion saints, holy man and avatars that were and are living examples of the ideals set forth in the scriptures, The daily experience of Narendranath while falling in to sleep and getting submerged in an ocean of radiant white light illustrates his meditative or religious temperament in boyhood. Swami Vivekananda displayed a good aim while hunting deer near madras. He would often say that a one pointed mind leads to success in all endeavors. Swami Vivekananda acquired his story telling ability in his childhood and thus many of his lectures in the West were learn from his great-grandmother he believed that truth should not be forsaken for anything'*(Chattopadhyaya, 1999).*The organizations set up by him like Ramakrishan mission and math follows the rules of Vedanta. 'The Vedanta recognizes no sin, it only recognizes error. And the greatest error, says the Vedanta, is to say that we are weak, that we are a sinner, a miserable

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creature, and that we have no power and we cannot do this and that. Everything is ours already – infinite purity, freedom, love and power'*(Sheveland, 2014).* 'The teachings of Vedanta are rooted in the Vedas, ancient scriptures going back several thousand years that also inform Buddhism, Hinduism and Jainism. The Bhagavad Gita (Song of God) is another sacred text whereas Hinduism is actually a coinage popularized by Vivekananda to describe a faith of diverse and myriad beliefs. Vivekananda's genius was to simplify Vedantic thought to a few accessible teachings that Westerners found irresistible'*(Bardach, 2012).*'Swami Vivekananda was familiar with his work. Although much of his writings deal with Indian society as a whole, it is clear that his ideas could also be applied to individual businesses and to people as individuals'*(Witzel, 2016).*'Swami Vivekananda has emphasized on physical, mental and spiritual personality. To develop our personality, we need to learn from both happiness and pain. Sometimes we learn more from pain. Man's character is the collective expression of experiences. These experiences result in habits. Swami ji says that we need to have vairagya to change our habits to develop a better character. Swami ji also teaches us how to control our negative emotions. Along with concentration of mind, will power is another important facet of mental personality. The remedy to destroy weakness of anything is not by brooding over it but by thinking of strength and through positive and constructive activities. The effort for creating our personality has to continue for a long time without any lethargy or frustration' *(Goswami, 2014).*

2. An overview of his wisdom

1. 'There is no limit to the power of the human mind. The more concentrated it is, the more power is brought to bear on one point; that is the secret.
2. Concentration is the essence of all knowledge; nothing can be done without it. Ninety per cent of the thought force is wasted by the ordinary human being, and therefore he is constantly committing blunders. The trained man or mind never makes a mistake.
3. Our first duty is not to hate ourselves; because to advance we must have faith in our-selves first and then in God..
4. When, you are doing your work. Do not think of anything beyond.
5. By doing well the duty which is nearest to us, the duty which is in our hands now, we make ourselves stronger; and improving our strength in this manner step by step, we may even reach a state in which it shall be our privilege to do the most coveted and honored duties in life and in society'.

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6. 'Every duty is holy, and devotion to duty is the highest form of the worship of God.
7. Education is not the amount of information that is put into our brains and runs riots there, undigested all our life.
8. The one aim of the ethics is unity, the sameness.
9. The ideal of faith in ourselves is of the greatest help to us. Faith in our-selves will do everything. Be not afraid of anything.
10. There are certain kinds of food that produce a certain change in the mind; we must use the food which brings the purest mind.
11. Dependence is misery. Independence is happiness
12. The rule of a householder about the expenditure of his income is; one fourth of the income for his family, one fourth for charity, one fourth to be saved and one fourth for self.
13. Work incessantly, but give up all attachment to work. Our nature is far beyond the misery and happiness, beyond the imagination; yet we must go on working all the time.
14. We are what our thoughts have made us, so take care of what we think.
15. Expansion is life, contraction is death. Love is life and hatred is death.
16. The best guide in life is strength' *(Tattwaividananda, 2016).*
17.

2.1 Swami Vivekananda and his skills with respect to modern management

The skills of management in Swami Vivekananda can be seen in their in their works and journeys. He was a great scholar in terms of his wisdom and practices. His prominent qualities are still relevant in the modern management studies and we can gain marvellous management lesson from them. We are describing them as follows:

Vivekananda thought for an organization:

His approach is basically constructive. Be positive and do not criticize others. Give your message; teach what you have to teach to your members. Be patient with everybody. Bear with various opinion of everybody. Be broad as the limitless sky, and love the person who least expects it; that is the creed of successful organizer. Vivekananda writes about organization 1984 from New York, "Push on with the organization. Nothing else is necessary but these love, sincerity and patience. Life is growth and expansion is love. That is why he never shut his door of his mission to public *(Banhatti, 1995).*

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Swami Vivekananda as an entrepreneur:

Swami ji was well verse with ability of entrepreneurship. He has set up Ramakrishna mission which exemplified his entrepreneurial skills. He has also set up Ramakrishna math; these organizations have been set up for the benefit of the society and not for the profit earning.

Power of influence:

'The world is one of influence part of our energy is used up in the preservation of our own bodies. Our bodies, our virtues, our intellect, and our spirituality all these are continuously affecting others, and so conversely, we are being influenced by them' *(Vivekananda, 1915).* Sister Nivedita, Mhataman Gandhi, Ravindersnath Tagore and Sri Aurobindo are some famous personalities who influenced by him and follow his teachings. Swami ji was a also a leader. So the best quality of leader is to influence his followers. Among his followers there are numerous famous personalities who devoted their life for the welfare of the society. A manager should also do work like this. He should always done his work with full determination and enthusiasm that other members of the organization get influence by him and a kind of positive environment remains there.

A strong vision:

He is having the excellence of vision. What he has visualized may never be done by others. A manager must be able to think for the future and having the ability to see beyond the circle. His vision not only helps the organization but also in his personal career.

Confidence and trust

He has the ability to empower their members with confidence and trust which is necessary to build strong relationships. Good relationship among employees and organization is the power of any enterprise and entrepreneur because it not only gives the strength of unity, but also maintains the confidence rapport of the organization. The inner news will never be leaked through any sources. It will make employees more honest and trustful.

A good planner:

He was an excellent decision maker. The plans made by him always worked successfully because they are for benefit of others. Planning does not lead to work; it leads to a fictitious sense of achievement. This was what Vivekananda suggested when he reprimanded Nivedita on her showing the need of a plan for something *(Banhatti, 1995).* A manager should be skilled enough to make plans and take decision at the right time. He should be able to make maximum output from the minimal resources and

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run the organization with the limited resources in the problematic situations.

A selfless person:

He was a generous person. Whatever practices ha had applied was only for the welfare of the society and a person who had devoted, sacrificed all his desires, only he can achieve this mission. An entrepreneur should run his organizations not only to earn profits but also take care of his co-workers and the society in which he lives. He should work generously which gives him peace of mind and self-satisfaction at the end of the day.

A humble person:

'All knowledge that the world has ever received comes from the mind; the infinite library of the universe is in our mind' *(Vivekananda, 1915).* He was the person who understands the emotions of others. He did not impulse his orders to others and always tried to realize the conditions of other people. He has always said that a person can only work full when his mind is calm and free from all kinds of tension. For this he had always given importance to mediation to control mind and body. 'Every wave of passion is restrained is a balance in our favour. It is therefore good policy not to return anger for anger, as with all true morality' *(Vivekananda, 1915).* A manage should be able to understand the emotion and mental condition of his co-workers and treat them equally irrespective of their positions. If a person cannot complete the target in the given time, he should try to understand his emotional problems rather than to disqualify from the project. Work is important by humanity is more important over work.

A Good director of his team:

He was a good director, who directs his team members and show them right path. He understands that without proper guidance, one can choose the path and a good direction is necessary to choose a path, run over it and finally achieve the target. An entrepreneur or a manager or a leader should be a good guide or director of his enterprise, organization or team. He should know that his good or bad direction ultimately affects the image of the company and its employees, so he has the ability to think and decide the path where he wants his organization at the top or at the bottom.

A zeal for experiment new things:

Vivekananda's passion for development of science and industry is well known. He always experiment with new things around him. His experiment with bread making at the Belur Math was symbolic. He tried to sink an artisan well in the Math for supply of pure water *(Banhatti, 1995).* A manger should keep on experimenting new techniques and ideas in the organization. This

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will cut the monotony of routine work and give an opportunity to other to show their talent.

Taking initiative:

'Opposition to a righteous work initiated with moral courage will only awaken the moral power of initiators the more. That which meets with no obstruction, no opposition, only takes men to the path of moral death. Struggle is the sign of life' *(Vivekananda, 1915).* An entrepreneur should always take initiative to start new works and never give up in any circumstances.

The role of inspiration:

'Inspiration is much higher than reason, nut it must not contradict it. Reason is the rough tool to hard work. Inspiration is the bright light which shows us all truth' *(Vivekananda, 1915).* The work of a manager should be meaningful and inspired by someone to achieve the targets. It always keeps him active.

Persistent and compassionate approach:

'Never mind failures. They are quite natural. They are beauties of life. What would life be without them? it would not be worth having it with not for struggles. Where would be poetry of life? Never mind the struggles and the mistakes, these little backslidings; hold the ideal a thousand times, and if you fail a thousand times, make the attempt once more' *(Vivekananda, 1915).* A leader should keep on trying until he achieved his mission because success and failures definitely give some lesson in return

Encouraging environment:

'Stand up, behold, be strong, take the whole responsibility on your own shoulders, and know we are the creator of our own destiny. All the strength and support we want is within us. Therefore make our own future' *(Vivekananda, 1915).* A manger should always encourage his associates and support them in their work. This will create a motivating environment in the organization.

Value for the job:

'Wherever we are, we, that is a point from which we can start to the centre' *(Chang, 2006).* An employee should know the worth of the job that he has been provided and value for it. Never underestimate itself with relation to the work.

A true speaker:

'Tell the truth boldly, whether it hurts or not. Never pandets to weakness. If truth too much for intelligent people and sweeps them away, let them go; the sooner, the better' *(Vivekananda, 1915).* A manager should always speak truth and keep his

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promises. It makes him ideal for other employees and improves the image of the organization.

Appreciate others and enjoy every moment:

To laugh often and much; to win the respect of intelligent people and the affection of children; to earn the appreciation of honest critics and endure the betrayal of false friends; to appreciate beauty; to find the best in others; *(Chang, 2006).* The quality of appreciation and being happy defined the positive attitude of a manger and it benefits him to release his stress also.

3. Literature Review

*'*Swami Vivekananda was not a philosopher of education, but his ideas have a deep philosophical value. It relates to the development of thetotal man, and not just the outer man of flesh and blood, which most educationists speak of, but the inner man of flesh and spirit, extending towards the infinite world beyond space and time. He also stated that education should be conducive to the harmonious unfoldment of a person's life, and that the evolution of nature reveals itself in the evolution of the human mind'. Swamiji says, "We want to become harmonious beings, with the psychical, spiritual, intellectual, and working (active) sides of our nature equally developed"*(Sarka, 2015).* According to Swami Vivekananda, "Education is that which liberates (Sa VidyaYaVimuktaye). It liberates one from negative tendencies and ignorance about one's real 'Self'. In Indian tradition, 'Vidya' (learning or knowledge) is posited as antithetical to 'Avidya' (ignorance or non-knowledge), and it ought to culminate in 'Atma-Vidya' (knowledge of the Self) to be complete. The pursuit of both worldly and spiritual knowledge for holistic living, and for gaining" *(Sarka, 2015).* 'Swami Vivekananda believed education is the manifestation of perfection already in men. Swami Vivekananda told, if young boys and girls are encouraged and are not unnecessarily criticized all the time, they are bound to improve in time'*(Omics, 2012).* Vivekananda told that, "The means for education is love. Vivekananda strongly pleaded that development of character through the service of his fellowmen, the utilization of his talents for ensuring the happiness. Education is a life-long process towards the fullest development" *(Nithiya, 2012).* 'Swami Vivekananda believes that, "moral and religious education develops self confidence among men and women". Self-confidence is the real religion' *(Jaiswal, 2014).* 'Ethics is central to the leadership' *(Sil, 1997).*'Steward leaders are willing and active participants in the great work that God is doing in the world. The effectiveness of their leadership is solely dependent on the great work that God is doing in them, transforming their hearts and minds being like his. Steward leaders are stewards over the people they serve. They cultivate people. Leadership bent on self-centred increase lacks integrity and usually dishonest.

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Stewards leaders empower their people, give away their authority, value and involve others, seek the best in and from their people, and constantly others up, push others in to the limelight and rewards those they lead all. They seek no glory for themselves, but find great joy in seeing others prosper. They take no account of their reputation' *(Rodin, 2013).* 'Servant leadership and transformational leadership are people-oriented leadership approaches which value Individualized consideration and appreciation of followers, the concerns that transformational leaders show are merely a means to achieving a larger purpose, namely the organizational objectives. On the other hand, the focus of servant leaders is primarily on the followers (i.e. their needs and development) rather than the organization. In fact, servant leadership is more likely than transformational leadership to put an emphasis on employee emotional well-beings, sense of self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency. As such, authentic leaders are those who operate out of a deep clarity of their own values and conviction. This propensity to be self-aware and self-regulating is well aligned with the authenticity dimension of servant leadership. Both authentic and servant leaders' use positive modeling to develop others' *(Sendjaya, 2015).*'The concept of servant leadership, as developed by Robert Greenleaf, has given attention to the topic of servant leadership. The leader as a servant has historical origins back to biblical days, though this has not been a concept understood or practiced by many. Greenleaf's servant leadership concept has infiltrated a significant number of management and leadership sectors. A transformation is experienced by many after learning of the servant approach to leadership. There is a sense in which the servant leader is given permission to serve and meet the needs of others. Servant leadership is not an oxymoron; however, it is a paradox. The entire principle of Servant leadership was developed in the framework of Greenleaf's notion that the sole reason for the leader's existence is to serve the followers' *(C., 2016).* 'Advancement of a shared vision is achieved by addressing the highest priority needs, empowering, and developing followers through a variety of mechanisms that will lead them to becoming servants as well. Values influence the ways in which people process information and interpret situations; accept and reject goals; develop and maintain interpersonal relationships; guide for decision-making and problem-solving' *(Brown, 2015).*

3.1 Research Methodology

Hypothesis H1: Modern Entrepreneurs liked, inspired and motivated by Swami Vivekananda's teachings and they act as a source of wisdom for all the executives.

Data analysis: For this study, we choose six different organizations from the Haryana region of India. We introduce the swami

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Vivekananda's teachings and lessons to the employees of these organizations. We analyses about 250 employees including managers, executives and labour work-force. We divide the staff in to three levels according to their hierarchy in the organization. The filled the questionnaire from them. It takes about a month to get the responses. The best part of this study is we got wonderful responses in spite of their busy schedule. We make a likert scale based on their responses. About 100 employees admit the teaching of swami Vivekananda excellent, 80 called then good and about 70 gave their mixed opinion either don't aware or not liked so much about Swami Vivekananda as a manger.

Table I. of Organizations

Organizations	**Industries in Haryana Region of India**
Organization 1	From Footwear Industry
Organization 2	From Agro processing
Organization 3	From Plywood
Organization 4	From Stainless steel
Organization 5	From Machine manufacturing
Organization 6	From Auto parts

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Table II. Likert's Scale analysis of responses

Entrepreneurial Organization's category	**Likert's Scale**			
	Excellent	**Good**	**Poor**	**Total**
Organization 1	15	25	15	55
Organization 2	35	20	15	70
Organization 3	10	10	5	25
Organization 4	15	10	20	45
Organization 5	10	5	5	20
Organization 6	15	10	10	35
Total	100	80	70	250

Table III. For the application of the statistical test

Observed Values (Oij)	**Expected Values (Eij)**	**Oij- Eij**	**$(Oij- Eij)^2$**	**$(Oij-Eij)^2/Eij$**
15	22	-7	49	2.22
25	17.6	7.4	54.76	3.11
15	15.4	-0.4	0.16	0.01
35	28	7	49	1.75
20	22.4	-2.4	5.76	0.25
15	19.6	-4.6	21.16	1.07
10	10	0	0	0
10	8	2	4	0.5
5	7	-2	4	0.57

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15	18	-3	9	0.5
10	14.4	-4.4	19.36	1.34
20	12.6	-7.4	54.76	4.34
10	8	2	4	0.5
5	6.4	-1.4	1.96	0.30
5	5.6	-0.6	0.36	0.06
15	14	1	1	0.07
10	11.2	-1.2	1.44	0.12
0	9.8	0.2	0.04	0.00
Total				16.77

The value of χ^2 for the above table is 16.77.

Thus the Co-efficient of contingency is C = 0.2507 this values show the degree of association. Here we get the positive value. Hence we proved our hypothesis stated above that modern entrepreneur liked, inspired and motivated by Swami Vivekananda's teachings and they act as a source of wisdom for all the executives.

For further analysis, we applied one more test. In this the hypothesis is as follows.

Hypothesis H2: The management skills and lessons of swami Vivekananda are the best and enrich the modern management studies as well.

We applied Kruskall- Wallis Rank Sum test or H- test. This we applied to prove that management lessons of Swami Vivekananda are applicable in the modern management studies.

Table IV. Response at different level of hierarchy

Organization	**Manager's Response**	**Executive's Response**	**Labour's Response**
Organization 1	16	20	23
Organization 2	17	20	24

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Organization 3	21	21	26
Organization 4	18	22	27
Organization 5	19	25	29
Organization 6	29	28	30

Table V. Application of the H-Test

The combined rank of all the responses of all the six enterprises is calculated and presented in the following table:

Manager's Response		**Executive's Response**		**Labour's Response**	
Response	**Combined Rank**	**Response**	**Combined Rank**	**Response**	**Combined Rank**
16	1	20	5.5	23	1
17	2	20	5.5	24	11
21	7.5	21	7.5	26	13
18	3	22	9	27	14
19	4	25	12	29	16.5
29	16.5	28	15	30	18
Total	T1 = 34.0	Total	T2 = 54.5	Total	T3 = 82.5

Now the H statistic is calculated as

$H = 12/18(18+1)\ [34.0^2+54.5^2+82.5^2]/6-3(18+1)$

$= 12/18(18+1)\ (10932/6)-57$

$= 12/342*10932.5/6-57\backslash$

$= 63.93-57$

$= 6.93.$

The tabulated value of the χ^2 at 2 degree of freedom and 5% level of significance is 5.99. since the calculated value of H is 6.93 and greater than tabulated value, and it falls in the critical region, we reject the null hypothesis and hence proved that our hypothesis stated above that the management skills and lessons of swami Vivekananda are the best and enrich the modern

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management studies as well.

3.2 Findings:

We have applied statistical test on the data that we get from the questionnaires filled by the employees of the organizations. Frist we make a table based on the likert scale, in which we divide the responses in to excellent, good and poor. Then we applied coefficient of the contingency on the data table to check our hypothesis. After the application of statistical test we found that values are fall in the critical region and hence the hypothesis H1 we stated is proved. After this we further analysis the information and replies from the employees by stating the hypothesis H2. We applied Kruskall- Wallis Rank Sum test or the H test on it. After the application of test we again fond the values lies in the critical region and reject the null hypothesis and proved the hypothesis. Swami Vivekananda and his teachings have its implication in today's modern world. There are a lot many people whom not only admire him abut also follows. These teachings and management lessons contains the lessons of management for managing life and business and always proved to be universal and we found that modern managers, entrepreneurs and executives all liked them.

4. Swami Vivekananda as a Steward Leader

'Steward means a servant of God'*(Alliance, 2012).* 'Servant leaders play major role in holding their organization in trust, which means caring for the organization and serving the needs of others in organization. A good leader is invariably a good teacher. He develops people to carry forth his ideas when he is there, but more importantly when he is not there. A servant leader's approach to building community may include contributing to the community through service, investing in to the community and caring about it'.*(Atmashraddhananda, 2015).*'Swami ji was born leader. His quest was man making. In this process he also inspired people and developed leader. He had done that both within his organization and outside. He may be regarded a Chiranjeevi (deathless, eternal) mentors of leaders. He had charisma, but deployed it for the good of humanity and not for personal power and pleasure and led through service, and exhorted his fellow monks, juniors, audiences and readers to do likewise.The characteristics of servant leaders are listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of people and building community. As a true servant leader, Vivekananda possessed all these characteristics' *(Chaudhuri, 2016).*'Vivekananda preached the message of spiritual socialism. Nevertheless,

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his socialism was at best and at most humanitarian egalitarianism' *(Sil, 1997).* 'Swami Vivekananda compared human mind with a monkey who is always restless and incessantly active by his own nature. He noticed, the human mind naturally wants to get outside, to peer out of the body, as it were, through the channels of the organs. So, he stressed on practice of concentration, as he felt there is no limit to the power of the human mind, the more concentrated it is, the more powerful it becomes. Swami Vivekananda suggested not doing anything which disturbs the mind or makes it restless. Swami Vivekananda suggested trying to give up jealousy and conceit and learn to work untidily for others. He suggested taking courage and work on. Patience and steady work, according to Swami Vivekananda, this is the only way to get success' *(Omics, 2012).*

According to Swami Vivekananda, "Money, time, talent, one's network of relationships, a person's body, one's spirituality, one's vocation access to creation's natural endowments, any leadership role a person may play in an organization or society and any other gift attributed to God's handiworks are tools for the life of a person pledged to be a steward of the gospel in the face of the hideous competition". 'Money in particular is the most potent and powerful tool for the life of steward. Money must be wrestled into place as a servant of the master, or it becomes the master we serve. When money becomes the master, our hideous competitors win'*(Alliance, 2012).* 'The concept of "moral community" significantly enriches and extends the idea of the ethical leadership culture and renews the importance of servant leadership. This investment in others doesn't devalue the leader, but "re-gifts" leadership as the moral leadership vision permeates the soil and soul of the organization'*(Hester, 2010).* 'Six servant leadership characteristics which include; develops people, valuing people, building community, displaying authenticity, providing leadership and sharing leadership. There are twenty attributes observed among servant leaders. They further categorized these attributes into nine functional attributes and eleven accompanying attributes which include; Vision, modeling, communication, persuasion, honesty, pioneering, credibility, listening, integrity, appreciation, competence, encouragement, trust, empowerment, stewardship, service, delegation, visibility and influence'*(Olesia, 2013).* 'He not only believed in 'Servant-based Leadership' but constantly endeavoured to empower all those around him' *(Goswami, 2014).*

Conclusion

Swami Vivekananda and his teachings are universal and always motivating and educating the world. They have tremendous enthusiasm for the persons in the dark and show them light of true path. The confusions, the miseries, the weaknesses would

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completely disappear, when we come across his guidance. The path that he showed to the world, upgraded the people from lowest to highest. In our research we found that his teachings has wonderful impact on modern generations especially, students, entrepreneurs, professionals and leaders. They all admitted that his teachings always teach them lessons manage the activities of life. Modern Managers and leaders can enhance their capabilities and wisdom by adopting his leadership style of a steward leader. This can raise them up from their personal benefits and they think to serve selflessly for organization and the country. It becomes a natural way of learning the lessons of wisdom through them. Life would be managed and the entrepreneurs would act ethically through this significant resource of his teachings.

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EMOTIONAL INTELLIGENCE AND MARKETING EFFECTIVENESS

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Most psychologists believe that managers with high emotional intelligence capabilities use positive emotions in their decision making, and when they are faced with the stress, less angry, depressed, or leave work, and they have a better performance in the workplace. Despite the importance of evaluating the performance of business enterprises unfortunately, little research has been done on the effectiveness of marketing systems. This study aims to examine the impact of emotional intelligence on marketing effectiveness. The present study is an attempt to measure the impact of emotional intelligence (self-awareness, self-management, social awareness and relationship management) on the marketing effectiveness. This is a descriptive and applied survey research which the Method of collecting data is library and field. To assess this hypothesis and objectives, managers and employees (marketing and sales) ceramic & tile factories in Yazd province were considered as members of the target population. To collect data a questionnaire was used that were given to Community members individually. Data were analyzed using structural equation modeling and all hypotheses were confirmed. The results indicate that the self-management variable and has the most effect and relationship-management has the least impact on the effectiveness of marketing.

Keywords: emotional intelligence - Marketing Effectiveness –self-awareness- ceramic & tiles - structural equation

Introduction

In today's world , change is rapid and successful compliance is an important part of success in this era. high speed development of competitive markets, lead to additional pressure on their organizations to rapidly adapt to changes.Challenge organizations to create flexible structures and creating flexibility in the current changing world, is more than the past. Business must be flexible enough to handle unpredictable threats and opportunities in the, uncertain future and environment.Industry usually combine flexibility and rigidity and what is emerging is a new alternative instead of simple tendency towards greater flexibility and opportunism(Golden & powel, 2000).

Today the theory of emotional intelligence, because of increasing the value of human communication, had a high growth and is one of the most popular topics for organizations and businesses. Emotional intelligence as one of the most important human skill, plays an important role in the effectiveness of staff. Today psychologists in addition to individual differences in terms of scientific intelligence,consider the emotional intelligence as a major difference between the different characters as different as they may be different from each other in terms of the emotional intelligence and the difference reflected in various

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ways in their lives.Due to global competition and rapidly change, that occur in today world. Company to maintain its survival act some functiones or make the conditions for the effective performance of their units or their departments. Companies, in today's complex and changing world will be successful if can increase their staff emotional intelligence espacially company's marketing department.The basic of marketing is influencing human behavior, all corporate marketing department is always trying to find ways through which they are able to have a better impact on people and attract them as a customer. So always psychology engage with the science of marketing to use the latest psychological findings to influence customers(Moffat, 2002).

Achieving competitive advantage for companies through value creation for customers by providing differentiated products with greater benefits than competitors based on their core competencies achieved. The main focus of marketing strategies, appropriate allocation and coordinate marketing activities and resources to the operational objectives of the company as a market - specific product supply and strategic planning market means that companies using it through a plan The elements of the marketing mix for the needs of potential customers in the target market demands, seeking to gain competitive advantage and create synergy are (Dangayach, 2001).

Marketing is essential in today's business organizations and play major roles in the position of firms. Knd.so this study is trying to increase the effectiveness of marketing and examines the impact of emotional intelligence on this critical factor in today's competitive market.

literature

In this part of the present study attempts to provide definitions of emotional intelligence and marketing effectiveness and review the research literature related to the study.

Emotional Intelligence

Emotional Intelligence and its attractive aspects and widespread in recent decades in addition to psychologists and psychiatrists, have attracted public attention. Applying the concept of social intelligence first return to the 1940s. Mayer and Salovey, deliberate role in the formation of the so-called theory of "multiple intelligences" emotional intelligence described. Gardner's model of emotional intelligence was his influence.

Based on the theory of multiple intelligences Gardner, there are two major types of intelligences: the intelligence and inner consciousness that allows the identification and differentiation of complex emotions of the human person and the knowledge and the ability to recognize and distinguish interpersonal emotions and motivations creates others. Finally, Daniel Goleman's bestselling 1995 book called Emotional Intelligence, said the concept is widely publicized and lead (Golman, 1995.)

Emotional intelligence plays an important role in the workplace, especially according to researchers, employees emotional intelligence can predicte the job-related data, such as job satisfaction and job performance is expected. According to theorists claim , emotional intelligence of managers has a significant impact on results (Parti, 2003) .Recently emotional intelligence has attracted the attention of many scientists and the results of the research show that emotional intelligence in the success of individual and organizational effectiveness at least IQ is the size of those involved (Goleman, 1996).

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They said that those who have emotional intelligence, can control the emotions of oneself and others, and distinguish between positive and negative consequences feelings of emotional information to guide their thinking process and personal actions (Goleman, 1996) .glmn the definition of emotional intelligence, "says its owner is a skill that can be achieved through self-awareness, self-control emotions, through self-management to improve it, through the empathy to understand their impact and relationship management practices that does raise your spirits and others (Goleman, 2001) .karmndan with high emotional intelligence and emotional management of others to regulate their emotions to enhance positive interactions and behavior are more skills (Palmer, 2003).

Emotional intelligence today has become one of the new concepts in management and seems to be missing is the middle management apart from the management of high performance (Tony, 2007). Fvrrgas (2001) emotional intelligence is an important factor in a person's life and even features a large influence on events in the life of emotional intelligence, such as: understanding, describing, understanding and coping with daily stress and emotion management events of life. The ability of emotional intelligence in the workplace is an important role model with the emphasis on the public intelligence has concluded that the number of people actually "more intelligent than others, and that this difference in school, work and In many other areas it is (Virginia, 2009).

Effectiveness of Marketing

The concept of marketing effectiveness has been extensively discussed because of its strong association withmany valuable organizational outcomes such as stable, long-term growth, enhanced customer satisfaction, a competitive advantage, and a strongmarketing orientation (Webster, 1995,). Although, respective researchers have conducted empirical investigations involving the concept of marketing effectiveness, a few conceptual measures of the construct exist. Appiah-Adu et al. (2001) citing Kotler (1977) operationalised marketing effectiveness as amalgam of five components, notably: customer philosophy, integrated marketing organization, adequate marketing information, strategic orientation, and operational efficiency. Appiah-Adu et al. (2001) further argued that first; it is imperative to identify the importance of studying themarket, recognizing the numerous opportunities, selecting the most appropriate segments of the market to operate in and endeavoring to offer superior value to meet the selected customer’s needs and wants. The firm, they argue must be suitably staffed to enable it perform marketing analysis, planning and implementation. Sequentially, marketing effectiveness calls for management to have sufficient information for the purpose of planning and effective resource allocation to varying markets, products and territories.Marketing effectiveness is also contingent upon the adeptness of managers to deliver profitable strategies from its philosophy, organization and information resources.

Measure the effectiveness of a company's marketing department believes that the integration of customer-oriented marketing effectiveness is dependent on the level of integration of the marketing campaign covers various topics (Joon Yoon & Hwankim, 1999).

kotler model consists 5 features of marketing effectiveness, including customer-oriented philosophy, integrated marketing, marketing, strategic orientations and operational efficiency that each of these

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features can be measured. The effectiveness of internal and external marketing prospects for the adoption of marketing capabilities.

Emotional intelligence and marketing effectiveness

In many companies, employers must measured emotional intelligence of staff, through test and hire people who has a good emotional intelligence quotient. And according to research in this area can claim to be employees of their feelings, their emotions are aware they are able to recognize their performance and self-motivation of the people who are there, who have a sense of purpose to fulfill their mission Larger and higher. And in decision-making and explain your choices in the company's core values of other units are doing. Employees who have high self-management that has clear thoughts and your focus on work in difficult conditions effective to maintain the units.

People with social consciousness of people who are looking for the right information to understand the needs of other units as well as understanding customer needs and satisfaction in them. Social skills that employees have effective communication skills and also a sense of cooperation and commitment of the company, not the choice of company strategies and corporate strategic plans have the greatest impact. As a result of all these dimensions of emotional intelligence can have an impact on the effectiveness of the marketing staff. Customer-oriented philosophy that has the same priority on customer satisfaction as well as prospects he particularly Khasra for customers to consider the operational efficiency that four other components of marketing effectiveness is in its place.

Fayal in 2001 studied the relationship between marketing effectiveness and business performance of the financial services industry in England. He considering the Kotler five-variable model measured the effectiveness of marketing (customer satisfaction, marketing information, integrated information marketing, operational efficiency and strategic orientation) defined. Effects on profitability and growth aspects of marketing effectiveness and customer-based performance indicators is discussed in his study. The results show that organizational factors such as customer satisfaction, operational efficiency, integrated marketing information and marketing activities generally positively and significantly associated with their business performance.

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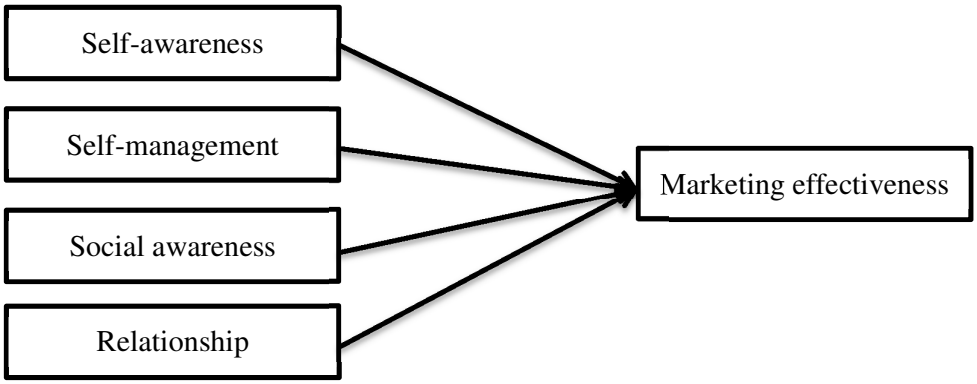

Figure 1. Conceptual Model Research

In the present study According to Figure 1, the following assumptions are examined:
Self-awareness impacts on marketing effectiveness.
Self-management impacts on marketing effectiveness.
social awareness impacts on marketing effectiveness.
Relationship management impacts on marketing effectiveness.

Methodology

present study, is a applied research in terms of goal. A standard questionnaires were used to collect data that consists of two sections, each section questions to measure emotional intelligence, and marketing effectiveness paired for the whole 5-item Likert. The population of this research was managers of ceramic & tile in Yazd. Since access to all members of the community was impossible, using randomly method used. To determine the sample size Cochran formula was used, the number was 151.

$$n = \frac{NZ^2pq}{Nd^2 + Z^2pq} = \frac{(250)(1.96)^2(0.5)(0.5)}{250(0.05)^2 + (1.96)^2(0.5)(0.5)} = 151$$

To Analysis of data obtained in this study, structural equation modeling techniques (confirmatory factor analysis) and regression is used.

3. Data analysis

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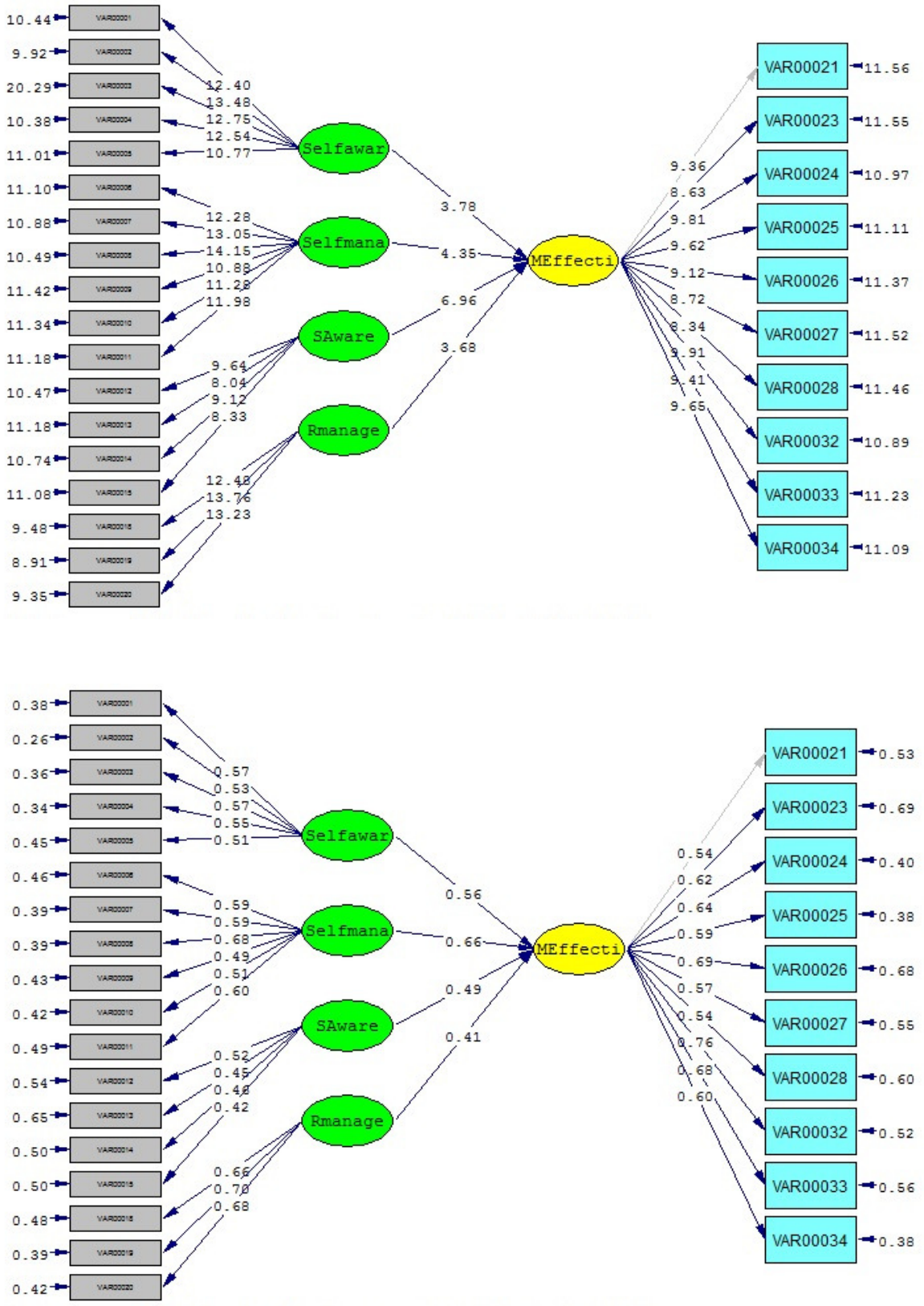

The final model is clearly seen that the relationship between all components in the initial investigation had

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been positive so the final version approved research.

test hypotheses

After hypothesis test, results in Table 3 are provided.

Table 3: results of hypothesis tests

(β)	T value		
0/56	**3/78**	**marketing effectiveness**	**Self-awareness**
0/66	**4/35**	**marketing effectiveness**	**Self-management**
0/49	**6/96**	**marketing effectiveness**	**social awareness**
0/41	**3/68**	**marketing effectiveness**	**Relationship management**

Discussion

It is hardly deniable, that a substantial dose of cognitive intelligence is needed by a leader, but it is evident from the foregoing discourse that how well leaders manage and direct the feelings of their group-members, in order to attain the desired goals, largely depends on the leaders' level of emotional intelligence. Drawing from our discussion of the Goleman's four domains of emotional intelligence and their associated leader-managerial competencies, one can observe that resonance comes naturally to emotionally intelligent leaders. Their warm passion and enthusiastic energy resounds all through the group. Under the guidance of an emotional intelligent leader, people feel a mutual comfort level.

Risualts demonstrate clearly, that where emotional intelligence domains deemed to be effectively taking place in this exploratory study, there is evidence to suggest that it is contributing to overall marketing effectiveness of corporate organizations. Moreover, the underpinning hypotheses, as stated earlier are clearly substantiated by the results of this study. In general, there is a strong relationship between the emotional intelligence domain of a corporate organizations and marketing effectiveness. Each emotional intelligence domain component contributes to the marketing effectiveness measure examined, although their relative influences vary according to the specific marketing effectiveness dimension.

As can be seen from Table V, the most significant predictor of the emotional intelligence domain-based marketing effectiveness measure is information gathering. Furthermore, from the findings, there are implications regarding possible linkages amongst the five marketing effectiveness dimensions utilized. Customer philosophy is conceived as the key component underlying the relationship between one of the five effectiveness measures in this exploratory paper and this is obvious in the marketing effectiveness dimensions for all the results. In essence, this paper reinforces the need for corporate organizations in Nigeria to emphasis the nurturing of a sound emotional intelligence domain if they are to benefit fully from increased marketing effectiveness rates.

This paper has sought to contribute further to knowledge concerning emotional intelligence and marketing effectiveness by applying the established marketing effectiveness model to corporate organizations in

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Nigeria under some what unique circumstances. However, in furtherance to the realization of set objectives, we make the following recommendations that leaders should have a dose of emotional intelligence in other to lead people for effective marketing performance. Research efforts in the future may wish to consider certain themes and issues that have emerged from this paper. In line with-this, attention could be devoted to examine the relationship of these constructs in other cultural environments.

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FOREIGN CAPITAL, GDP AND EFFECTS AFFAIRS OF MACEDONIA

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Abstract

This paper focuses on Southeast Europe and analyzes foreign capital movements, gross domestic product and possible effects, through a case study of Macedonia.

There are many respectable sources of data, especially macro data and firm-level data that are used in this research. What we are interested in are the movements of foreign direct investment i.e. foreign capital, gross domestic product and effects of such changes, and possible contributions to the development of domestic firms and the overall economy.

Foreign direct investment is usually defined as dominant or controlling ownership of a company in one country, by an entity based in another country. As of the beginning of the transition process, foreign direct investments remain priority, as essential pillar, that moves forward the society towards developed market economy. Further, we are interested in the possibility that these two indicators have positive and upward climb to facilitate this developing economy.

JEL Classifications: D01; L33; O11; P31

Keywords: Foreign Capital, GDP, effects, transition, Southeast Europe, Macedonia

1. Introduction

The research is to be focused on examining effects of foreign direct investments in Southeast Europe economies and in particular a case study of the Republic of Macedonia.

The IMF, the World Bank (Enterprise Surveys) and other have conducted surveys on many countries using macro and firm-level data of a representative sample of economy's private sectors. What we are

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closely examining are the effects of how foreign direct investments (FDIs) contribute to the development of domestic firms and the overall economy. FDI is usually defined as dominant or controlling ownership of a company in one country, by an entity based in another country.

Using data of South-East Europe i.e. case study of Macedonia, will be examined the interrelationships between foreign direct investments and set of variables that influence the FDI patterns. Further, we are interested in the way FDIs shape the economy.

The academic significance of the topic is in determining the factors that influence foreign direct investments, as well as, the way FDI spillovers contribute towards overall development of Southeast Europe transition economies.

2. Theoretical and literature framework

The question of foreign direct investments' spillovers is much researched and there is significant body of literature that covers many aspects related to the ways domestic economy reacts to exogenous inputs. Present literature on productivity spillovers can be separated into two general categories: inter-industry, subject to research is inter-industry dynamics i.e. horizontal spillovers; and intra-industry, mainly focused on vertical spillovers.

The literature gives negative, horizontal outcomes usually conditioned on several intra-industry factors in different parts of the world (Blomström and Sjöholm 1999; Konings 2001; Gorodnichenko 2007). Nevertheless, there are positive, vertical outcomes noticed in many studies which deal more specifically and consider factors in depth, such as region of origin and export orientation (Monastiriotis and Alegria 2011), distinctiveness of beneficiary economy and related FDIs (Acemoglu, Griffith et al. 2010), firm and sector characteristics (Halpern and Muraközy 2007; Keller and Yeaple 2009).

Respected international companies are investing great deal in their research and indeed they are at the edge of applied science. Thus, it is expected that most of research and development originates from firms operating in more than one country giving higher rates of innovation overall (Criscuolo, Haskel et al.

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2010). Therefore it is anticipated that such companies hold intangible, value-added knowledge assets, which in turn contribute to their market superiority and expansion.

Spillovers can occur in couple of ways. First, domestic companies can improve by applying processes purchased from foreign co-operant or acquiring such knowledge by reverse-engineering. Second, employing management and workers that have already been part of international companies and hold assets crucial to firm's technology processes. And, thirdly, direct competition will eventually force domestic firms to adapt to the business environment and employ all necessary practices in order to stay afloat (Glass and Saggi 2002).

Table 1. Determinants of FDI

Determinants of Foreign Direct Investment			
Firms factors Determinants	**Drivers**	**Host country factors Determinants**	**Drivers**
Ownership (O)	Competitive advantages	Economic Context	Market size, access, structure and growth; cost of raw material and quantity and quality of skilled labor; cost of other inputs (transport, telecommunication, energy); the existing macro-innovatory, entrepreneurial and managerial
Location (L)	Market seeking; Resource seeking; Efficiency seeking; Asset seeking.	Institutional and Structural context	Political and macroeconomic stability; corruption; democracy; trade openness; privatization; propriety rights
Internalization (I)	Costs of exchanged technology, information, managerial skills and market techniques		
Linkages	Learning process		

Source: (Calvet 1981; Dunning 2000; Blonigen 2005).

3. Efficiency Effects from Foreign Direct Investments

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3.1.Inter-industry effects

Indeed, it can be said that generally there are two important classifications of spillovers. The effects of FDIs could range from indirect to direct, explained through the basic logic that the entry of any company with increased productivity and efficiency positively influences domestic firms and their competitiveness. However, the companies that will not be able to meet those strengths within any particular sector subdued to foreign entry will eventually be pushed out of the market. Overall, these alterations are known as horizontal spillovers (Kathuria 2000).

In the literature it is noted that foreign direct investments can cause spillovers with negative upshots on domestic companies' productivity (study on Venezuela) (Aitken and Harrison 1999) , which is in consistency with a study on Indian FDIs' impact (Kathuria 2000).

In this context it can be said that the foreign companies operating on domestic market have keen interest in preventing technology leaks to their competitors. Thus, usually they prevent their assets through patents or higher wages for crucial players, especially managers. Horizontal or inter-industry spillovers are quite likely that will not occur due to the fact that foreign and domestic companies function on different markets, especially if it is known that domestic firms lack the ability to exit out of their primary business environment. Therefore, it is noted that generally the foreign companies function as enclaves where their know-how has nothing to do with the local companies (Kokko 1994).

Nonetheless, it must be affirmed that FDIs can have negative consequence on domestic companies in two basic modes: 1) they can appropriate their market or 2) attract the finest human capital thus starve the local economy of good quality resources. As a result of such developments the domestic companies might suffer drawback on economies of scale and higher costs (Aitken and Harrison 1999).

However, on short run spillovers can be negative and it is mainly due to the competition effect on domestic markets. Foreign direct investments have cost and technological advantage over domestic firms which can be used to distort domestic market, forcing domestic firms to reduced productivity (Aitken and Harrison 1999). Indeed, more negative effects can be caused on domestic labor market, as FDIs get the best human capital depriving the domestic firms of quality labor. Negative vertical spillovers are also

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potential when acquired competitive domestic firms breaking their already established supply chains and pushing their suppliers out of productivity.

3.2.Intra-industry effects

Vertical spillovers affect on upstream and downstream domestic firms. Certainly, local companies can benefit quite a lot if they keep direct contact with the FDIs i.e. at early stage as suppliers and later as part of the extended supply chain of the foreign entry. Increase of overall business process standards impacts on increased performance of domestic firms, and usually these alterations are known as vertical spillovers. The vertical spillovers are frequently found to be positive and quite considerable (Smarzynska Javorcik 2004; Barrios, Görg et al. 2011).

Further, more recent research on developed countries provide evidence on positive productivity spillovers, like the study on UK manufacturing plants (Haskel, Pereira et al. 2007) or US manufacturing plants (Keller and Yeaple 2009).

In general terms the spillover has characteristics of transfer of modus operandi, from foreign direct investments to domestic companies through varieties of networks due to mutual contacts. Hence, main transfers occur in corporate governance and managerial practices, design and enforcement of marketing mix, production methods, and general knowledge related to business issues (Apostolov 2013). Local companies use new techniques to improve their processes that result because of interaction with foreign managers, as well as, former employees of foreign direct investments. Usually, in earlier stages they learn to imitate or adopt the techniques in order to positively impact the quality of their products and services. Further, owing the cooperation with FDIs there is a substantial benefit of novel professional services or widening the supplier chain networks. The levels of standards are higher as the FDIs function on international markets, and they must use the same corporate policy elsewhere, which influences the local economy positively. Local companies absorb such practices to improve time efficiency or quality.

Additionally, it is more probable that vertical or intra-industry spillovers are to boost the domestic

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companies through technology leakages as they have strong incentive to localize favorable supplier base or consumers i.e. backward/foreword spillovers. When cooperating with suppliers, FDIs are interested in quality intermediate products and the technology is to be transferred to more domestic companies in order to escape single supplier's bargaining power (Blalock and Gertler 2008). On the other hand, it is in best interest of the company to increase demand providing support to domestic consumers and thus transfer of process skills. Then again, the effect can be absent in a direct form. If such case does appear, vertical spillovers are to be found indirectly in 1) increased domestic productivity and product quality; 2) economies of scale of domestic companies that are achieved by supplying FDIs and new entries of domestic companies to the same market on behalf of increased demand; 3) better availability of technological goods increases productivity of domestic firms or downstream technology diffusion via trade; 4) mechanisms as a rule linked to horizontal spillovers, such as imitation or employment turnover may crop up in vertical as well.

Nonetheless, foreign direct investments and presence of foreign capital can be positive even in nonexistence of spillovers. Especially when taken under consideration the cases of economies in transition, the foreign direct investments have crucial role in overall enterprise restructuring (Blanchard 1998; Apostolov 2011).

Table 2. Spillover effects - channels and determinants

Spillover effects - channels and determinants	
Spillover Channels: Drivers	**Source of productivity gain**
Imitation	• Adoption of new technology • Adoption of new production methods • Adoption of new management practices
Competition	• Reduction in X-inefficiency
Human capital	• Increase productivity of new complementary labor • Tacit knowledge
Market access or exports	• Scale economies • Exposure to technology frontier
Allocative efficiency	• Removing of barrier and monopolistic distortion
Linkages (forward and backward)	• Knowledge for local suppliers and distributors • Development of local industry
Determinants of Spillovers	
Supply	Value of underlying technology Intellectual property protection

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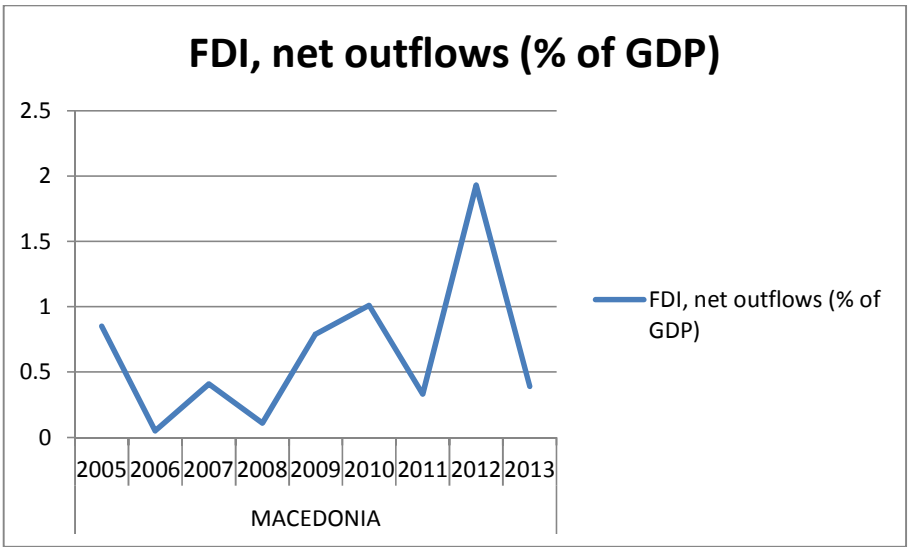
Demand	Cost of absorption Organizational and managerial skills Commercial benefits Absorption Skills capacity Trade regime Protectionism

Source: (Lall 1992; Blomström, Globerman et al. 2001)State of Affairs

Foreign direct investment, net outflows (% of GDP) in Macedonia was 0.39 as of 2013. Its highest value over the past 8 years was 1.93 in 2012, while its lowest value was 0.05 in 2006.

Figure 1. Foreign direct investment, net outflows (% of GDP)



The latest value for Foreign direct investment, net (BoP, current US$) in Macedonia was ($373,387,800.00) as of 2013. Over the past 8 years, the value for this indicator has fluctuated between ($94,231,130.00) in 2005 and ($700,150,700.00) in 2007.

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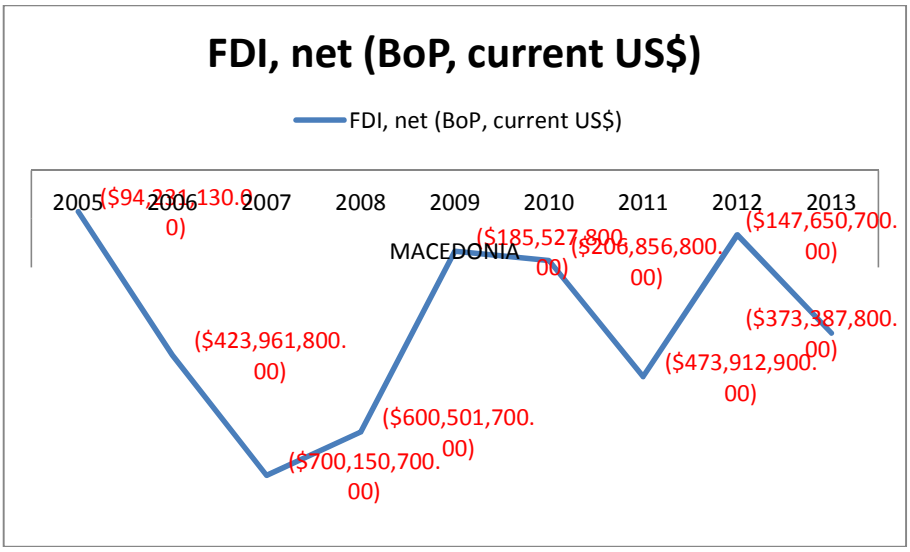
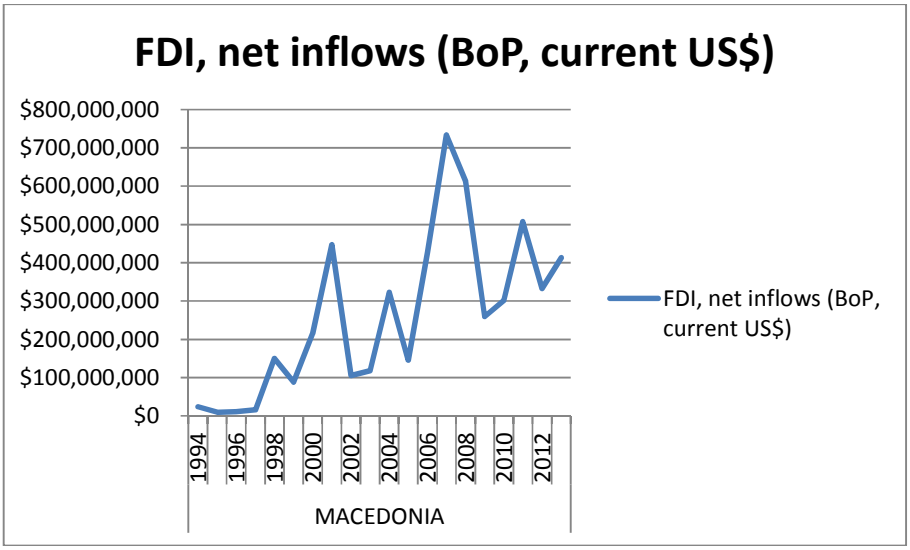
Figure 2. Foreign direct investment, net (BoP, current US$)



The latest value for Foreign direct investment, net inflows (BoP, current US$) in Macedonia was $413,462,600 as of 2013. Over the past 19 years, the value for this indicator has fluctuated between $733,466,900 in 2007 and $9,490,000 in 1995.

Figure 3. Foreign direct investment, net inflows (BoP, current US$)



Foreign direct investment, net inflows (% of GDP) in Macedonia was 4.06 as of 2013. Its highest value over the past 19 years was 13.01 in 2001, while its lowest value was 0.21 in 1995.

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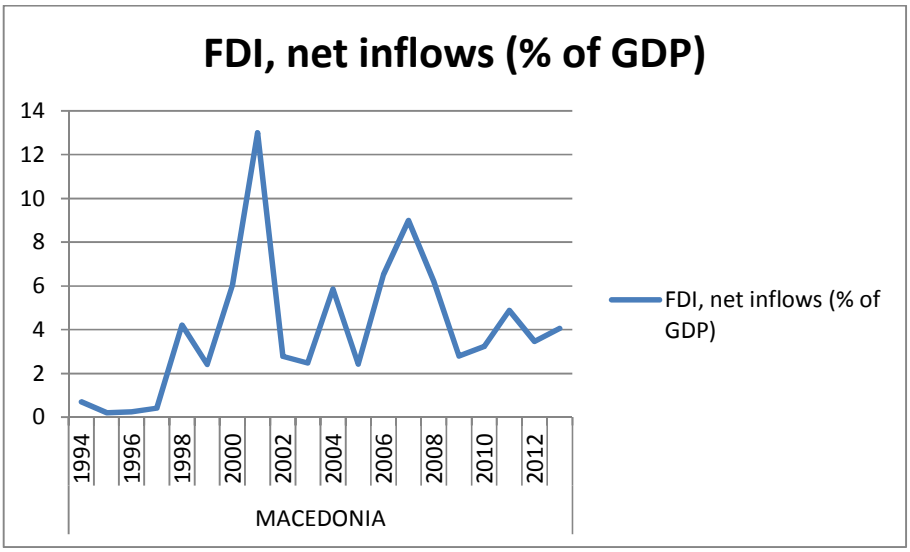
Figure 4. Foreign direct investment, net inflows (% of GDP)



N.B. Sources for the figures: International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, International Debt Statistics, and World Bank and OECD GDP estimates.

4. Foreign Capital and Domestic Ownership

According to the data from World Bank Microdata Library - Enterprise Surveys (2002, 2005, 2009, 2013) there has been significant increase in foreign capital represented through ownership stakes (10% or more foreign ownership). So, in 2002 there was 15.8% for foreign and 11.7% for domestic ownership, where as in 2013 jump in foreign to almost half of the economy at 43% and 35.1% for domestic ownership. At the same time there is raise in foreign direct investment from 2.8% (2002) to 3.3% (2013) (except for the effect of the global financial and European debt crisis).

Figure 5 descriptively shows the movements of foreign capital, domestic ownership and foreign direct investments for the specific years analyzed. It can be said that foreign capital influx and domestic enterprise creation (expressed through movements in domestic ownership) are in line with the movements of foreign direct investment.

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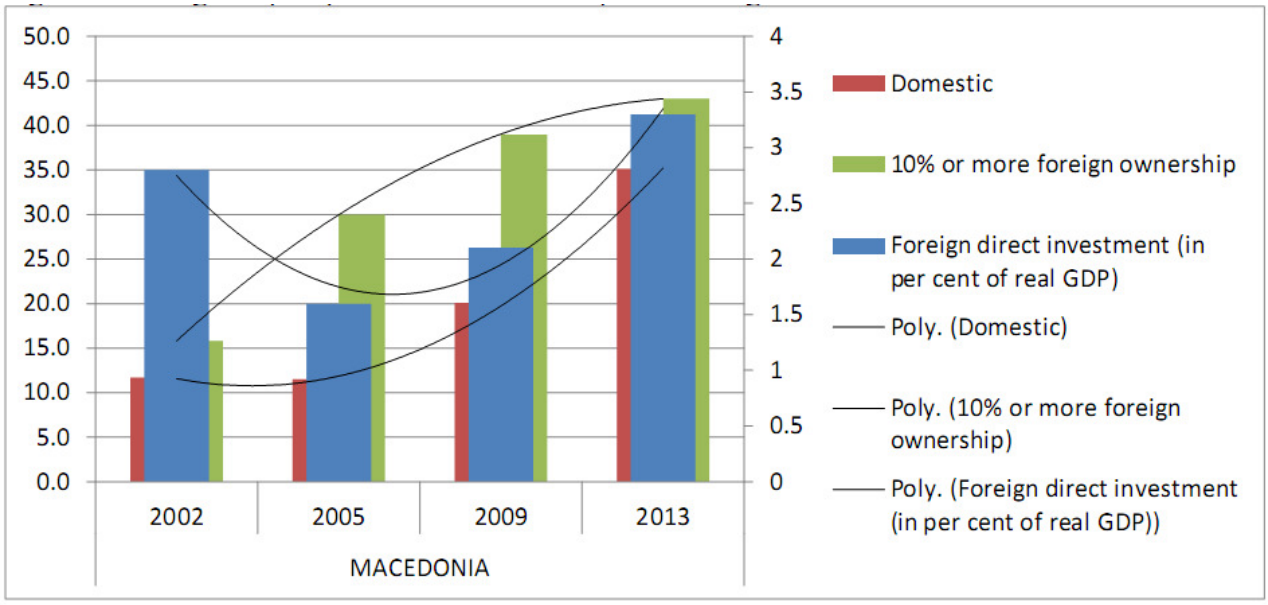
Figure 5. Foreign Capital, Domestic Ownership and Foreign Direct Investments



Source: World Bank Microdata Library - Enterprise Surveys

5. Labor Market Movements and Foreign Direct investment

The data used to determine job market movements was taken from World Bank Microdata Library - Enterprise Surveys and International Monetary Fund - World Economic Outlook Database (2002, 2005, 2009, and 2013). There is significant difference and oscillation on the job market measured through unemployment rate, which shows that in 2002 it was 31.9 % (almost third of labor force unemployed). The peak was in 2005 with 37.2% which by any economic theory is very much unsustainable situation, dropping to 32.2 % in 2009 and further lowering to 29% in 2013. Compared to foreign direct investments and influx of foreign capital (measured by 10% or more foreign ownership) it can be claimed that lowest pint was in 2005 (1.6% FDI in percent of real GDP) which is in line with highest point of unemployment the same year. Contrary, highest points of FDI and foreign ownership dominance (3.3% and 43% respectively) lowered unemployment rate for almost 10 percentage points, which by any standard is quite a lot.

These movements are presented in Figure 6 where it can be detected inverse proportionality between FDI and unemployment rate.

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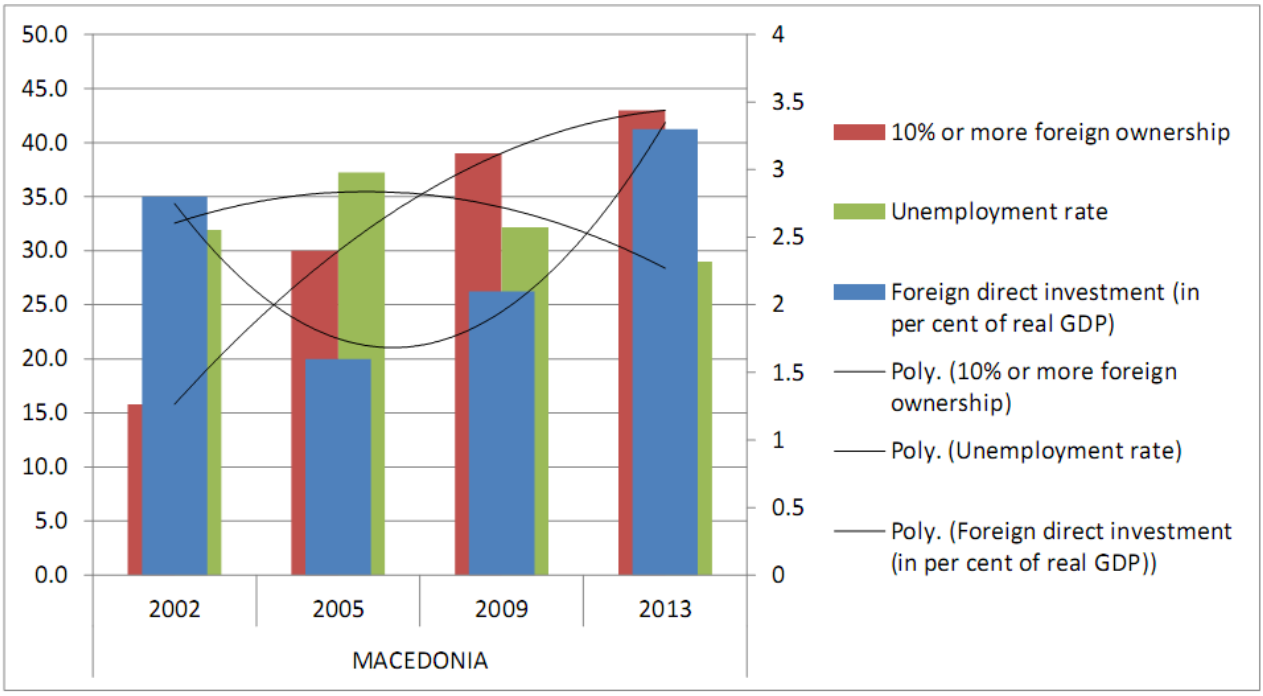
Figure 6. Labor Market Movements and Foreign Direct investment



Source: World Bank Microdata Library & International Monetary Fund

6. Gross Domestic Product and Foreign Direct Investments

The movements of gross domestic product for the time period analyzed (2002-2013) show positive and upward climb (except for the time of global financial and European debt crisis). In 2002 the growth of real GDP was 0.9%, while in 2008 climbed to its highest peak at 5.9%. The lowest point for the period in question was in 2009 at -0.9% and 2012 at -0.4% which correlates to international financial movements and especially European debt crisis.

As far as foreign direct investments are concerned, in 2002 they were at 2.8% of real GDP with a peak of 8.6 % in 2008. The lowest inflow of foreign direct investments was in 2009 at 2.1% and 2012 at 0.9 % of real GDP. Since then there is positive inclination related to increase of foreign direct investments and it noteworthy to claim that increased FDI impact on increased foreign ownership.

Figure 7 shows that gross domestic product and foreign direct investments are closely tied ('power' lines match exactly). Indeed, it is evidence that the influence of foreign direct investments is considerable and contributes greatly anchoring the main indicator of the domestic economy.

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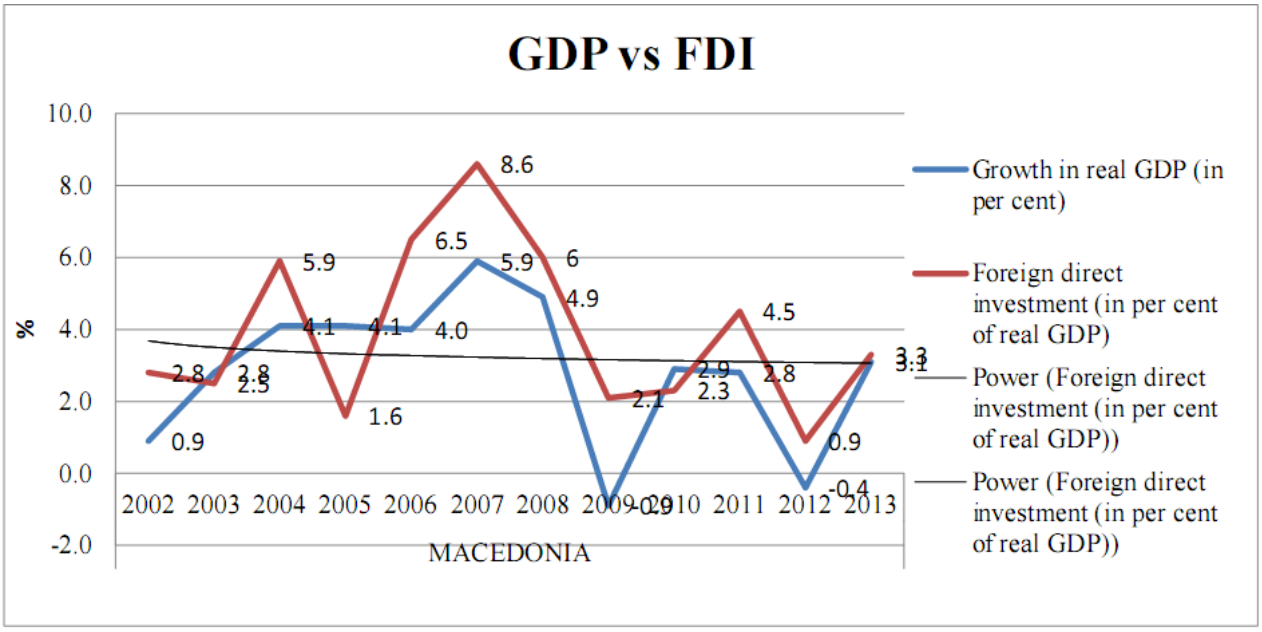
Figure 7. Gross Domestic Product and Foreign Direct Investments



Source: International Monetary Fund

7. Discussion

Possible paths

Some limitations and future research paths can be applied to this study. This research relays on broad indicators that helped assess foreign capital movements such as FDI influx and foreign ownership percentage, as well as, general movement of gross domestic product. Appling different measures, more complex and detailed indicators in future analysis can help uncover important inferences.

Another limitation of this study is that it was limited to Southeast European countries, more specifically a case study of Macedonia. Major constraint is data availability especially data specifically intended to analyze FDI phenomena, however major economic and business indicators are available on large and respected data bases which are employed in this study.

As specified by already established literature it is evident that economies, and especially transition economies, in the first wave of significant influx of foreign ownership can increase overall employment. Furthermore, it is apparent that foreign ownership advances throughout time because of imposed policies, as well as, overall progress of the economy's gross domestic product owing to increased incursion of

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foreign direct investments.

In future projects researchers might wish to use the same (or modified) methodology as applied in this research, and employ it to other countries and test whether GDP and job creation is constraint to foreign direct investments, in both developed and developing countries. Another possible path of research could be the analyses on the impact of foreign direct investments by type of investment and sector, which might lead to valuable implications regarding the industry in which foreign capital has a greater influence in developing the overall economy.

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ASSESSING CUSTOMER SATISFACTION IN FOOD INDUSTRY WITH FUZZY KANO APPROACH: A CASE STUDY IN FOOD COMPANY

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Abstract: With increasing competitions in markets, organizations have well understood that customer satisfaction is very important and it is much more rewarding to keep current customers loyal and happy than getting new customers. The goal is having long-term relationships with customers to gain more benefits for the organization; therefore organizations should monitor their interactions with customers and create value for customers by providing their needs and keeping them satisfied. In this study, important factors in food quality have been determined according to previous research papers and consultation with specialists and a fuzzy Kano questionnaire has been designed accordingly. This questionnaire has been distributed to 512 customers; Using k-Means, 3 clusters have been identified and for each cluster, their needs have been recognized by fuzzy Kano. This study shows that some characteristic features are the same in all clusters and also highlights the other distinguishing features. For each feature, satisfaction ratio has been calculated and dissatisfaction ration (whether it exists or not), has been determined. The results provide insights for organizations to improve their customer satisfaction policy.

Keywords: food industry, clustering, customer satisfaction, Kano Fuzzy, service quality, data mining

1. Introduction

With the surge of co-existing corporations in competitive and unsustainable markets, articulate design, development and marketing of new products are of crucial importance for corporations that value innovative characteristics. To keep existing market share and to capture new leads, corporations should satisfy customer's needs as much as possible and expand their innovations to exceed customer's needs. In the past decades, organization services and products have been the results of innovative design of

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designers rather than being the result of irect incorporation of customers' needs and expectations. In other words, the role of customers have been limited to a small sample of customers and the designing engineers had the main role in developing products. This way of manufacturing could only provide so much enhancements for companies in the past decades. With rapid changes in market environments, collapse of business boundaries, globalization of economy and increases in the expectation level of customers, corporations have to pay more and more attention to customers' needs and expectations to be able to survive in competitive environments (Kavusi & Saghaee, 2005).

There has been several studies on determining customer satisfaction factors in food industries. However, there is a need on studying these factors in a data-driven fashion and providing insights into each factor. To address these issues, Kano model can provide relevant insights using its logical mechanism and specify the levels of satisfaction from each factor. Furthermore, Kano model can highlight the amount of investment on these factors and prevent from more costs on factors that will not increase customer satisfaction much more than certain amount (Pakzad, 2010).

An important aspect is that customers' needs, expectations and benefits are not the same for various organizations; therefore organizations need to classify their customers and give their services to appropriate groups of customers. Through customer clustering, similar customers with same conditions and features will be placed in one cluster, therefore knowing better of their needs and characteristics and as members of each cluster has similar needs, this prevents the organization from knowing individual need of customers but larger class of interest (Salehzade, 2011).

Many studies have adopted Kano model in various contexts and have improved the model accordingly. Mansky proposes that human process of thinking is with uncertainty and data from traditional Kano questionnaire cannot reflect customer's needs properly. Similar claims have been proposed by other researchers such as Lee and Haung (Lee & Haung, 2009). They show that interviewees can have multiple feelings when responding to Kano questionnaire; where they have to stick to one option which causes them to ignore their partial feelings. Therefore, fuzzy approach of Kano questionnaire was presented to answer the uncertainty of customers when they respond to questionnaire. Furthermore, fuzzy Kano questionnaire can capture desires of customers more comprehensively which is shown to be more compatible with human thinking process (Lee & Haung, 2009).

2. Theory and literature

Improving the performance of organizations and detection of customer satisfaction criterion has always been one of the basic needs of the managerial systems and workplaces (Yuk-Lan Wong and Kanji, 2001). In an environment where the customers are knowledgeable and have the power of choice, it is not possible to neglect their desires. Many researches have showed the relationship between customer satisfaction and loyalty. These studies also found that satisfied customers are the most loyal customers (Anderson, 2001). Kenningham et al studied the relationship between employee's interaction with customers and the level of customer satisfaction in retails. They stressed on the importance of this relationship (Keiningham et al., 2006). Ennew et al addressed the problem of service quality measurement and represented a collection of indicators for measuring customers' perceptions, expectations and general

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satisfactions (Ennewet al., 1993). In another study, Stafford presented a list of bank service quality properties perceived by customers. He specified the main dimensions of bank service quality and examined the importance of these characteristics (Stafford, 1996). Furthermore, another study has used neural network algorithm in order to determine the importance of customer needs (Che et al., 1999). Johnston divides the dimensions of service quality into satisfying and dissatisfying categories, like Herzberg's motivational model, and show, that subtle aspects of communication between employees and customers have an important impact on service quality perceived by customers (Johnston, 1997). Zhao & Dholakia using Kano model and multi-criteria decision models to evaluate the measurement of customer satisfaction (Zhao and Dholakia, 2009). Baki has measured customer satisfaction of Turkish logistics companies' services by using SERVQUAL hybrid model and Kano model logistics (Baki et al., 2009). Gul and Ozgen have used a hybrid model that consists of Kano, AHP and GFD models to investigate the level of customer satisfaction of Library services (Bayraktaroglu and ozgen, 2008). In Iran, Shahin et al have used a combination of clustering and hierarchical analysis methods and Kano model for describing bank services (Shahin and Salehzade, 2013).

3. Clustering

Clustering is a data mining technique. Clustering issues have a set of records that each have a set of features and a similarity measure is defined between them. The similarity measure varies in different issues. Clustering is done in such a way that the records with the most similarity to each other (according to defined similarity measure) are placed in a cluster. As a result, the data in different clusters have the lowest similarity to each other. The output of clustering algorithms will be reanalyzed to reveal possible irregularities in clusters. An important point that should be considered is that clustering is always based on the input of sample features (Han and Kamber, 2006).

4. The Kano model

Kano's model of customer satisfaction is a quality management and a marketing technique used to measure customer satisfaction. Kano model helps us understand the relationship between meeting needs and customer satisfaction. Kano model is related to the social science theories about increasing customer satisfaction which have been proposed by Herzberg. Kano’s customer satisfaction algorithm identifies six categories of the factors that, in the meantime, the first three classes are really affecting customer satisfaction (Rezai, 2005).

1. Basic features: minimum requirements which if not met, will lead to customer dissatisfaction and if they are met or even more, the results will not result to satisfactory (Rezai et al., 2005).

2. Operational features: factors that cause satisfaction through their eligible and excellent performance and dissatisfaction will happen by their poor performance. Generally, the effect of this feature on satisfaction is linear and symmetric (Sadeghi Moghadam et al., 2012).

3. Attractive features: factors by which customer satisfaction increases, but will not cause dissatisfaction if

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they are not provided. These factors surprise the customer and cause them happiness (Rezai et al., 2005).

4. Indifferent features: in this group of quality requirements, customer satisfaction will not be affected by these factors and the presence or absence of these features does not matter to customers (Witell and Löfgren, 2007).

5. Reverse features: other category of quality features in Kano model is reverse features that will cause customers get dissatisfied and satisfactory is gained by their absence (Witell and Löfgren, 2007).

6. Questionable features: the latest category of quality features, is questionable features that do not specify whether the customer is waiting for such features and it indicates the situation in which the customer does not understand the question, there a is a misunderstanding about the information, terms of questioning is inappropriate or having incomplete information in the question (Shahin and Salehzadeh, 2013).

5. Fuzzy Kano Model

Menski[1] (1990) stated that the human thinking process is associated with uncertainty and the data derived from Kano's traditional questionnaire, is not a true reflection of the customer demand .lee[2] in his research represented that respondents in answering to Kano's questionnaire, have multiple feelings, in return they have to answer one question, which ignores the detail of their feelings toward other questions. The Fuzzy approach of Kano questionnaire was presented in order to deal with the customer uncertainty in answering the questionnaire. Thus Fuzzy Kano approach of questionnaire was presented to cope with the customer uncertainty in answering the questions. In addition to its able to receive the full demands of the respondents are more consistent with models of human thinking. Lee also offered the Fuzzy approach of Kano model and compared the results of their research with the Kano model of traditional classification, but to analyze his questionnaires, he continued using the Kano model of traditional assessment (Lee and Huang, 2009). In the traditional Kano questionnaires, by giving unique answers the ability of reflecting complexities will disappear. So, if people are able to use membership function in expressing the level of their feelings according to their choice, this answer is closer to the human real thought. The first step is to collect information based on fuzzy style (Matzler and Hinterhuber, 1998). But the both Fuzzy and traditional Kano questionnaires, use the functional and non-functional models to respond to the feelings of customers about the services.

6. Research questions

In this study, according to the studied background and the research's subject, the questions which have been raised for the researcher is given below:

The main question: How can we use data mining techniques to identify patterns and clustering the customers of the food company service?

Sub-question 1: What are the appropriate criteria for determining the clusters?

Sub-question 2: What is the level of satisfaction and dissatisfaction in each cluster?

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7. Research Methodology

The target population includes all the customers of the Shirin Asal Company in Tehran who used company products. The research is theory-practical in purpose and is a descriptive-survey category sampling was used, containing 535 customers through Cochran formula. Data collection was conducted through the database of Shirin Asal Company, questionnaires and experts' comments. The questionnaire distributed among the customers consists of two parts, the first part involves the characteristics of the clients such as gender, age, education, income, etc. which are common with the critical criteria for customers clustering. There are 9 questions in this section. The second part of the questionnaire includes 25 questions related to the Fuzzy Kano model. The validity of interviews was checked by interviewing the experts and scholars and a sample of 168 were analyzed for the reliability by SPSS software through Cronbach's alpha which values were 0.836 and 0.942 for positive and negative questions, respectively. The software used in this study include SPSS, Excel, and IBM SPSS Modeler.

7-1- Case Study

A case study was done under the proposed model in Shirin Asal Food Company. The reason for choosing a service organization and in particular food service provider is that food organizations are highly dependent on customer satisfaction. The research was conducted in the following steps.

7-2 clustering

For clustering we should consider criteria that have the ability to separate customers into different groups. In each cluster should be customers that are most similar (have the same needs and desires) to each other and also different clusters must have the biggest difference together. For this purpose, according to the experts, 3 criteria based on RFM Model were identified as follows.

Recency: It represents when was the last time a customer made a purchase order with your business? According to the RFM model, a customer who has recently interacted with your store is more inclined to accept another interaction that you initiate.

Frequency: How regularly does this customer make a purchase with your business? Over time, the frequency of a purchase can, in most cases, predict the likelihood and schedule of future purchases.

Monetary Value: How much money does this customer spend over a period of time? Depending on what makes more sense for your company, you might decide to calculate monetary value as revenue or profitability. Either way, this input adds monetary spend into the equation to calculate your RFM.

8. Data and results

After scaling, the data inserted in to the Excel software. After calling the file by IBM SPSS Modeler software and using K-Means algorithm for clustering modeling, to build the data, first an Excel file that has been created as the data source is inserted and in the Type tab the features of qualities are defined,

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then by using the Sample node 80% of the data are randomly selected for analysis and then K-Means algorithm run on the data. After that, the Aggregate node has been used to reduce the size of data sets, the Transpose node has been used to swap the data in rows and columns, the type node for has been used to identify the features of quality and finally for each cluster the Graph board node is used to display the results as graphs.

Figure 1 shows the construction steps of data flows and results of clustering algorithm on the Excel file.

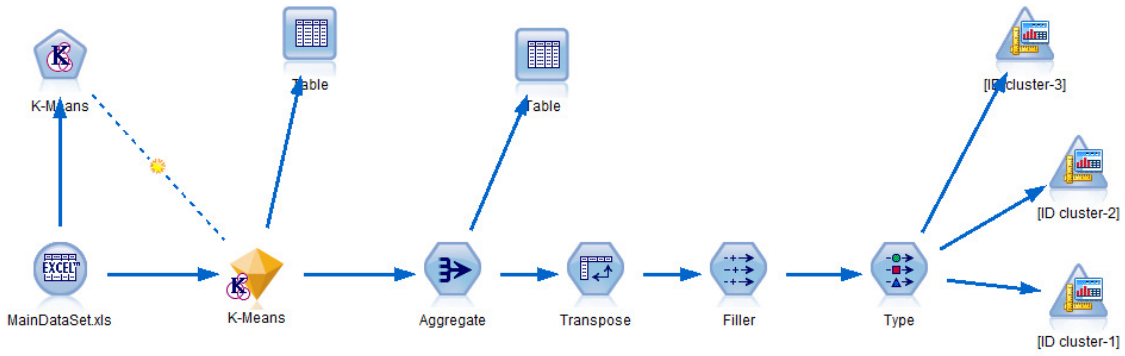

Figure 1. Data flow chart for clustering Food Company customers

The results of clustering was obtained. The number and percentage of samples in the clusters:

Cluster 1: 5182 (96.1%)

Cluster 2: 51 (0.9%)

Cluster 3: 154 (2.8%)

For example, the first cluster has 380 customers which includes men whose ages are mostly between 31-40 years old and their education range in diploma and associate degree, bachelor and master. Their average income is more than two hundred dollars. Approximately there are 6 days gaps between every purchase. Totally every customer in cluster 1, 39 times have done purchasing in a year and each purchase, approximately costs 92 dollars.

8.1. Assessing the customer needs by using Fuzzy Kano model

After clustering, now it is the turn to identify the needs and demands of the customers of food industrial company. As mentioned before, in fuzzy approach customers must answer the questions in percentage form. Based on fuzzy approach which Lee introduced in 2009, if the scores given to the positive question are illustrated in columnar matrix of $P_5 \times 1$ and the given scores to the negative question are shown in row matrix of $N_5 \times 1$, then by their multiplication. S matrix is obtained. The elements of the matrix is precisely the same as Kano assessment table.

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Equation 1)

$$S = P_{5*1} \otimes N_{1*5} = \begin{pmatrix} a_{11} & a_{12} & a_{13} & a_{14} & a_{15} \\ a_{21} & a_{22} & a_{23} & a_{24} & a_{25} \\ a_{31} & a_{32} & a_{33} & a_{34} & a_{35} \\ a_{41} & a_{42} & a_{43} & a_{44} & a_{45} \\ a_{51} & a_{52} & a_{53} & a_{54} & a_{55} \end{pmatrix}$$

Then, based on the Kano assessment table, the percentage of each class will be calculated by the following formula (Lee and Huang, 2009).

Equation 2) fundamental = $a_{25} + a_{35} + a_{45}$

Equation 3) functional = a_{15}

Equation 4) reverse = $a_{21} + a_{31} + a_{41} + a_{51} + a_{52} + a_{53} + a_{54}$

Equation 5) motivational = $a_{12} + a_{13} + a_{14}$

Equation6) apathetic = $a_{22} + a_{23} + a_{24} + a_{32} + a_{33} + a_{34} + a_{42} + a_{43} + a_{44}$

Equation 7) questionable = $a_{11} + a_{55}$

For every individual based on the type of given relations, the type of need for each question is specified and then by using the highest frequency method along with the assessment table of Fuzzy Kano model, the needs for each cluster is determined. For example, in the first cluster that has 5182 customers if there is a need to ask by most of them, in this case the need is considered as a basic requirement in the cluster. The table below Lists 25 (required) indicators on the basis of Fuzzy Kano model asked customers with the results of the analysis to determine the type of needs in the clusters.

Table-1. Satisfaction indicators in clusters

Satisfaction indicator	**Cluster**		
	1	2	3
1. Quality	60% M	51% O	40% O 40% M
2. Appearance Features	50% O	43% O	40% A 40% O
3.Brand Name	40% O 40% M	48% O	40% O
4.Packaging	40% O	56% O	40% A 40% O
5.Size	41.6% A	40% O	33.3% O 33.3% A
6.Services	40% O	54% M	33.3% O 33.3% I
7.Warranty	40% O	53% M	50% I
8.Returned Products	60% O	55% O	50% A
9.Expiration Date	50% O	37% A	50% M

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			50% I
10.Commercials	40% O	45% M	75% I
11.Visitor Behavior	40% O	35% O	50% I
12.Visitor Stability	33.4% O	47% O	75% A
13. Continuous Visit	50% O	49% M	50% O
14.Utilities	60% O	59% M	50% A
15.Stock	50% O	43% O	50% I
16.Transportation	40% I	42% A	50% I
17.Order Delivery	30% O 30% A 30% I	48% A	50% A 50% I
18.Price List	30% A 30% I	45% O	50% A
19.Discount	30% O 30% A 30% I	46% O	100% A
20.Credit Purchase	80% I	42% M	75% I
21.Credibility	40% A	39% A	50% I
22.Price Adjustment	44.4% A	44% O	50% A 50% I
23.Profit Margin	40% A	35% A	50% A 50% I
24.Price Fluctuation	40% A 40% O	50% A	50% A
25.Price	40% A	40% A	50% O 50% I

8.2. Satisfaction and dissatisfaction in clusters

Customer satisfaction index suggests that whether specific features of the service would provide customer satisfaction or only prevent them from being dissatisfied (Berger et al., 1993). Different market segments usually have different needs and expectations. So sometimes it is not clear that a feature can be attributed to which of the requirements. Also it is very important to be aware of the average impact of product features on customer satisfaction. As a result, customer satisfaction index shows how hard the desired characteristics may influence on satisfaction or in the case of non-submission feature, affect customer dissatisfaction (Berger et al., 1993).

Equation 8) Satisfaction:

$$SSI = \frac{A + O}{A + O + M + I}$$

Relationship 9) the amount of dissatisfaction:

$$DDI = -\frac{O + M}{A + O + M + I}$$

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The negative sign on the formula of dissatisfaction index, concentrates on the factor's negative impact on customer satisfaction if it is not provided. Positive factor for customer satisfaction, varies from zero to one. As the value gets closer to one, it has more impact on customer satisfaction and if the value is close to zero, indicates that the factor has the minimum impact on customer satisfaction. Similarly, in the negative customer satisfaction index, if the value is closer to -1, it has more impact on customer dissatisfaction in the case that its feature is not provided and value of zero indicates that the lack of its feature will not cause customer dissatisfaction. The study also measures the impact of indicators on customer satisfaction and dissatisfaction according to formulas presented in Figure 1:

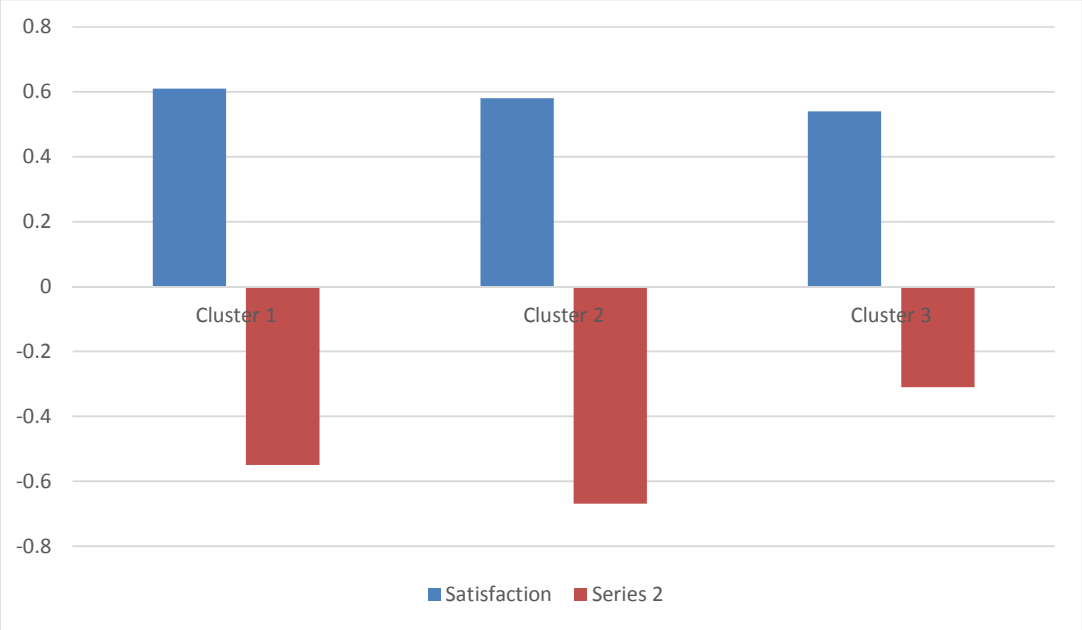

Figure 1: satisfaction and dissatisfaction index in clusters

According to the graph, the customer satisfaction from the identified criteria in this study is one and it is two times more than their dissatisfaction. So the indicators will influence on customer satisfaction of these two clusters. In cluster two the dissatisfaction index is more than satisfaction index which indicates the given indicators in the study, cause more customer dissatisfaction. In cluster one, these two indicators are equal. So it can be concluded that the provision or non-provision of these services will have no impact on customer satisfaction in the cluster.

9. Conclusions and Recommendations

In this study, the Shirin Asal Food Company customers are clustered and based on the clustering needs and demands will be met to enable the company attempt for customer satisfaction. For this purpose, in the study we have integrated clustering and Fuzzy Kano model by which clusters and their results we

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found that by using data mining technique, clustering algorithm. We formed 3 clusters of customers based on criteria set by experts and RFM Model. These criteria were defined in such a way to have the ability to share customers according to the research objectives. In the other step, by using the information from the questionnaire which were obtained by several customers, we recognized the customer needs to assess customer satisfaction by using Fuzzy Kano model. As survey results show and according to Kano model, need types of every clusters are different. 'Appearance Features', 'Brand Name' and 'Packaging' factors, in every 3 cluster are part of functional need, means that if company does not provide these needs, customer dissatisfaction will cause. Meanwhile if company provide these factors, customer satisfaction will appear. As results show, 'Quality' will be caused major dissatisfaction in case of absence in cluster one and three. Also 'credit Purchase' in case of its absence in cluster 3.

'Order Delivery', 'Profit Margin' and 'Price Fluctuation' in all clusters are motivational needs, means their absence will not cause customer dissatisfaction, but their presence will cause customer enthusiasm and motivation. Also 'Price Fluctuation' factor in case of its presence, will cause the most satisfaction.

'Quality' in first cluster is part of fundamental needs, in second cluster is part of functional need and in third cluster is part of both functional and fundamental need.

'Size' feature for the first cluster is part of motivational need, meanwhile for the second cluster is part of functional need and for the third cluster is part of both functional and motivational need.

Table-2, show which factors belong to a need category.

Table-2. Research Result Framework

	Cluster 1	**Cluster 2**	**Cluster 3**
Fundamental	• Quality • Brand Name	• Services • Warranty • Commercials • Continuous Visit • Utilities • Credit Purchase	• Quality • Expiration Date
Functional	• Appearance Features • Brand Name • Packaging • Services • Warranty • Returned Products • Expiration Date • Commercials • Visitor Behavior • Visitor Stability • Continuous Visit • Utilities • Stock • Order Delivery • Discount	• Quality • Appearance Features • Brand Name • Packaging • Size • Returned Products • Visitor Behavior • Visitor Stability • Stock • Price List • Discount • Price Adjustment	• Quality • Appearance Features • Brand Name • Packaging • Size • Services • Continuous Visit • Price

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	• Price Adjustment • Price Fluctuation		
Motivational	• Size • Order Delivery • Price List • Discount • Creditability • Profit Margin • Price Fluctuation • Price	• Expiration Date • Transportation • Order Delivery • Creditability • Profit Margin • Price Fluctuation • Price	• Appearance Features • Packaging • Size • Returned Products • Visitor Stability • Utilities • Order Delivery • Price List • Discount • Price Adjustment • Profit Margin • Price Fluctuation
Apathetic	• Transportation • Order Delivery • Price List • Credit Purchase		• Services • Warranty • Expiration Date • Commercials • Visitor Behavior • Stock • Transportation • Order Delivery • Credit Purchase • Creditability • Price Adjustment • Profit Margin • Price

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IDENTIFICATION OF CUSTOMER CLUSTERS USING RFM MODEL: A CASE OF DIVERSE PURCHASER CLASSIFICATION

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Abstract
Competitive world today stresses of having virtuous marketing strategies to appeal new customers while holding longstanding customers. Organizations use instruments to embrace both type of customers, thereby, probing better return on investments and ensuing increasing revenues. The notion of "customer clustering" is used by organizations to categorize diverse fragments of customers and offer them with varied services. These study takes the four fragments of customers, viz., active, warm, cold and inactive and does added exploration of these fragments. It was found that these fragments are not enough for defining marketing strategies and needs further analysis. The paper magnifies the fragment using RFM analysis then performing clustering on the values obtained from this analysis. This analysis spawns the pertinent rules for each customer segment obtained after clustering.

Keywords
RFM, Customer Value Pyramid (CVP), Customer Clusters, Clustering without classification, Clustering with classification.

1 Introduction

RFM model is an apparatus of clustering customers into 3-dimensions, specifically, recency (R), frequency (F) and monetary value (M). In added arguments, RFM models helps to determine the top 20% of customers, who bring in 80% of revenue. In RFM model, recency (R) is defined as the intermission from the time when the latest consumption happens to the present, frequency (F) is the number of consumption within a certain period, and monetary (M) is the amount of money spent within a certain period. An earlier study showed that customers with bigger R, F, and M values are more likely to make a new transaction [1].

In order to group customers and perform analysis, a customer segmentation model - Customer pyramid model [2] is used. Allowance of Customer pyramid to model group customers by the revenue they generate is shown in Figure 1 [3].

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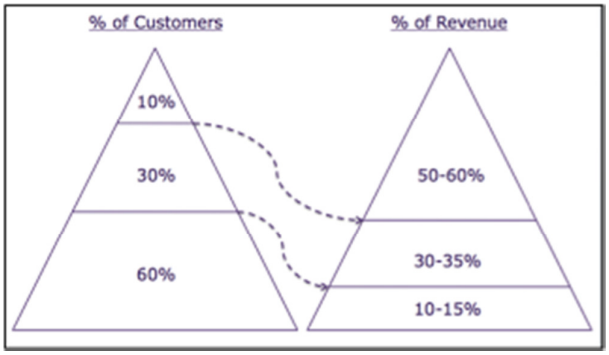

Figure 1: % of Customers v/s % of Revenue

As stated in Figure 1, the uppermost 10% of customers epitomize amid 50-60% of revenue, next 30% embody 30-35% of revenue. The bottom 60% of customers have awfully low value, and give less than 15% of total revenue. These three stages of the Customer value pyramid can be divided as Active, Warm and Cold. Added elaboration of the pyramid into 4 dimensions comprises of the following four customer types– Active, Warm, Cold and Inactive [4].

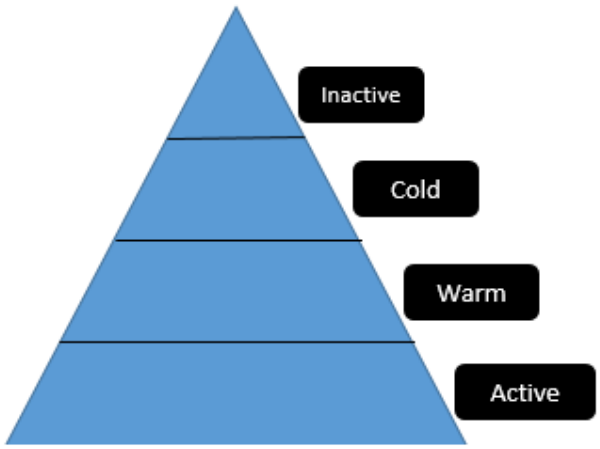

Figure 2: 4 dimensions of Customer Value pyramid

Both the study ([3], [4]) suggests that the customer exhibiting high RFM score should normally conduct more transactions and result in higher revenue. RFM analysis [5], [6] are used to further enhance the Customer Value pyramid into different subsections. As mentioned in [7], there are two opinions on the importance of R, F and M values, while the three parameters are considered equally important in Miglautsch [8], they are unequally weighted due to the characteristics of industry in Tsai and Chiu [9]. The 96 data objects with 1659 observations collected for data analysis in the study adopted the weighted characteristics of R, F and M and further classifies the customer clusters into 8 segments.

The complete paper is allocated into 5 sections. Section 2 exemplifies the data analysis "without further classifications", labeled as "Clustering without classification", for R,F and M for all 96 data objects. Section 3 does the investigation "with further classification", named as "Clustering with classification". Section 4 conducts the revenue analysis of 2015, 2014 and 2013 and gauges the customer clustering of 8 segments and revenue generated. Section 5 accomplishes the paper with recommendations and

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interpretations.

2 Clustering without classification

In Clustering without classification, the Customer value pyramid is allocated into 4 layers, namely, Active, Warm, Cold and Inactive respectively. The output obtained in portrayed in Figure 3,

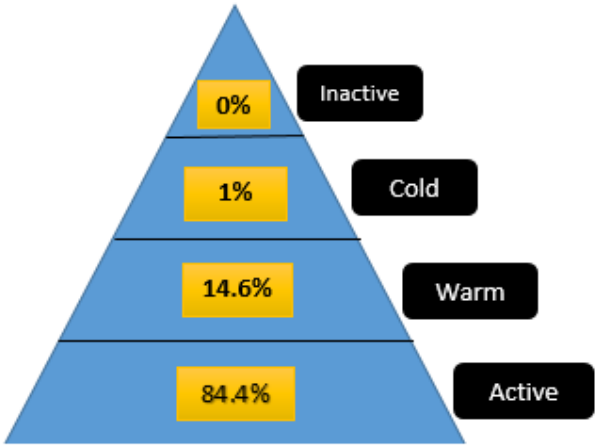

Figure 3: Clustering without classification

There are two important observation from CVP:

1) *No customers is inactive.*
2) *Majority of customers, 84.4% fall in "Active Cluster", which appears to be a worthy signal for the organizations.*

The R, F and M accompanied for the 1659 observations are quantified in Figure 4a, 4b and 4c separately.

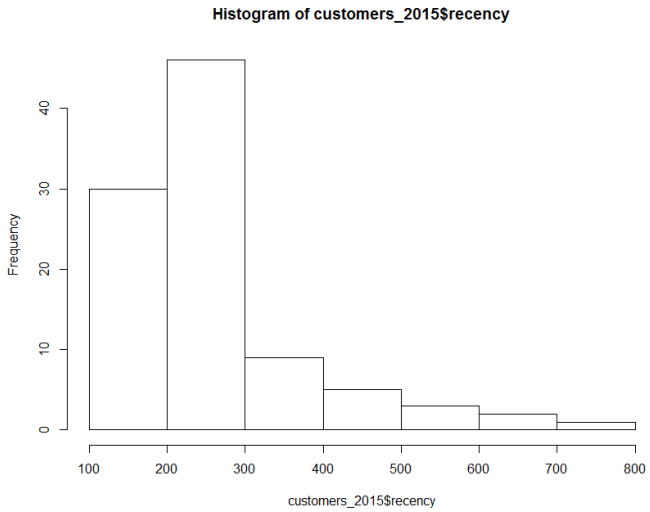

Figure 4a: Recency for Clustering without Classification

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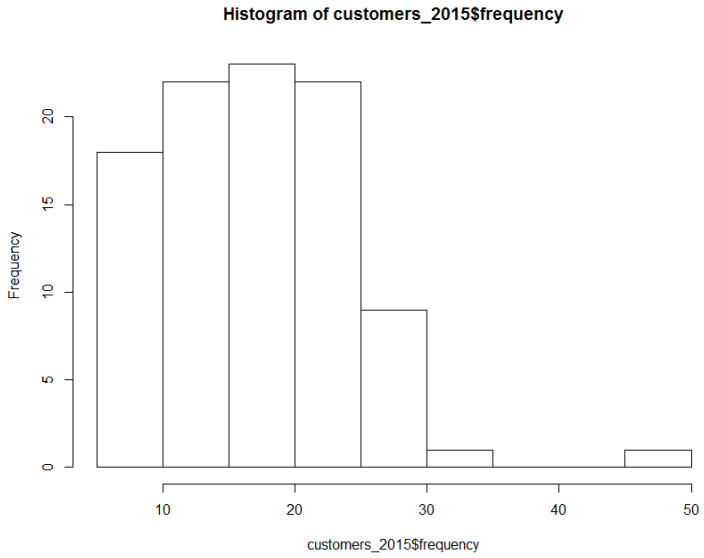

Figure 4b: Frequency for Clustering without Classification

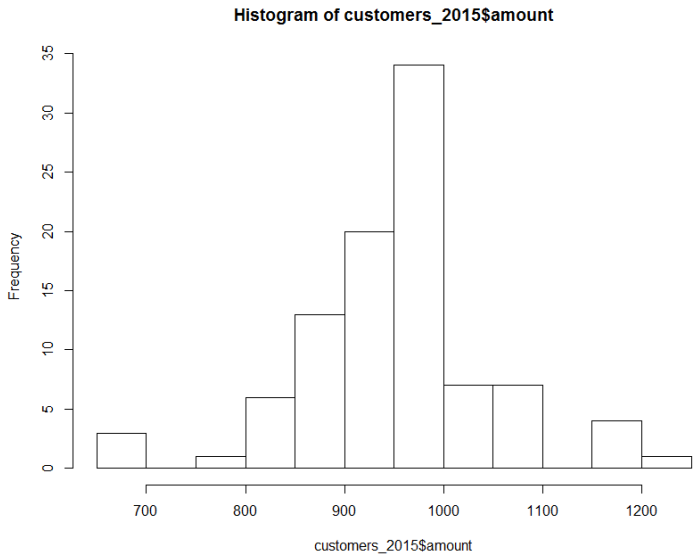

Figure 4c: Monetary Value for Clustering without Classification

The key observations from Figures 4a, 4b and 4c:

- Recency between two shopping space is between 100-300 days.
- The frequency of customers is quite high, and falls between 0-25 times.
- Maximum amount spend by customers falls in range of $900-$1000.

RFM analysis conducted for 4-dimension customer are as follows is mentioned in Outcome given below (Table 1):

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	Group.1	recency	first_purchase	frequency	amount
1	active	221.8873	975.8380	17.41975	951.5221
2	cold	756.8750	908.8750	21.00000	980.7143
3	warm	466.3036	954.2321	16.21429	950.8530

Table 1: RFM analysis for Clustering without classification

The observations are:

- The shopping space between active customers is 221.8873, however, the average amount spend by them is least at $951.5221.
- The shopping space between cold customers is 756.8750, however, the average amount spend by them is maximum at $951.5221.

3 Clustering with classification

Clustering with classification stretches the improved representation of the different types of customers in "active" and "warm" section, being two most vital categories of customers. The active type of customer is divided into 3 subsections – Active High, Active Low and New Active, where New Active is the customer whose first purchase is within 365 days. Active High and Active Low is the classification for the Monetary value (M) is more than or less than 100 respectively. The warm type of customer is also alienated into 3 subsections – Active Warm, Active Warm and New Warm, where New Warm is the customer whose first purchase is within 365 days. Active Warm and Active Warm is the classification for the Monetary value (M) is more than or less than 100 correspondingly.

These added classification are stated on CVP in Figure 5 below:

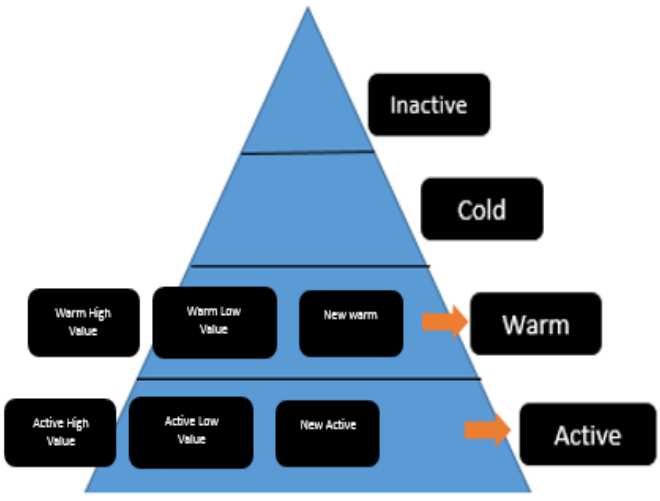

Figure 5: Cluster with classification

Based on these classifications, trials were again piloted and effects witnessed are declared in Table 2a, 2b

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and 2c respectively.

```
> table(customers_2013$segment)

        inactive             cold   warm high value    warm low value          new warm active high value  active low value
               0                0                 0                 0                 91                 0                 0
      new active
               0
> aggregate(x = customers_2013[, 2:5], by = list(customers_2013$segment), mean)
   Group.1  recency first_purchase frequency   amount
1 new warm 375.4245       632.4684  8.648352 951.4591
>
```

Table 2a: Outcome of Year 2013 for Cluster with Classification

```
> table(customers_2014$segment)

        inactive             cold   warm high value    warm low value          new warm active high value  active low value
               0                0                 0                 0                  7                 84                 0
      new active
               5
> pie(table(customers_2014$segment), col = rainbow(24))
> aggregate(x = customers_2014[, 2:5], by = list(customers_2014$segment), mean)
           Group.1   recency first_purchase frequency    amount
1         new warm 379.58929       610.0179  8.571429  845.6222
2 active high value  64.30357       634.3393 13.440476  960.1452
3       new active  23.87500       143.2750 16.400000 1025.9247
>
```

Table 2b: Outcome of Year 2014 for Cluster with Classification

```
> table(customers_2015$segment)

        inactive             cold   warm high value    warm low value          new warm active high value  active low value
               0                1                13                 0                  1                 81                 0
      new active
               0
> aggregate(x = customers_2015[, 2:5], by = list(customers_2015$segment), mean)
           Group.1  recency first_purchase frequency   amount
1             cold 756.8750       908.8750  21.00000 980.7143
2  warm high value 469.1827       979.0288  15.76923 950.8312
3         new warm 428.8750       631.8750  22.00000 951.1364
4 active high value 221.8873       975.8380  17.41975 951.5221
```

Table 2c: Outcome of Year 2015 for Cluster with Classification

These outcomes gives the improved perspective of the comprehensive cluster breakdown for three year interval. The foremost results are:

- ➔ There is only one category of customer – new warm – in year 2013, indicating no new customer was acquired during this period.
- ➔ New customer were acquired in year 2014 and they resulted in maximum monetary value.
- ➔ Many customers were “cold” in the year 2015, indicating they are not repeating customers.

4 Revenue Analysis: Segmenting Database Retrospectively

The segment does retrospective analysis of the customers in 2013 and 2014, and there status in 2015, as stated in Figure 6 and estimate the revenue created by these set of customers in 2015. The analysis aids the organization to outline the certain set of policies for customer clusters.

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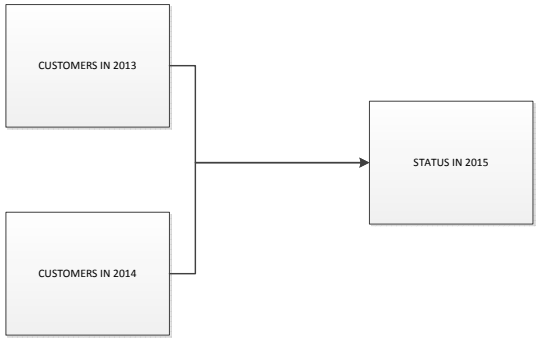

Figure 6: Retrospective Analysis of customer status in 2015

The revenue generated by these set of customers in 2015 is mentioned in Table 3:

Group.1	x
4 active high value	4558.951
1 cold	NA
2 warm high value	NA
3 new warm	NA

Revenue generated by Customers acquired in 2015 and revenue in 2015

Group.1	x
3 new active	8556.000
2 active high value	3662.381
1 new warm	2693.571

Revenue generated by Customers acquired in 2014 and revenue in 2015

Group.1	x
1 new warm	3587.857

Revenue generated by Customers acquired in 2013 and revenue in 2015

Table 3: Revenue status in 2015

Graphical representation of the revenue generated are also depicted in Figure 6a, 6b and 6c.

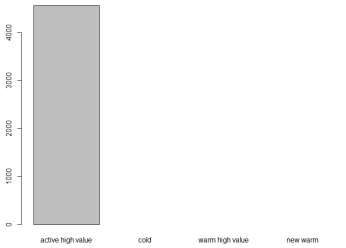

Figure 6a: Revenue generated by Customers acquired in 2015 and revenue in 2015

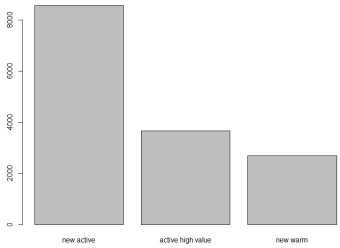

Figure 6b: Revenue generated by Customers acquired in 2014 and revenue in 2015

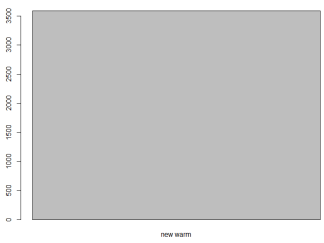

Figure 6c: Revenue generated by Customers acquired in 2013 and revenue in 2015

5 Recommendations and Conclusion

The study divulges an acumen of the customer analysis and portrays a vital results for the organizations. R programming language used to scrutinize the data objects and stretches an improved appreciative of the 1659 observations for 96 data objects (customers). These observations are reasonably key to mount the strategies for customer acquisition. The result exposes that only 1.06% of active customers of 2013 and 2014 gets transformed in 2015, which is frightening position for the organization. Also, only 0.397% of warm category customers of 2013 and 2014 gets transformed in 2015. This stipulates that 98.5% are attained in 2015, and does not assurance continual purchase subsequent years. The company must outline

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the strategies for customer retaining, which might include announcing loyalty offers, sale deal or superior deal for these customers.

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IDENTIFYING EFFECTIVE INDICATORS IN THE ASSESSMENT OF ORGANIZATIONAL READINESS FOR ACCEPTING SOCIAL CRM

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Abstract
The main objective of this study is to provide a model for assessing organizational readiness for accepting social customer relationship management (SCRM). The dilemma, the organizations are faced with is that they go ahead directly toward the preparation and implementation of new technologies, especially the technology without determining their level of readiness and this causes that they fail at the implementation stage or they do not benefit from the investment and spending they have done.
In this research, after studying various resources, in particular, resources related to the assessment of organizational readiness in accepting information systems and social networks-based systems for using in organizations businesses and the proposed models by the mentioned resources, components and sub-components affecting the organization's readiness in accepting SCRM have been identified and extracted. We categorized them in four main categories and dimensions, naming organizational, technological, human and environmenl factors. Each of these main components includes sub-components that are mentioned in this research.

Keywords: customer relationship management, social customer relationship management, social network, technology, customer

1. Introduction

During recent years, customer relationship management has been considered in the form of an attractive title for various research and studies. In 2007 and especially in 2008, CRM (Customer Relationship Management) was gone through a great transformation and it changed from a strategy that focuses on customer transactions to the strategy that both consider customer transactions and customer interactions. It could be a great contribution for obtaining required information for customer insight, if successful. As a result, it was renamed to CRM2.0 or social CRM. Most of these changes were due to a revolution in social relations that led to huge changes in the way of communicating with each other, especially in the younger generations.

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The emergence of the phenomenon called social web has forced organizations to concentrate on a target more than optimizing their relationships and the customers and in addition to this important matter, they increase a set of virtual interactions with customers as well. Accordingly, while provided traditional CRM solutions integrate customer data, their analysis and workflow automation to improve the organization's processes and performance. Considering the implemented changes, organizations need to find new and innovative solutions for interacting with social customers, enriching their experience through interacting based on communities and creating solutions that are flexible in one hand, and provide the fields of inter-organizational cooperation and partnerships staff on the other hand (Band and Petouhof, 2010). Web 2.0 and social media provide new opportunities to create added value in the field of management organizations' applicants. Social customer relationship management pursues the mentioned opportunities and seeks greater participation of stakeholders in the organization affairs in order to create mutual and useful communications based on that (Lehmkuhl and Jung, 2013).

CRM is a new pattern that aims to create meaningful dialogue and high-value relationships between an organization and customers, partners and employees. Being customer-centric as the main rule in SCRM (Social Customer Relationship Management) can be considered which means that organizations must focus more on customers and their relationships with them instead of products and services. Accepting SCRM is closely related to the social and behavioral fields and different researchers in organizational behavior and social psychology show that there is a need to examine the social aspects of in relations management and ICT (Information and Communication Technology) acceptance. Therefore, it can be discussed that in the acceptance of SCRM systems, there is a high value in investments in the client-employee social networks. As a result, SCRM has the potential to focus on removed investigations in social and technical interactions adjacent CRM as it focuses on people and social network. A SCRM system has been designed for business to manage business relationships in a partnership way and create the common customer experience (Greenberg, 2004). In other words, SCRM focuses on three aspects: environmental, technical and social. Therefore, SCRM system can be considered as a system of cooperation and play an important role in the development of guidelines that can contribute to this acceptance process.

The aim of this study is to identify factors affecting the readiness evaluation of organizations for accepting SCRM before its implementation it and providing an appropriate model. Given these components, organizations will conduct a systematic and scientific planning in order to use this new technology as a competitive advantage with the evaluation of their readiness level. Having and using this model by organizations and its implementation by IT (Information Technology) team in the organization level; they will be able to assess the level of readiness in accepting social customer relationship management.

2. Definitions, goals, vision and social CRM capabilities

Social CRM is considered as a kind of philosophy and trade policy which is supported by the technology infrastructure, business rules, social processes and characteristics and it is looking to engage customers in dialogue based on cooperation to create a mutual value in a transparent and safe business environment. This company's response to the customer's ownership is based on the dialogue. The suffix 2.0 for CRM is

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an indicative of the fact that a fundamental change has been occurred in the customer paradigm, but there is a need for operational and transactional capabilities of CRM at the same time (Greenberg, 2008). Some of the most important thinkers' definitions for this concept are as follows:

Social customer relationships management is a new paradigm that seeks to create and develop useful dialogues and valuable communications among organization, customers, employees and its partners. Customer orientation can be considered a target that social CRM has been created to achieve it. In other words, the main goal of the mentioned paradigm development was to change the organizations' focus from products to customer and related components (Askool and Nakata, 2010).

Web 2.0 and social media have provided new opportunities to create added value in the field of applicants' management of organization. social customer relationships management pursues these mentioned opportunities and seeks a greater participation of beneficiaries in the organization affairs to create mutual and useful relations based on (Lehmkuhl and Jung, 2013).

CRM is an emerging concept and it is a kind of e-business strategy that empowers the organization to better manage relationships with their customers using social technologies (Chen and Vargo, 2014).

Unlike its traditional form, social CRM is a concept which provides the possibility of developing bilateral relations between the organization and its audience through facilitating dialogue and the authorization of the customers to create the content, (Shimp, 2009).

Considering the presented materials, accepting social CRM distinction from traditional CRM is obvious. Following this subject matter, functional areas of this important matter can be divided into five sections such as market research, marketing, sales, after-sales services and product development. A brief set of capabilities and goals in each of these areas are presented in Table 1 (Band and Petouhof, 2010).

Table 1. S**CRM** goals and capabilities

SCRM capabilities	SCRM goals	functional area
Constant monitoring of customer dialogue with each other instead of using focus groups and conducting research interrupted	Follow-up and attention	market research
Participating and stimulating conducting customers bilateral talks with each other instead of one-sided interaction with them	Dialogue	Marketing
Providing necessary facilities for interested customers to help sell or introduce (or product) to others.	Stimulation	Sales
Empowering customers to support each other	Support	After sales services
Helping customers to express ideas with the aim of improving products and services	Accepting comments	Product development

3. The need for organizations commitment to use CRM 2.0 concept

Changes occurred in the way of communications between society's people with each other have provided the conditions of creating a new phenomenon under the title of social customers with special features depending on it. Therefore, if organizations are looking to adapt and provide an appropriate response to

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this emerging reality, they must dominate a new thinking in their own organization to focus beyond addressing the issues such as product orientation, relying on clients' transactions, etc. In fact, given the prevailing conditions in the present age, transparency of the interactions with the audience and understanding the matter will become necessary that more value can be obtained with the development of the continuous communications for the organizations. At the same time, we note that the challenge facing organizations in this regard is the development and management of relationships that are assumed to be very complex. Therefore, in order to properly cope with this challenge, organizations must encourage marketing unit team, sales and service to their customers in participation direction and the development of a complete set of tools and capabilities, of which as we introduced them as social CRM to manage the mentioned audience in a manner(Acker et al.,2011).

In fact CRM2.0 can provide tools and strategies for accurate and meaningful customer insight. Apart from trying to learn something emotional from history, it is used to change the face and nature of the data. This information will include the nature of conversations about the company by customers, the public debate and its environment have about the company and measuring the intensity of client emotional engagement or group of clients about the company, related news and other important issues for the organization. In a general overview, you can get this information from traditional, internal and external sources. However, an entirely new category of tools related to social media and compatible with CRM systems have been emerged such as Radian 6 for marketing and SalesView for selling. The value of these tools in their abilities for investigating millions of sources including traditional sources, external social networks profiles such as Facebook and MySpace, current topics in forums, communities organized around a specific problem and even internal sources such as wikis. More advanced tools use emotional analysis to identify and extract valuable information. Also, they will determine the degree of its emotionality.

CRM systems for a long time have been a place for storing customer transactions o information. The insight they offer is limited and focused on behavioral science. Something that customers buy, the products they might like show different reactions to marketing campaigns. Explanation of audience reaction to sales increasing opportunities, and cases of this kind, are key data that CRM has been designed for their analysis. At best, a limited amount of attitude information generated which is paid attention approach to business that puts the customer at the center of is considered very vital. It may provide indicators of satisfaction or loyalty that still remain limited. Most data can be obtained independently of direct customer collaboration.

With the evolution of CRM 2.0 at a time when the social customer has the dominant role, the opportunity to gain deep insight about why the audience present a kind of his behavior is provided. And the acquisition of necessary knowledge about his comments about goods and services will be possible given the fact that the client has a great desire to express his ideas in cyberspace (Greenberg, 2008).

4. The investigation of organizational readiness assessment models for accepting technology and SCRM

In order to determine the most important factors that led to the acceptance and consequently the use of SCRM, there are patterns and models to assess the readiness of organizations for accepting the technology in general which can be the basis for the evaluation model of organizational readiness in

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accepting SCRM. Here we refer to these models.

4.1. Technology Acceptance Model (TAM)

In the last two decades, many studies have created a framework for research in the field of information technology acceptance and information system. among them technology acceptance model (TAM) which was proposed by Davis in 1989 as the strongest and most influential model in describing the behavior and the determination of factors affecting the acceptance of information technology by the users of the system are taken into account (Wang et al. , 2003). Technology Acceptance Model is derived from the theory of Ajzen and Fishbein (1980) as the theory of rational behavior. In the Technology Acceptance Model, a matching of the theory of rational behavior has been done by users for modeling acceptance and two main perceptions (perceived usefulness and ease of perceived use) form the basis of technology acceptance.

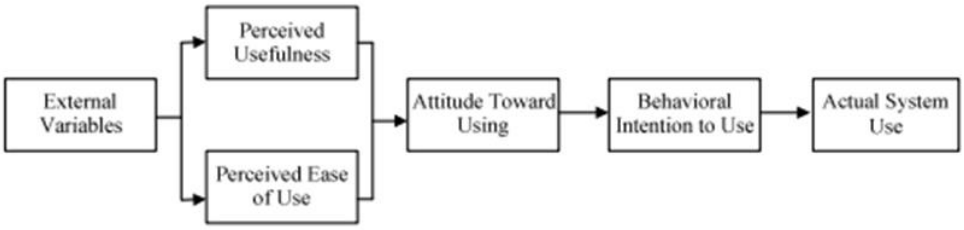

Figure 1. Technology Acceptance Model (TAM)

4.2. The developed technology acceptance model (TAM2)

In 2000, F.D.Davis and Venkatesh introduced Secondary Technology Acceptance Model (TAM2) which was the new version of the original model of acceptance. This is the initial model of TAM that explain the benefits and practical purposes resulting from social influence theory processes (Koury and Yang, 2010). In this model, external variables that affect the usefulness of perceived and ease of perceived use were studied. For example, the impact of external variables such as social influence (mental norms) and cognitive tools (the relevancy of technology with jobs, image, quality and visibility of results) were studied. Venkatesh (2000) defined external variables that affect the perceived ease of use, such as the self-effectiveness of the use of computers, individual perceptions about behavior external control, fear and joy with computer use. after all, studies that were done in the this period contributed to reveal the factors that influence the perceived ease of use and perceived usefulness and the developed model (TAM2) was selected as an outstanding theoretical basis for next studies and research.

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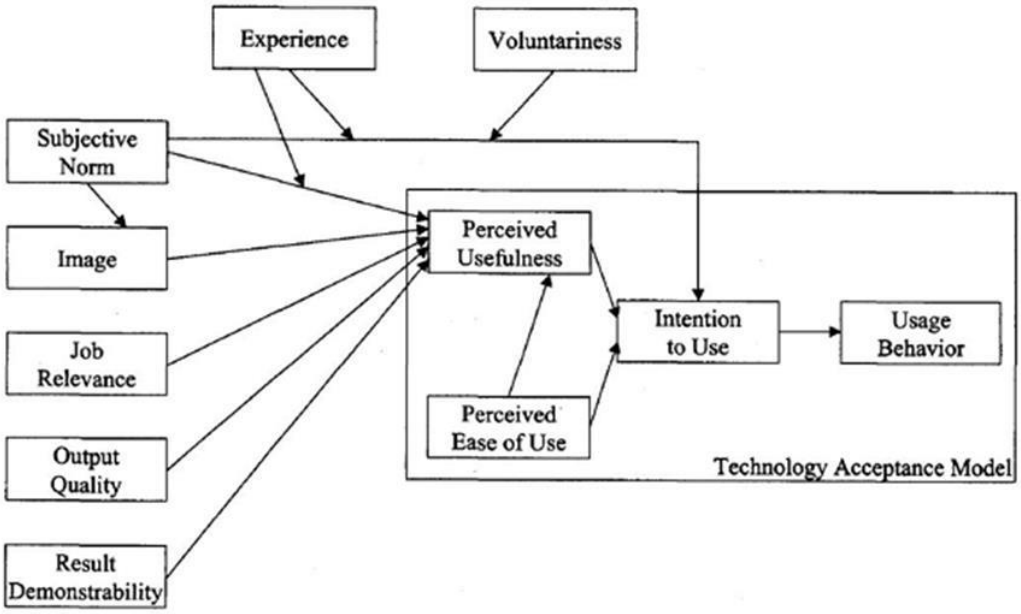

Figure 2.Technology Acceptance Model 2 (TAM2)

4.3. Unified Theory of Acceptance and Use of Technology (UTAUT)

In 2003,Venkatesh et al. added some elements to the Davis' early acceptance of technology that had a major influence on behavioral intention, and finally the use of technology.

Venkatesh and F.D.Davis (2000) developed the initial model of technology acceptance to describe the usefulness perception and intention to use based on cognitive processes and social impacts (Venkatesh and Davis, 2000). According to the conducted studies, four important elements have a considerable impact in behavior acceptance and technology use, including:

1.Performance prediction

2.efforts prediction

3.Social influence

4.Facilitation of conditions

Venkatesh et al. (2003) have refered the performance prediction to the degree that the person believes that using the system will be beneficial in enhancing the perfossional performance. effort prediction also refers to the degree of the ease of working with the system (Venkatesh et al., 2003).

Social influence refers to the condition that the person understands that credible people want him to use a technological system. Facilitating conditions refers to the degree to which a person believes that organizational and technical infrastructures exist to support the use of system.

Unified Theory of Acceptance and Use of Technology, consists of two theoretical mechanisms that can indirectly influence people intention through perceived usefulness on the basis of subjective norm. This theory believes that subjective norms can have a positive impact on people imagination, because when important people in a social group convince someone that he should accept the new technology, users are also going to accept this new technology.

Figure 3 shows the elements of this theory in the form of an integrated model:

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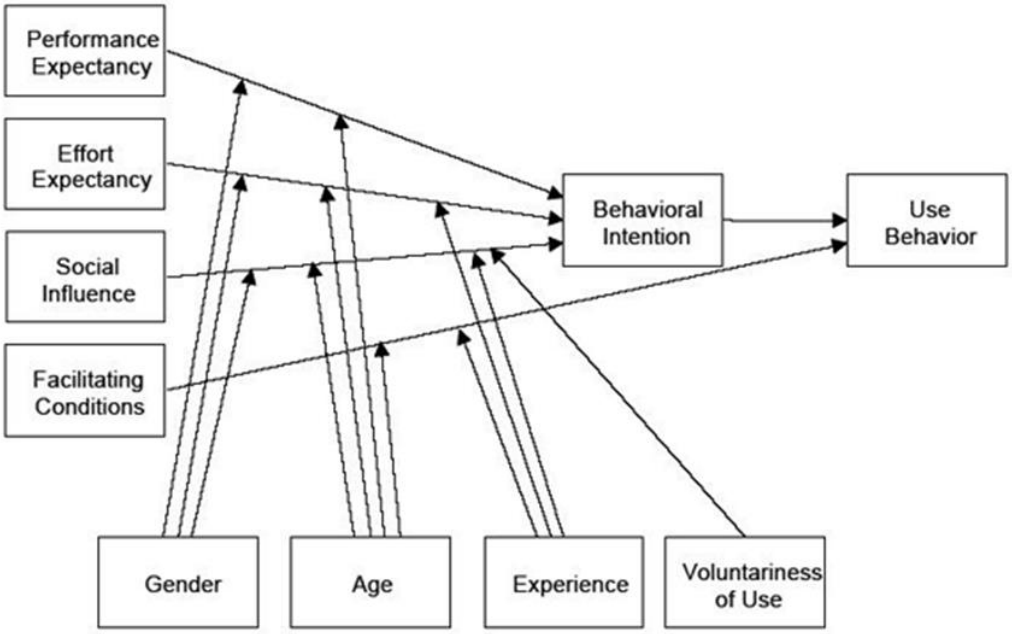

Figure 3. Unified Theory of Acceptance and Use of Technology Model (UTAUT))

4.4. The more developed model of the Technology Acceptance Model (TAM3)

In later years, this model (Technology Acceptance Model 2) by adding indicators that explain perceived ease of use such as reference factors (computer self-efficiency, the perception of external control, computer anxiety and computer recreations) and comparative factors (perceived pleasure and objective usability) explains has been developed (Venkatesh and Bala, 2008).

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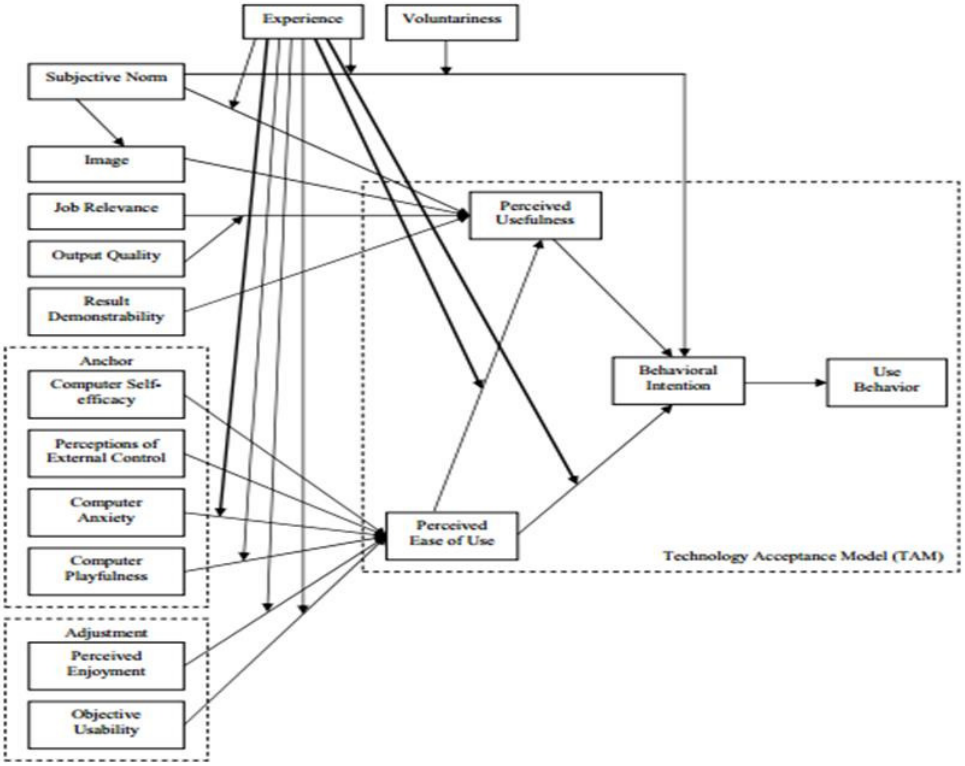

Figure 4.Technology Acceptance Model 3(TAM3)

4.5.The unified theory of acceptance development model and use of technology (UTAUT 2)

Venkatesh et al. (2012) have developed the previous model by adding two-variables model (hedonic incentive added value) that affect behavioral tendency, and a variable (habit) that determines the behavioral tendency and using behavior.

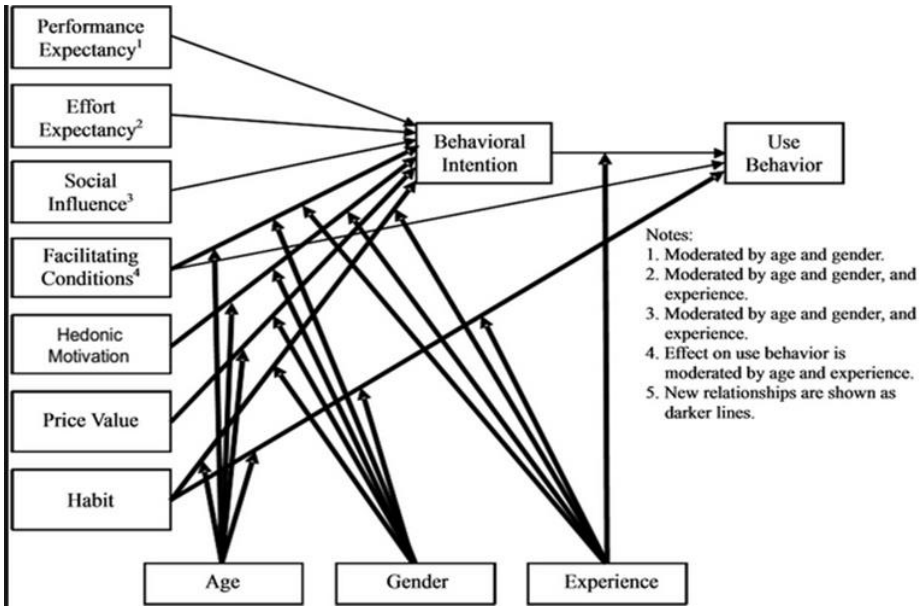

Figure 5.The unified theory of acceptance development model and use of technology (UTAUT 2)

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In addition to these models, there are other models that match previous theories by the SCRM area:

4.6.Organizational readiness assessment model for internet-based customer relationship management system

In 2001, Jutla et al. provided their research in the field of empowerment and organization readiness assessment for internet-based customer relationship management. The centrality of their model was the efficiency of beneficiaries' interactions.

Internet-based customer relationship management framework that they offered to support e-business beneficiaries' model includes the two main aspects: the identification of the components and associated enablers to support Internet-based customer relationship management and criteria and indicators for evaluating the effectiveness of beneficiaries' interactions. Components can include the entire process or tasks within them, infrastructure, technology, organizational culture or people. Enablers include technology, reliability, management and other support components necessary for proper implementation (Jutla et al., 2001).

In the readiness assessment model, Jutla et al. (2001) used criteria for measuring performance changes, costs and effectiveness of business processes for Internet-based customer relationship management. The criteria that were categorized in their research were placed in four groups, customer retention, customer satisfaction, customer acquisition and customer profitability. For presenting its own readiness evaluation model, Jutla divided Internet-based customer relationship management processes into four main components: commitment, buying, serving and support. Each of these components have subsidiary enablers. These enablers represent kinds of technology, knowledge management and reliable enablers. In addition, enablers should integrate with enterprise resource planning, supply chain systems and partner relationship management systems, (Jutla et al., 2001).

4.7. Conceptual model of social networking, Web 2.0 and SCRM

Mohan et al. (2008) have discuss about a conceptual model that has used social networking, web 2.0 and SCRM. In their own research, they have shown that social networking help organizations to increase their customers lifetime and they can find new customers and introduce a conceptual architecture that results from the integration of a CRM system, social network engine and web 2.0. (Mohan et al., 2008).

4.8. Readiness assessment model for organization 2

while referring to the adoption and use of web2.0 technologies in the organization reflects the same sense of organization2, Ramirez-Medina (2009) has pointed out that many organizations are still not ready to become the organization 2. Therefore, they should measure their readiness to take advantage of all the benefits of the organization 2. Thus, in his study, he has provided a system for quantifying of assessing the readiness of the organization 2 and says that this system can be used as guidance for the implementation arrangements of the organization 2. His readiness evaluation system factors have been obtained based on research in the field of assessing the readiness for accepting new technologies in organizations. Thus, factors that he used in his readiness evaluation system include technology readiness factor, organizational culture, environmental factors and technology factors (Ramirez-Medina, 2009).

4.9. The conceptual model for application understanding and accepting SCRM

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TAM is the general base of this model. However, it influences Web 2.0 elements, perceived usefulness variables and perceived ease of use and familiarity, maintenance and sharing of information. Attitude toward using depends on the perceived usefulness and perceived ease of use and perceived reliability (Askool and Nakata, 2010). Askool and Nakata (2010) in their conducted research on the conceptual model of accepting in the field of SCRM have believed that SCRM as an added value tool is used for improving customer communications. They have argued that SCRM is a new paradigm that contribute to the creation of meaningful and valuable communication between the organization and its customers, partners and employees (which leads to a stable and rational interaction between them). Customer orientation plays a key role in the SCRM, which means that organizations should focus on their customers and their relationship with their organization instead of focusing on their products and services. Also, they argue that a SCRM system may include social networking websites, wiki workspaces for faster collaborations and integrated blogs for continuous conversations. SCRM acceptance is closely related to behavioral and social background and diverse research in organizational behavior and social psychology suggest a need to studying the social aspects in accepting ICT. As a result, in accepting SCRM, investing on social networks, customer and staff has a high weight (Askool and Nakata, 2010).

4.10. The conceptual model for engaging customers in SCRM

Like the previous model, this model tries to explain SCRM system acceptance through the use of an adaptive model TAM and drawing user engagements elements as a result of the attitude toward the use defined by traditional definition TAM. Because of user involvement, this model defines the contact data process and finally CRM technology acceptance (Harrigan and Choudhury, 2012).

4.11. The customer acceptance and use of SCRM systems model

This model as a result of previous models is different. Components defined for shaping the behavioral intention to use SCRM in the this model are as follows:

- Perceived usefulness (Davis, 1985; Askool and Nakata, 2010; Harrigan and Choudhury,2012)
- Perceived Ease of Use (Davis, 1985; Askool and Nakata, 2010; Harrigan and Choudhury,2012)
- Perceived reliability capability (Askool and Nakata, 2010)
- social impact (Venkatesh et al., 2003, 2012)
- Hedonic motivation (Venkatesh et al., 2012)
- Habit (Venkatesh et al., 2012)
- And facilitating conditions (Venkatesh et al., 2003, 2012)

This model includes an explanation of the relationship between intentional and behavioral tendency.

5. Components and proposed model for organization readiness assessment for accepting social customer relationship management (SCRM)

According to the literature reviewed regarding the criteria and acceptance readiness components for SCRM, no comprehensive research has been conducted in the this regard, which directly point readiness assessment components in the social customer relationship management acceptance and use them. Therefore, no evaluation model has been presented, and this is because of that the social customer relationship management is a kind of technology information systems that itself spends its primary and

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maturity. Therefore, after studying various sources, in particular, ones related to the evaluation of organizational readiness in accepting information systems and social networks-based systems for using in organizations businesses and the model provided by the mentioned sources, factors affecting organization readiness in SCRM acceptance have been identified and extracted. After identifying components, they were grouped in four main dimensions, under the titles of organizational, technological, environmental and human (individual) categories, which refer to the resources listed in Table 2.

Table 2. components and sub-**components of the** evaluation of organizational readiness for SCRM **acceptance**

Main Factors	Components	References
Organizational factors	Senior management support	Harrigan & Choudhurg,2012;Stone,2009;Baird & Parasnis,2011;King & Burgess,2008;Pan,Ryu and Baik,2007;AH and Puschmann,2004;Almotairi,2008;Arab,Selamat and Zamani,2010;Jiangming and Ruijie,2010;Croteau and Li,2003;Mendoza,et al.,2007;Almotairi,2009
	Customer orientation	Sanaa Askool &Keiichi Nakata,2011
	Plan development for specific organizational change SCRM	Deloitt,2011; Jayachandran et al.,2005;Harrigan,Paul,Ramsey & Ibbotson,2011
	Culture	Rmirez-Medina,2009; Anderson and Kerr,2001;Acker et al.,2011
	Organizational resources (assets, knowledge and business processes enterprise)	Nevo &Wade,2010
Technological factors	Updating company's technology	Rmirez-Medina,2009،Cappuccio et al.,2012
	Investment in information technology	Rmirez-Medina,2009،Cappuccio et al.,2012
Human Factors	human resources readiness for activities on the web 2	Zyl,2009
	The definition of collaborative workflows, activities and social processes	Evans & McKee,2010; Anderson and Kerr,2001
	Rebuilding relationships within the ecosystem created by customers	Evans & McKee,2010; Anderson and Kerr,2001
ment al	Competitors	Rmirez-Medina,2009
	Partners	Rmirez-Medina,2009

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	External pressures and market conditions	Rmirez-Medina,2009
	Customers	Rmirez-Medina,2009

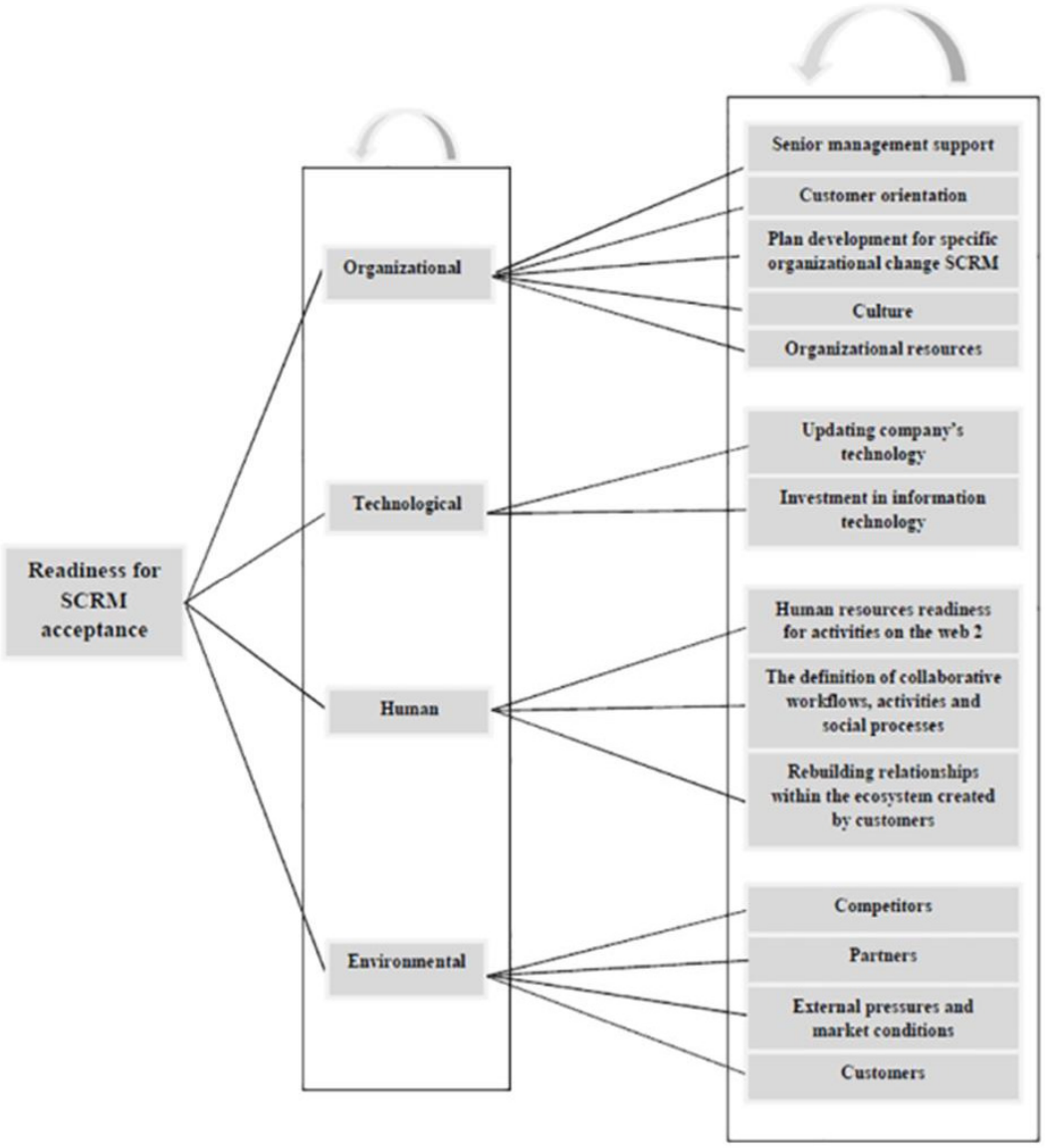

Figure 6. conceptual model

In the continuation, we define main components and their related sub-components:

1.Organizational factors

It is obvious that organizational factors operating are one of the most important factors in the acceptance

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of new technologies in the organizations. All previous similar studies have considered this as the most important ones. Factors such as: senior management support, organizational culture, organizational resources, etc. (Basol, 2005).

- Senior management support: Undoubtedly, involving and getting the support of senior management in any organization has a very special role in accepting organizational innovation, particularly technological innovation which follows many challenges in all parts of the organization (Jarvenpa, 1991). This concept exist in the vast majority of models and patterns, which suggests the importance of addressing it.
- Being customer-centric: Being customer-centric can be considered as the main rule in SCRM, which means that organizations need to focus more on customers and their relations with them instead of products and services (Greenberg, 2004).
- Plan development for specific organizational change SCRM: It is necessary to develop a plan for changes that SCRM will create within the organization using diagnostic methods for the different elements. The organization must have the ability and capacity to manage the process of change in posture so that it will bring the best results. For evaluating this problem , your organization must examine its recent experience in the planning and implementation of internal changes in response to external pressures or opportunities.
- Culture: Having the appropriate culture is considered as a necessary principle for applying Web 2.0 technologies in the organization. Changes in the organization caused severe resistance against it. Organizational culture has a major impact on the attitude of people in applying Web 2.0 technologies in the organization (Croteau and Li, 2003).
- Organizational resources (assets, knowledge, and business processes enterprise): Organization resources include all assets, capabilities, processes, characteristics, knowledge, information, and other things that are in the control of the organization and help the organization to identify and implement of strategies for improving the efficacy more effectively (Barney, 1991).

2. Technological factors

Although we should not purely view technological approach to CRM, but we need to know that information technology plays an important role in the success of CRM projects. The complexity of CRM technologies has a direct contact with the advanced level of the organization (Alt and Puschmann, 2004). Successful accept and implement of Social CRM requires the application of various technologies in the organization. Thus, use of these factors, the current status of organizational technologies are examined to determine the organization's current readiness.

- Updating organization’s technology: Organizations should use Web 2.0 technology and this technology must be integrated with business processes (Croteau and Li, 2003). Organizations also should increase processes changes ability to achieve their expected recovery (King and Burgess,

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2008). The issue of security is also one of the key issues in this area. It is clear that security threats change with the advancement of information technology and information technology. In addition, data exchange platforms are updated and thus considerations and security policies should also be updated. Security equipment, as well as other equipment require review and update.

- Investment in information technology: Investment in information technology is one of the issues raised in all organizations today. In many cases, investment in this area saves a lot of costs and in the other cases of productivity, it did not upgraded in accordance with the investment. Therefore, organizations should choose tools that support their organization SCRM strategy.

3. Human factors

Outlook, main, and basic purpose of accepting any organizational technology are end users, who use it. For this reason, the human factor plays an important role in understanding the acceptance and implementation of technology.

- The preparation of human resources for acting on the web 2.0: Employees play a key role in the success of CRM projects. All employees must be motivated to participate in implementation of the system and they should have necessary motivation to learn new structures and systems and training programs (Chalmeta, 2006; Almotairi, 2009; Arab et al., 2010).
- The definition of collaborative workflows, activities and social processes: Defining social processes and interactive workflows is necessary. For this purpose, interactive and communicative requirements of the business processes must be identified and assessed. For each of the processes under consideration, it is necessary to determine interactive tools that assign to that process and roles assigned based on people skills and process components should be defined (Anderson and Kerr, 2001).
- Rebuilding relationships within the ecosystem created by customers: The development of social media led to a cultural change in the way people communicate, but more importantly, it leads to an increase of customers' expectations. In order to meet these expectations, this cultural change must be integrated into the strategy core. Moreover, organizations should play an active role in dialogue network of social media.

4. Environmental factors

One category of acceptance that is often overlooked is and is not ignored is factors depending on the environment. These factors include external pressures and market conditions, customers, partners and competitors (Ramirez-Medina, 2009).

- External pressures and market conditions: One of the things that is ignored usually in organizational readiness assessment criteria, but has a special role in the acceptance of new technologies by organizations is the conditions and the effects of the market. In fact, the

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relationship between the organization with the market and market relationship with the organization is a question that arises here.

- Customers: Appropriate acceptance of innovations can improve the performance of the organization and finally leads to competitive advantage. Meanwhile, the client also is known as a key factor in determining the success or failure of the business.
- Competitors: Organizations are affected by external factors such as competitors, industries, suppliers of goods or services and corporate contractors, and other IT products vendors. The effect force them to adapt, compromise and accept them, or force them to prepare for the acceptance of using new technologies.
- Partners: One of the environmental factors that influence organizations' decision-makings in the acceptance of information technology is the impact of business partners in the chain. Pressure from the partners in the supply chain can affect the acceptance of information technology.

6. Conclusions

Considering changes in four areas of human, market conditions, technology and marketing functions, better and more accurate management of the organization applicants has more importance than before. Meanwhile, the developments taking place in people forced organizations to appeal for CRM, its principles and functions as far as the concept of social management of communications with customers was an appropriate response to the challenge. As mentioned in the literature review, attempts to provide a model for organizations assessment for evaluating SCRM readiness is provided. In this research, based on the proposed models, a model for organizations assessment for evaluating SCRM readiness was provided. As noted, this model addressed the confusion organizations experience now, whether they are in the situation that use this technology or not and if it is used, they will able to exploit it efficiently or not.

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THE STOCK MARKET REACTION TO EXTREME EVENTS: THE EVIDENCE FROM PAKISTAN

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Abstract

The market prices reflect all available information and expectation, and that any new information is properly incorporated into prices without any delay. Sharp fall of security prices during the turbulent times is a very unique opportunity for testing validity of EMH. Unexpected events can put more stress on the financial market, and market participants may lose their ability to asses rationally the valuation implications of event. On Thursday, December 27, 2007 just ahead of January 8 elections, sent shock waves through international markets on worries that global instability may follow. The assassination of Pakistani opposition leader Benazir Bhutto and lingering worries about the outlook for the Pakistani economy. This paper investigates the pricing behavior of the Pakistani stock market (KSE-100) in case this major extreme event that had strong economic implication for market participants. In response to unfavorable extreme events, stock prices are expected to behave differently in the efficient market since new information will have different economic impact on individual firms. The empirical results generally show that at the first trading day after the assassination of Benazir Bhutto, historical estimation of betas was highly significant exploratory variables. Also, there is no clear sign for under reaction or overreaction of investors.

Key words: Efficient Market Hypothesis, Karachi Stock Exchange, Market Return, Systematic Risk.

1.1 Introduction

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Benazir Bhutto's death on Thursday, December 27, 2007 just ahead of January 8 elections, sent shock waves through international markets on worries that global instability may follow. The assassination of Pakistani opposition leader Benazir Bhutto and lingering worries about the outlook for the Pakistani economy. The main index on the New York Stock Exchange fell 192 points or 1.4% while prices of government bonds rose. There are concerns that the economy of Pakistan could be unsettled by the assassination, and that the problems may spread to other nations. The Karachi Stock Exchange has been closed for three days of mourning.

It has been a strong few years for the key Karachi Stock Exchange index, the KSE100. When there was a failed attack on Ms Bhutto in October, the market initially fell but recovered to end the day higher. Similarly, when a state of emergency was declared on 3 November, the market fell about 10%, but then regained most of its losses.



A large body of empirical literature suggests that stock prices are highly and instantaneously reactive to such unanticipated events occurring. The stock prices reflect investors' expectations about the future returns, and taken as aggregate stock price movement can generate a tidal wave of activity. These events can have serious implications for stocks and bonds because of their liquidity. The decisions made by investors to buy and sell can quickly, easily and inexpensively reversed. When information becomes available about such a event, investors often flee the market in search of safe financial instruments and panic is created. This initial panic has potential to turn into chaos and a long term bear market, or it can be reversed if investors' hopes returns.

The information of major events takes no time to impact the stock prices. The importance of particular events and their effect on the stock market has been a subject of study in finance literature since long. Such studies attempt to assess the extent to which stock markets' performance stray's from the normal around the time of the occurrence of the events The most successful application of event studies has been

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in the area of corporate finance. Some examples The stock market crash in the USA of October 1987 and related crash in the Far East later in January 1998 have led to several studies of these events [Jung, *et al.* (1992) and Claessens, *et al.* (2002)]. These studies emphasize the need for research to explore what fundamental factors trigger the large decline and the institutional and structural factors that are inherent in the trading strategies of investors.

The volatility caused by an unexpected event has been largely observed in almost all of the stock exchanges in the world. That is, the volatility caused by an event has a much longer life than the event itself. It is surprising that the analysis impact of events on stock market in Pakistan has taken an important position in research. The objective of present study is to analyze the impact of the assassination of Pakistani opposition leader Benazir Bhutto on the stock market behavior in Pakistan. An attempt is made to examine the price discovery process of the Karachi Stock Market after the assassination of Pakistani opposition leader Benazir Bhutto in Pakistan. The remainder of this paper is organized as follow. Section II reviews the literature related to financial market's reaction to extreme and unexpected events. Section III provides a brief description of event and presents sample data. Section IV presents methodology and empirical results and is followed by conclusion.

2.0 Overview of the Market

It is interesting to present a brief overview of the market for the sample period Jan 2007 to Jan 2008. The Karachi Stock Exchange (KSE) came into existence on September 18, 1948. Though two other stock exchanges were latter established in the country, in Lahore and Islamabad in 1970 and 1992 respectively, the KSE remains the main centre of activity where 75 to 80 percent of current trading takes place. It gained momentum in 1960 and made significant progress in listings and capitalization. However it lost momentum in 1970 due to political unrest and then nationalization polices adopted by the

government. The policy of greater reliance on private enterprise restored the market sentiment in 1980s. The market, however actually regained its momentum in early 1990 when it was opened to international investors. This put a new life in the market giving rise to an unpresidential bullish trend. The size and

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depth of the market was also improved. In terms of its performance the market has been ranked third among emerging markets. Unfortunately the market could not maintain its performance in latter years because of political and economic instability. The KSE depicted handsome improvement when the previous government assumed office in February 1997. Due to some extraneous factors, where the government has no control, like sharp fall in far Eastern capital markets and heavy drop in the value of these currencies, the international fund manager started to off load their holdings in the region. The shock wave emitted by the market badly affected our stock market as well. The selling pressure of the foreign fund managers resulted in the fall of KSE-100 index which came down to 1746.31 points on January 1, 1998 due to unremitting selling pressure further declined to 1609.16 points on January 28, 1998. During 2000 to 2001, Security and Exchange Commission of Pakistan

(SECP) implemented various laws and orders to improve the performance of the stock exchanges and to bring their operations in line with the best international practices. The Code of corporate governance was introduced in 2002 and SECP continued to improve the regulatory framework of capital markets during 2003. In addition to the earlier reforms in the areas of rationalization of trading practices, risk management and enhancement of corporate governance, some other reforms are the Carry-Over Trade (COT) system is rationalized.

With respect to the performance of the equity markets, the extended rally at the KSE which started in 2003, accelerated in 2005. This is particularly true especially from December 2004 to mid-March 2005, when the KSE index shows an unprecedented sharp growth and touched a record high level of 10,303 points. However, only a part of this improvement can be supported by the improvement in economic fundamentals. The factors like withdrawal of funds by COT financiers, the lock-in effects of circuit breakers, excessive buying in the ready market and selling in the futures market by certain operators, contributed significantly to the mid-March 2005 market decline. The stock market turned bearish since March 16, 2005 and the KSE 100 index dropped to as low as 6939 as on April 12, 2005 from its peak of 10,303 on 15th March 2005 showing a decline of 32.7 percent. Such a sharp rise in index and a

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subsequent steep decline represented abnormal and unhealthy movements in the equity market. Notwithstanding sharp fall there were no broker defaults in the stock market and also market was not closed or suspended, as had been the case in some previous market falls. The market was already in the bearish phase when the earthquake of October 8 struck the northern area of Pakistan and Azad Jammu and Kashmir. Overall market did not show much impact, the KSE 100 dropped down from 8542 to 8520 points and this declining trend continued until October 31 when the KSE 100 index was lowest 8247 in this month.

Since November 2005 KSE 100 index have shown constant rise and in 2006 continue to maintain its rising trend. This bull-run continued with one sharp and short lived correction in early March when the index plunged about 14 percent in a week only to recover the very next week. The KSE-100 Index crossed the barrier of 12000 points for the first time in the capital market and touched an all time high on April 13, 2006. The KSE-100 index made further inroad and reached 12274 points on April 17, 2006 showing a growth of 64.7 percent over June 2005. The KSE index was 10058 on December 28, 2006 with market capitalisation of 2738.0 billion rupees. Then again reached on 14000 points on July 09, 2007. Due the death of Benazir it was 14772 points high but next day it decreased by 694.92 points and start decreasing for some time, then on Feb 26, 2008 it crossed the barrier of 15000 points in its history.

3.0 Literature Review

Unexpected events can create more stress in the market, and market participants may lose their ability to asses rationally the valuation implications of such an event. In this direction, a number of papers have examined the security price behavior when uncertainty in financial market increases after dramatic events.

Feinberg and Tokic (2002) studied two extreme single-day declines in stock prices due to the Asian crisis on September 1, 1998 and on September 11, 2001. Using the 30-stock DJIA data, they showed that on

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both dates, stocks with higher betas decreased relatively more in a single day than stocks with lower betas. Similarly, stocks with higher betas were found to increase relatively more in a single-rise in the stock market than stocks with lower betas.Angbazo (1996) examined the impact of Hurricane Andrew and a subsequent change in the regulatory environment on the stock prices of 48 publicly-traded property-liability insurers. He found that Andrew and the related regulations had industry-wide contagion effect since they significantly affected most insurers, regardless of whether these firms had any loss exposure in the hurricane-affected places.

Based on the fact that Real Estate Trusts (REITs) are low risk/low return investment vehicles, Glascock, Michayluk, and Neuhauser (2004) tested the riskiness of REITs during the stock market decline of October 1997. They found that the decline in REITs stock values is about one-half as large as the decline of non-REIT stock. Their findings about REIT stocks are consistent with EMH. Lasfer, Melnik and Thomas (2001) analyzed to document stock price behavior in the period following sharp price changes. They focused on price behavior using daily market indexes from 40 stock exchanges over the period 1989 to 1997. Their results were not consistent with the over-reaction hypothesis. They found positive (negative) abnormal price performance in the short-term windows (up to 10 days) following positive (negative) price shocks and found that the incidence of price shocks in both developed and emerging markets are not year- or month-dependent.

Hill and Schneeweis (1983) examined the effect on the stock return of public utility firms of Three Mile Island nuclear accident. Their study indicates that the impact of the accident on non-nuclear firms was less than that on nuclear based utilities.Attiya , Ayaz (1999) studied the effects of nuclear experiment in India on 11 May 1998, shortly followed by the one in Pakistan, on the activities at the KSE. The three indicators of stock market activities considered were average return, volume and volatility. Using the daily data of KSE they applied the ARCH model to find the impact. Their results showed that the nuclear detonation by India had significant adverse effects on the daily rate of return at the KSE, while trading

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volume and the level of volatility increased. The event of nuclear detonation by Pakistan, on the other hand, did not have any significant effect on the average rate of return but resulted in an increase in volatility and trade volume.

Kalra, Henderson, and Raines (1993) investigated the market reaction in U.S. to the Chernobyl nuclear accident. According to this study, utility investors correctly interpreted that Chernobyl marked the start of a new era for nuclear power in U.S. and the stock market quickly recognized the consequences for utility stocks.

Shelor, Anderson, and Cross (1990) examined the effect of California earthquake on the stock value of firms in the real estate industry. The findings showed that the earthquake transmits important new information to the market that was reflected in statistically significant negative stock returns among those firms operating in the area hit by the earthquake. Real estate-related firms operating in other areas were generally unaffected by the earthquake.

Using analyst estimates of political risk, Diamonte, Liew, and Stevens (1996) concluded that average returns in emerging markets experiencing decreased political risk exceed those of emerging markets experiencing increased political risk by approximately 11%. Furthermore, findings showed that the difference of the impact of political risk in emerging and developed markets is statistically significant.

Rabbani and Anantharaman (2002) analyze the effect of political events on the stock prices of some select emerging stock market indices. They attempted to test hypothesis for some of the emerging markets where political uncertainties are more common. Their results showed that the financial markets do not ignore important political events. Stock market prices reacted properly only to those events that seem to have some long-term effects.Bilson, Brailsford, and Hooper (2002) presented evidence that political risk may be able to explain some of the variation in emerging stock market returns at both country and aggregate portfolio levels. Their findings reveal that political risk is important in explaining return

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variation in individual emerging markets, particularly in the Pacific Basin, but not in developed markets.

Dar, Feng, and Chun (2005) investigated the possible impact of political events on Taiwan's stock market prices. They found that price reactions to most of political events are rather insignificant, implying those events be largely uninformative with only a few exceptions. Abnormal return behaviors are also frequently comparable between firms with small and large foreign institutional ownership.

4.0 A Brief Description of Event and Data

Before the assassination of Benazir Bhutto the stock market was going up just ahead of January 8 elections, and there were the signs of political and economical stability of Pakistan. At the first trading day (December 31, 2007) the KSE-100 index was dropped down by 694.92 points. To examine whether KSE-100 Market efficiently assessed the valuation implications of events on December 31, 2007 after the assassination of Benazir Bhutto, Daily Prices for 50 stocks listed in KSE-100 index as of December 2007 were obtained from the Fnetrade.com Data Base (www.fnetrade.com) and KSE website over the period of 16.01.2007- 07.01.2008. Stocks in the KSE-100 index were chosen in order to create a sample of stocks for which market displays the greatest breadth and depth. I have excluded the financial sector.

4.1 Methodology:

Daily returns are calculated as logarithmic differences of daily closing prices.

Computation of daily returns

The daily share price returns on the KSE indices were computed using the first differences of the logarithmic price index. Daily returns on the index are computed applying the following formulae.

$$R_t = [\ \ln (P_t/P_{t-1})] \qquad (1)$$

Where, Rt is the daily mean return percent from the index, P is the price index, t and t-1 represent the current and immediate preceding days.

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Market participant should recognize the different implications of new information on stock prices. In terms of systemic negative news like the assassination of Benazir Bhutto, market should incorporate this new information into prices by differing systematic risk of each stock. To test the hypothesis that percentage drop in individual stock prices should be related to systematic risk of each stock, we estimated betas of each stock by using the market model. Based on 60, 120, and 240 daily observations, the market model is used as following ordinary least square regression form in estimation of betas.

$$\mathbf{R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it}} \qquad \mathbf{(2)}$$

where:

$\mathbf{R_{it}}$ =Daily returns to stock *i* calculated over period *t*

$\mathbf{R_{mt}}$ =Daily returns to the market index calculated over period *t*

$\boldsymbol{\alpha_i}$ =The intercept

$\boldsymbol{\beta_i}$ =Systematic risk of stock *i*

$\boldsymbol{\varepsilon_{it}}$ =A zero mean random disturbance term

t = 60 days, 120 days, and 240 days

To examine the relative reaction of stock prices at the first trading day after assassination of Benazir Bhutto, three regression models are run by using different historical estimation of betas as exploratory variables. The results of three separate regression models are summarized in Table 1.

Table 1: Regression Results of Monday Individual Stock Return on Historical Beta Estimation Periods (60 days, 120 days, 240 days)

	Model I(60)	Model II (120)	Model III (240)
α	-0.060722	-0.07146	-0.0456
t statistic	-3.38479	-3.78086	-2.2171
β	-0.07093	-0.06457	-0.07571
R^2	0.255279	0.268573	0.3641
Adjusted R^2	0.234118	-0.27469	0.356126
F Statistic	17.555327	15.520	27.35875

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Table 2: Abnormal Returns of Portfolio A and Portfolio B after the Event

Panel A: Based on Market Model Estimation on 60-day Data					
	First trading day after event	**Subsequent Dates (Market direction for each day was up)**			
	31.12.2007	01.12.2007	02.01.2008	03.01.2008	04.01.2008
Portfolio A	0.815946	0.715436	0.673494	0.587643	0.476432
Portfolio B	-1.21356	-1.34567	-1.432178	-1.51678	-1.65438
Mean A- Mean B	2.02951	2.062136	2.105672	2.104423	2.130812
t-stat	-10.187	1.324	0.342	1.950	1.450
Panel B: Based on Market Model Estimation on 120-day Data					
	First trading day after event	**Subsequent Dates (Market direction for each day was up)**			
	31.12.2007	01.12.2007	02.01.2008	03.01.2008	04.01.2008
Portfolio A	0.852385	0.795461	0.685472	0.594653	0.476984
Portfolio B	-1.21700	-1.324537	-1.456432	-1.578456	-1.632678
Mean A- Mean B	2.00700	2.00299	2.141904	2.1717310	2.093105
t-stat	-11.895	0.845	-1.76	1.687	0.029
Panel C: Based on Market Model Estimation on 240-day Data					
	First trading day after event	**Subsequent Dates (Market direction for each day was up)**			
	31.12.2007	01.12.2007	02.01.2008	03.01.2008	04.01.2008
Portfolio A	0.89506	0. 768453	0.695643	0.585943	0.4965472
Portfolio B	-1.2144	-1.324652	-1.416743	-1.543879	-1.657439
Mean A- Mean B	1.2144	2.093105	2.112386	2.04331	2.153986
t-stat	-8.467	0.567	-1.15	1.312	0.0195

The results of all three regression models suggest that historically estimated systematic risks of stocks have statistically significant explanatory power for the percentage decline of stock prices on the day of sharp market fall, regardless of time periods over which historical betas are estimated. Negative slope coefficients of regression models are all statistically significant and vary from -0.060722 to -0.0456. Negative slope coefficients as expected in case of market efficiency indicate that stocks with higher betas

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decrease more than stocks with lower betas. Therefore, these findings confirm that stock market investors are able to reflect rationally different systematic risk characteristics of stocks on December 31, 2007. Although the results presented in Table 1 suggest that market behavior is rational in reflecting previous information about economic value of securities, it can be said that stock prices are overreact or underreact to new coming information. If this argument is correct, then predictable market adjustments are expected after the first trading day of event. To examine whether expected changes in value of stocks are less or more than true economic value, abnormal returns for each stock on the first day of event were estimated by following formula,

$$\mathbf{AR = Ri - (\alpha_i + \beta_i R_m)} \quad \mathbf{(2)}$$

Where:

Ri = Daily returns to stock *i* on the first trading day of event

$\mathbf{R_m}$ Daily returns to the market index on the first trading day of event

$\boldsymbol{\alpha_i}$ The market model intercept estimated over period

$\boldsymbol{\beta_{i=}}$ Systematic risk of stock calculated over period *t*

t = 60 days, 120 days, and 240 days

Then Stocks were ranked by their abnormal returns on the first trading day after the event. Portfolio A includes first 24 stocks having lower abnormal returns and Portfolio B consists of remainder 24 stocks with higher abnormal returns on the first day of events. Using formula 2, the abnormal returns for each stock were then calculated for four subsequent days of week over which market direction was up.

To test whether there were any predictable patterns of abnormal returns for portfolios after the first trading days, the abnormal returns of portfolios are compared by using t test. Table 2 reports test results and means of portfolios. The difference between abnormal returns of Portfolio A and that of Portfolio B constructed by stocks which were ranked according to the magnitude of abnormal returns on the first

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trading day is statistically significant to test whether there were any market adjustments over the subsequent days of week. Evidence shown in Table 2 indicates that generally there is no strong sign for underreaction or overreaction of investors after the assassination of Pakistani opposition leader Benazir Bhutto.

5.0 Conclusion

According to Efficient Market Hypothesis (EMH) market prices reflect all available information and expectations, and that any new information is properly incorporated into prices without any delay. Sharp fall of security prices during the turbulent times is a very unique opportunity for testing validity of EMH. Unexpected events can create more stress in the market, and market participants may lose their ability to asses rationally the valuation implications of events. On December 31,2007 Benazir Bhutto's death on just ahead of January 8 elections, sent shock waves through international markets on worries that global instability may follow. The assassination of Pakistani opposition leader Benazir Bhutto and lingering worries about the outlook for the Pakistani economy. This paper examines the pricing behavior of the KSE100 Index after the assassination of Pakistani opposition leader Benazir Bhutto in Pakistan. The empirical results generally show that at the first trading day after the assassination of Benazir Bhutto, historical estimation of betas was highly significant exploratory variables. Also, there is no clear sign for under reaction or overreaction of investors.

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ANALYSIS OF THE EMERGENT ISSUES IN INTERNET BANKING ADOPTION IN NIGERIA

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Abstract

This paper dwelt on the emergent issues of Internet banking services in Nigeria with emphasis on factors affecting the usage and non-usage of the service. The aim is to explore the reasons for the non adoption of internet banking services in Nigeria despite the numerous advantages as can be seen from other countries. The theoretical model utilised was TAM, a model which have been used to explain consumers' intention to use a technology. Subjects for the study were bank staff, bank customers and students. The study found all the beliefs especially security, were found to be a significant factor affecting the adoption of internet banking services in Nigeria. The deduction from the findings was that for internet banking to assume a developmental dimension in Nigeria and for the country to be fully integrated and respected in the global financial environment, the prevalent level of frauds in Nigeria (and among Nigerians) must be addressed. In addition, the government, and all stakeholders must get the relevant internet security laws in place and in consonance with international laws and conventions; provide adequate infrastructures, get the citizens well educated on the intricacies of internet usage and frauds, as well as the regulatory implications of wrong/fraudulent uses of the Internet; ensure adequate interface and collaborations between Nigerian law enforcement agents and the various international agencies that are presently pursuing the course for safe Internet community.

Key words:

1.0 Introduction

The Internet is a global collection of millions of interconnected computer networks that enable commercial

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organizations, educational institutions, government agencies, and individuals to communicate electronically, access and share information, and conduct business. The Internet has in all ramifications, and forever, changed the way business is conducted. The technology shrinks space and time by making business transactions available around the solar clock (Amor, 2000). The internet and the World Wide Web (www) has now become a major channel and are the most widely used information system ever. However, advances in the information and communication technologies in particular, and also the growing use of the internet for business transactions, have had a profound effect on the banking industry in particular. This is a global phenomenon, which has created a truly global marketplace, but the penetration of internet banking into less developed countries like Nigeria lags behind that of the developed Western countries. In the developing economies, education and infrastructure are obvious factors in the slow adoption of technologies; there are probably other issues like security and trust that plays a vital role. On the other hand, all the banks in Nigeria have adopted Internet banking to meet stakeholders demand and stay competitive. But since, the 1990s the financial services sector has undergone a revolution in their traditional markets, which has been largely driven by the challenges of globalization, consolidation, new competition and e-Commerce developments (Tan & Teo, 2000). This study reports findings of qualitative research into the adoption of internet banking services in Nigeria, the most populous black nation in the world, and proposes factors that if adopted and implemented by practitioners (bank managers) and policy makers could assist in addressing the adoption and usage of the internet banking technology by bank customers.

1.1 Overview of internet banking

Online banking is defined as a channel in the delivery of banking products and services (Starita, 1999). Online banking allows people access to some or all of their accounts through a secure bank-created website. Depending on the services chosen, a customer may simply be able to view the day-to-day activity of every account they have with a bank. Another convenience of this service is that it lets customers transfer funds. Currently, many online financial institutions allow their customers to pay their bills online. To sign up, one needs to visit a local bank branch and complete necessary paperwork. At this point, they will receive a user ID and a pin number, which will allow access to the bank's website, (Ndubisi & Sinti, 2006).

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Although the benefits of online banking are undeniably high, there are some inconveniences and concerns. Many people have difficulty relying on the security of online transactions, fearing the very real possibility of identity theft. Clearly, the choice of whether or not to use the internet banking services (bank online) depends on various factors and as much as the bank customers can see the benefits, they may be unwilling if they do not trust or have much experience with the internet.

1.1.1 Advantages of Internet banking

Internet banking offers certain advantages over the traditional banking methods. Some of these advantages are as follows, (Amor, 2000, Longe & Chiemeke2007, Starita, 1999):

- Safety – Reduces the need to carry large amounts of cash
- Time saving – A customer can bank without physically visiting a branch.
- Security – Customers can choose their own PIN, preventing unauthorized access to their accounts.
- Accessibility – Services are available seven days a week, twenty-four hours a day, and even holidays, customers can bank from anywhere in the world (as long as they have access to a computer and the Internet)
- Convenience – Accounts can be checked, bills can be paid and funds can be transferred without queuing or writing out cheques.
- Internet banking also reduces man power. Few years back; banks employ several clerks and cashiers for their banking business. But internet banking has become so useful that it can deal with thousands of customers at the same time; making it is cost effective. There is no need to have many workers in banks anymore as everything is available online and this has reduced the work of man power drastically.
- Great expenditure on paper slips, cheque books, stationary, electricity and physical structures (buildings) have all gone down and profit margin of the banks are up, (Gavin, 2006).

1.1.2 Disadvantages of Internet banking

Internet banking also has several disadvantages these include:

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- Cash availability - Currently, a customer cannot make deposits or withdrawals when using Internet banking.
- Security – This can also be a disadvantage as there is the threat from computer hackers and fraudsters.

1.2 Background of the study

The 1990s and indeed the new millennium brought with them a massive wave of changes with respect to customer's needs, demands and expectation. Presently, customers and stakeholders are not looking for good quality – they want perfection. To them:

- quality is doing the job right every time
- perfection is doing the right job right every time

Businesses of all shapes and sizes today are faced with a new more demanding environment with new types of customers. As Bert Staniar, Chairman of Westinghouse Broadcasting House puts it:

> *''Today's customer is smarter, tougher and less forgiving than ever before. Today the customer comes pre-wired to be cynical, disloyal and just plain ornery. They have been taught to demand quality, service and greatness. They hears the words over and over again everywhere and they have come to see it as their birth right".*

These are new breeds of customers – one that evaluates their total interface with the organization, not just the product or services they receive. These customers are concerned about how the sales person reacts, how products are packaged, how advertisements are carried out, how quickly the company responds to issues, articles published about the company, how the billings are done, how the repair people communicate with them, the way the delivery people dresses and the political position the organization takes. Customer's perception of organizations drives their buying habits.

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This study investigates the adoption of Internet banking services in Nigeria. In recent years, most Nigerian banks have adopted the internet banking technology not only to sell products and deliver information, but also to provide their services to businesses and individual customers, (Pavlou, 2003). To do this, applications within banks that provided online services were integrated with the existing enterprise information systems to offer new business functions. In this case, "information technology (IT) was defined as a bank's total investment in computing and communications technology." It included hardware, software, telecommunications, the website, and many devices for collecting and representing data, (Gavin, 2006). IT enabled banks to provide online services that are available, scalable, and easily accessible in a dynamic environment. Most Nigerian bank websites currently interact with other application servers in different computing environments – i.e. in different states of the federation, where the banks have branches - to deliver online services to customers. The internet therefore serves as a hyperlink or interconnection of different computer systems via telecommunication capabilities.

However, banking generally has always been a highly information intensive activity that relies heavily on information technology (IT) to acquire, process, and deliver the information to all relevant users. Not only is IT critical in the processing of information, it provides a way for the banks to differentiate their products and services. Nigerian banks now find that they have to constantly innovate and update to retain their demanding and discerning customers and to provide convenient, reliable, and expedient services which the customers expect.

Driven by the challenge to expand and capture a larger share of the banking market, some Nigerian banks have invested in more bricks and mortar to enlarge their geographical and market coverage. Others have considered a more revolutionary approach to deliver their banking services via a new medium: the internet – unfortunately, due to the high level of poverty, poor infrastructural facilities – the internet acceptance is very low. However, since the introduction of the internet in then western countries, it has evolved from the sole domain of the computer nerd and the academic to mainstream channel of communication (Pikkarainen, *et al*, 2004). Recently, it has been rapidly gaining popularity as the potential medium for electronic banking. Unfortunately, the rapid growth of the Internet has presented a new host of opportunities as well as threats to business. Today, the internet has become a

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full-fledged delivery and distribution channel among consumer-oriented applications and riding at the forefront of this evolution is electronic financial products and services.

With the rapid diffusion of Internet, banking in cyberspace is fast becoming an alternative channel to provide banking services and products. The Internet is now being considered as a strategic weapon and will revolutionalize the way banks operate, deliver, and compete against one another, especially when competitive advantages of traditional branch network are eroding rapidly (Gavin, 2006). As *''Business Week"* noted, ''Banking is essential to a modern economy, banks are not'' (quoted in Financial Times, 1996). This statement is supported by various researches that claims the internet poses a very serious threat to both the customer base of the traditional banking oligopoly and its profits. Their belief is that the Internet promises a revolution in retail banking of monumental proportions. High Street or brick and mortar banks as we know them may largely disappear.

Indeed, the emergence of internet banking has prompted many banks to rethink their IT strategies in order to stay competitive. Customers today are demanding much from banking services. They want new levels of convenience and flexibility (Tan & Teo, 2000)) on top of powerful and easy to use financial management tools and products and services that traditional retail banking could not offer. Internet banking has allowed banks and financial institutions to provide these services by exploiting extensive public network infrastructures (Ezeoha, 2005). Despite the many potential benefits, many teething problems will need to be addressed before Internet banking can become widely adopted especially in Nigeria. It is believed that, in the future, Internet banking will recede in importance as a strategic application to become a competitive necessity that must be adopted by most if not all banking and financial institutions.

1.3 Statement of the problem

According to (Ndubuisi, *et al,* 2004), the convenience of being able to access accounts at any time, as well as the ability to perform transactions without visiting a local branch, draws many customers to sign up for internet banking services. It seems like an obvious choice to leave the hassles of traditional money management behind in

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exchange for this high-tech alternative. However, there are potential problems associated with banking over the internet of which many customers have come to realise. It has become necessary for customers to weigh the advantages and disadvantages of online banking before signing up.

Traditional branch-based retail banking remains the most widespread method for conducting banking transactions in Nigeria as well as many other African countries, (Ezeoha, 2005). However, Internet technology is rapidly changing the way personal financial services are being designed and delivered. Now all commercial banks in Nigeria have adopted the internet banking technology to improve their operations and reduce costs. Despite all their efforts aimed at developing better and easier Internet banking systems, these remained largely unnoticed by the customers, and certainly were seriously underused in spite of their availability. Therefore, there is need to understand users' perception and fears about Internet banking services, and the need to identify other factors that can affect their intention to use the Internet banking services. This issue is important because the answer holds the clue that will help the Nigerian banking industry to formulate their marketing strategies to promote new forms of Internet banking systems in the future.

Moreover, previous researches in Internet banking from the Euro-centric angle, has pointed out that customer's acceptance of the technology is the key in the future development of internet banking and called for further research that facilitate a comprehensive understanding of this customer-based electronic revolution (Ezeoha, (2005). It has become crucial for the banks to understand who specifically is adopting and utilizing this new commercial technology and why (Gavin, 2006). An understanding of important user characteristics and the interactions of these characteristics with internet banking procedures will help the banks to predict the users of the new technology. Theoretically sound and empirically tested models can assist banks and their managers, policy makers, ISP providers and researchers as they strive to understand which customers will accept and use the technology, and why these particular customers are poised to adopt the new procedures, (Mbarika, *et al*, 2005).

This study intends to investigate the reasons why customers are not embracing the internet banking services despite

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the numerous advantages. It will equally explore what the banks have been doing to address the problem, and recommend ways these banks can effectively market internet banking services with a view to increasing both the awareness and usage by customers. The content draws a correlation between usage and non-usage of internet banking services, and analyses the reasons for usage and non-usage despite the advantages. To develop a deeper understanding of the relationship between customer's beliefs and internet banking acceptance, the next section sets specific objectives for the present research

1.4 Objective of the study

This research is aimed at enriching the knowledge and understanding of factors affecting adoption of Internet banking services in Nigeria. Specifically, it will:

1. Investigate the adoption and use of internet banking for banking transactions by individuals in Nigeria as an example of a developing country.
2. Qualify constructs concerning the current state of consumer perception and attitudes toward internet banking, and validate the relationships between the factors that drive the adoption and acceptance of such services.
3. Propose opportunities for both participants and researchers to uncover unseen problems, thereby improving the use and acceptance of internet banking services.
4. Examine whether TAM can explain the variance in intention to adopt and use of Internet banking services in Nigeria
5. Investigate whether differences exist in perceptions of Internet banking between users and non-users of the internet banking services.

1.5 Research question

This research is intended to fill the gap of lack of studies on internet banking in Nigeria. It is also intended to deal with bank customers' perception about internet banking and investigate intentions towards Internet banking usage and non-usage. To achieve the research objective stated in section 1.4, the following primary research questions are

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formulated:

- Why are some customers reluctant to use internet banking services in Nigeria despite its advantages?
- How can Internet banking be positively positioned to attract customers and increase usage in Nigeria?

In order to find answers to the above broad questions, it was further broken down into sub-questions (see appendix A)

1.6 Significance of the study

The significance of this research are:

1. Internet banking services is a new innovation in Nigeria; it is therefore a worthwhile topic to study so that the quantity and quality of services in Nigerian banking sector can be enhanced for the future.
2. Internet banking has been widely studied in developed countries. Few studies have been done in developing countries, and it is has not been investigated in detail in Nigeria.
3. Literatures shows that there is a problem in using Internet banking services even in the western world and in Nigeria, there is lack of experience within individuals and organizations, and most of the potential users are unqualified due to various factors.

This study aims to analyse some of the emergent issues in internet banking adoption in Nigeria. The findings will be used to address the research question. And make recommendations to the practitioners (bank managers), policy makers and regulators, which will hopefully have a positive change on the attitude of bank customers.

2.0 Literature review

Nigeria is largely a cash-based economy with over 50% of funds residing outside the banking sector as against the developed world where the money in circulation is 4% and 9% in the UK and US respectively (Ojo, 2004 and Ovia, 2003). The cash-based economy is characterized by the psychology to physically hold and touch cash: a culture informed by ignorance, illiteracy, and lack of security consciousness and appreciation of merits of digital payment (Ovia, 2002). Ezeoha (2006a) attributed the slow space of development of internet banking to lack of adequate

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infrastructure, low Internet penetration, absence of open standards/trust among banks and providers as well as absence of adequate legislation or national policy on IT development.

According to (Olesin, 2006), image problem was another issue. The Advance Fee Fraud code-named 419, is one of the most popular Internet frauds and it probably had its origin from Nigeria. Lately, the country has been very prominent among the list of fraudulent nations, (Ezeoha 2006a). Consequently, there has been outright rejection of payment cards issued by Nigerian banks on the international arena. Another very important issue is lack of security. There is need to put in place effective security measures to safeguard the customers money and details, server as well as the media of transmission (Nwankwo, 2006).

It is a general knowledge that banks thrive or collapse based on their ability to provide financial services that satisfy customers' needs. Internet banking is a web-enabled technology, which facilitates access to information that improves customer service, productivity, and increases a bank's competitive advantage, (Gavin, 2006). Nevertheless, Internet technology also introduced entirely new sets of challenges, especially security issues that banks had to deal with to balance their business portfolio, (Ovia 2002). Balancing the quality of services, stability, customer services on one hand, and accessibility, agility, convenience, innovation, security, and speed on the other hand was astounding, and most importantly addressing the security concerns of various customers is uppermost, (Ezeoha, 2006a).

The Internet banking paradigm encouraged bank customers to access their financial information at any time and anywhere by logging on a website, (Ndubisi & Sinti, 2006). The major concern that banks faces today is how to continuously assure their customers of the safety of their money due to the increasing fraudulent activities (Mbarika, *et al*, 2005). Though, many banks have introduced different online security to ensure safety, there is still fear on the part of the customers, based on what they hear, and also read in the tabloids, especially with identity theft, cloning, etc; all serves as serious concerns on the part of the customers; and these have resulted in Nigeria economy being mostly cash based and more than 60% of the money in circulation not being in the banks, (Ezeoha, 2006a).

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Prior studies on internet banking ranges from Sathye's (1999) study in Australia, Tan and Teo's (2000) research in Singapore, other studies were carried out in South Africa, New Zealand, Estonia, Korea, Taiwan, and among the Malaysian internet banking researches were (Ndubisi and Sinti, 2006). Unfortunately, these prior studies on internet banking adoption in various countries have produced mixed results, which have added to the difficulty in articulating the internet banking adoption drivers. Thus, research on internet banking remains inconclusive. Within the few extant studies, however, there are conflicting results with respect to the relative importance of the factors that explain internet banking adoption.

For example, while Tan and Teo (2000) found risk to be a very significant factor, Ndubisi & Sinti (2006) found it to be only marginally significant, and plausibly attributed the outcome to the promotional strategy adopted by Malaysian internet bankers, which boasts of adequate security. Moreover, research on internet banking has overlooked the potency of the features of the internet banking site itself. For example, the influence of transaction oriented (e.g. speed, interactivity, clarity of procedural information, etc.) on one hand and the influence of culture, education, infrastructure, technology cost, language, etc on the other on internet banking adoption. In this research, we address the above by analyzing their impact on customers' acceptance and usage of internet banking services in Nigeria.

Internet or Electronic banking encompasses a wide range of commercial activities that can be categorized into business-to-consumers and business-to-business sectors, (Bickersteth, 2005). Fundamentally, it focuses on the electronic exchange of information using information and telecommunication infrastructures (particularly the World Wide Web and the Internet). Industry sectors such as banking have openly embraced electronic banking to improve their performance and gain a strategic competitive advantage.

There are four interlinked factors driving the global acceleration of banking on the Internet. These are (Bickersteth, 2005):

1. accelerating customer demand
2. increased competition between banks and new entrants

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3. the relentless drive by the banks to reduce costs and achieve new levels of efficiency; and
4. world-wide deregulation of the financial services market.

Statistics indicate that ATMs, telephone banking and home banking presently make up more than 50 percent of all banking transactions and total non-branch activity is expanding at a rate of 15 percent per year (Longe and Chiemeke 2007). In common with many electronic surveys that point to information security being the number one concern for both businesses and consumers (Mbarika, et al, 2005), this uptake is being challenged by concerns of users and potential users towards the security and privacy of Internet banking transactions as well as confidentiality regarding the processing of personal information (Achour, et al 2005).

In Nigeria, according to (Ezeoha, 2006a), the modernization of the payment process started with the introduction of the MICR. This was followed by the establishment of ATMs for cash dispensing, account balance enquiry and payment of utility cheques. In 1993, the Central Bank of Nigeria (CBN), introduced the use of payment cards (smartcard) and paper-based instrument. Similarly in 2004, the CBN also introduced a broad guideline on e-banking which included the introduction of ATM, e-money products such as credit and debit cards, (Longe and Chiemeke, 2007).

2.1 Conceptual and theoretical framework

The raw power of computer technology continues to improve, making sophisticated applications economically feasible. As technical barriers disappear, a pivotal factor in harnessing this expanding power becomes the ability to create applications that people are willing to use. Therefore, practitioners and researchers require a better understanding of why people resist using information technologies in order to devise practical methods for evaluating technologies, predicting how users will respond to them, and improving user acceptance by altering the nature of technologies and the processes by which they are implemented. Information Systems investigators have suggested intention models from social psychology as a potential theoretical foundation for research on the determinants of user behaviour (Pavlou, 2003). Fishbein and Ajzen's (1975) Theory of Reasoned Action (TRA) is an especially widely validated intention model that has proven successful in predicting and explaining behaviour across a wide variety of domains. However, due to its limitation on volitional control, (Ajzen 1985) extended the

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Theory of Reasoned Action by including another construct called Perceived Behavioural Control (PBC), which predicts behavioural intentions and behaviour. The extended model is called the Theory of Planned Behaviour (TPB). Empirical results (Venkatesh *et al*., 2000) show the appropriateness of using these theories for studying the determinants of IT usage behaviour.

Technology Acceptance Model (TAM), introduced by Davis (1989), is an adaptation of the Theory of Reasoned Action (TRA) specifically tailored for modelling user acceptance of information systems. Users' acceptance is the biggest barrier to the success of new Information Technology (Davis, 1989) such as Internet banking. Davis introduced TAM as an extension of TRA but with more focus on the computer usage context. TAM (Figure 2.1) is built on TRA behavioural paradigm aiming to explain users' acceptance of computer and IT. It provides basis for tracking the impact of the external factors on internal beliefs, attitude and behaviour (Davis et al., 1989). Davis (1989) suggested that adopting an application happens primarily because of the functions it performs, and secondarily of how easy or hard is it to make the system to perform these functions.

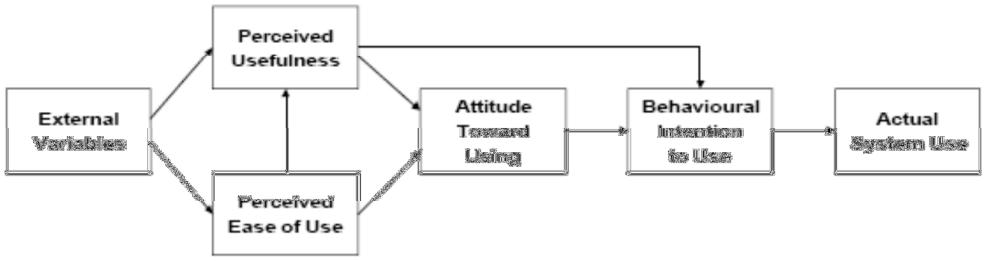

Figure 2.1 Technology Acceptance Model. Source: Davis, 1989

The goal of TAM is to provide an explanation of the determinants of computer acceptance that is general, capable of explaining user behaviour across a broad range of end-user computing technologies and user populations, while at the same time being both parsimonious and theoretically justified. Ideally one would like a model that is helpful not only for prediction but also for explanation, so that researchers and practitioners can identify why a particular

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system may be unacceptable, and pursue appropriate corrective steps.

A key purpose of TAM, therefore, is to provide a basis for tracing the impact of external factors on internal beliefs, attitudes, and intentions. TAM was formulated in an attempt to achieve these goals by identifying a small number of fundamental variables suggested by previous researches dealing with the cognitive and affective determinants of computer acceptance, and using TRA as a theoretical backdrop for modelling the theoretical relationships among these variables.

As Figure 2.1 shows, TAM posits that two particular beliefs, perceived usefulness (PU) and perceived ease of use (PEOU) are the primary relevance for computer acceptance behaviour.

- PU is defined as the degree to which a prospective user believes that using a particular system would enhance his or her job performance. This follows from the definition of the word "useful": "capable of being used advantageously". Within an organizational context, people are generally reinforced for good performance by praises, promotions, bonuses, and other rewards (Pavlou, 2003). A system high in perceived usefulness, in turn, is one for which a user believes in the existence of a positive use-performance relationship.

- Perceived Ease of Use (PEOU) on the other hand refers to the degree to which a prospective user believes that using a particular system would be free of effort. This follows from the definition of "ease": "freedom from difficulty or great effort". Effort is a finite resource that a person may allocate to the various activities for which he or she is responsible. All else being equal, an application perceived to be easier to use than another is more likely to be accepted by users. In January 2000, the Institute for Scientific Information's Social Science Citation Index listed 424 journal citations of the two journal articles that introduced TAM (i.e., Davis 1989, Davis et al. 1989). In the past decade, TAM has become well established as a robust, powerful, and parsimonious model for predicting user acceptance.

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TAM assumes that behaviour – "the manifest, observable response in a given situation" (Ajzen, 2006) – is volitional. Behavioural intention indicates a person's readiness to perform the given behaviour (Ajzen, 2006), which makes it the main predictor of the actual behaviour. In TAM, intention is a function of attitude and perceived usefulness (PU). Attitude is "the degree of evaluative affect that an individual associates with using the target system" (Davis, 1989). It represents what a person feels about a concept, which may be any entity about which persons can think and attach feeling; thus, attitude plays an important role in the decision to adopt a new computer technology (Davis et al., 1989; O'Cass and Fenech, 2003). Ajzen (2006) defined attitude as (1) attitude toward objects, i.e. evaluation of a specified object, and (2) attitude toward action (behaviour), or evaluation of a specified behaviour.

Previous information system research tends to treat attitude as a fragile and vague variable, although psychology research consistently recognizes its importance for individual behaviour and social influence (Ndubisi, *et al,* 2004). In the technology acceptance domain, some researchers emphasize the relationship between attitude and intentions (Hausman and Siekpe, 2008), whereas others argue its unimportance (Venkatesh et al., 2003), suggesting that information systems usage decisions might be dominated by cognitive beliefs, such as perceived usefulness, rather than affect, such as attitude. O'Cass & Fenech, (2003) argue that researchers fail to distinguish between the two types of attitudes, where the potentially significant influence of cognition attitude gets offset by the insignificant influence of affect attitude.

The originality of the TAM derives from two related beliefs, perceived usefulness (PU) and perceived ease of use (PEOU), which generalizes across different settings. TAM assumes that users engage in behaviours because they have evaluated the benefits and expect certain results (Pikkarainen, *et al,* 2004). Chung and Paynter, (2002) find that users do not use a system for its own sake but instead use it because of its attributes that drive value, according to the utility provided by the combination of attributes, less the disutility represented by any sacrifices required to use the system. As the ability of Internet users to find their way around a site and keep track of where they are (Clements, 2003), PEOU affects attitude either directly or indirectly through its effect on PU: "even if potential

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users believe that a given application is useful, they may at the same time believe that the systems are too hard to use and that performance benefits of usage are outweighed by the effort of using the application" (Davis 1989, p.320). Both PEOU and PU are influenced by external stimuli, such as information richness, web quality, and experience.

TAM: PU and PEOU: Prior research has empirically found positive relationship between perceived ease of use and perceived usefulness as critical factors on the use of internet banking (Pikkarainen *et al.*, 2004). Electronic banking provides higher degree of convenience that enables customers to access internet bank at all times and places. Apart from that, the accessibility of computers is perceived as a measure of relative advantage (Akinci, *et al,* 2004; Gerrard and Cunningham, 2003). Therefore, it is a general knowledge that convenience and accessibility have positive effect on consumer adoption of electronic banking.

According to Pikkarainen *et al.*, (2004), the provision of customer interactivity is an important criterion that attracts users in the delivery of electronic banking. Gerrard and Cunningham (2003) also identified other factors of paramount importance in ensuring the success of electronic banking, i.e. the ability of an innovation to meet users' needs using different feature availability on the web site.

3.0 Research methodology and tools

We utilized the qualitative research methodology. Qualitative approaches emphasized processes of perception and their meanings to seek to understand how these meanings emerge and change. The qualitative methodology used in this study is known as Participatory Action Research. It is a strategy that embraces the principles of participation, reflection, empowerment, and emancipation of people who are interested in improving their situation (Berg, 2004). Action research, as described by Stringer (1999), suggests that the working principles of action research include building relationships, communication, participation and inclusion. Further, Stringer (1999), helps us to understand how action research is used by applying the model ''look, think, and act''. This method implies that the researcher listens, observes, and studies self and participants; think about and evaluate what has been discovered through dialogue; and interprets findings to develop a plan of action in collaboration with participants. Berg (2007) further

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describes action research as a systematic and organized way to approach research in that it enables reflection on the part of the participants and researcher.

Based on the above, we found that action research is a good fit for this study. We are also very much aware that Internet banking services, good as it may be, is also loathed by bank staff and as a result cannot pass its advantages on to the bank customers or allay their fears when they bring up issues, which are though evident bus can be explained of which this could to some extent lead to triability on the part of the bank customers. To further explain the chosen method of research, the researcher points to Paly's (2003) insights. According to him, qualitative research is about the science of human behaviour and must take into account people's perceptions and perspectives. It is important to understand what they think. According to (Glesne 2006), qualitative researchers seek to understand and interpret how the various participants in a social setting construct the world around them. To make their interpretations, the researcher must gain access to the multiple perspectives of the participants (p.5). To this end, the researcher decided to conduct a focus group and face to face interviews. The focus group and interviews were chosen as two research methods that would engage participants.

3.1 Research tools

For both focus groups and interviews, the researcher, as facilitator, used appreciative inquiry as a method of communication. This communication method enables a focus on what is working and exploring strategies that build on success (Bushe, 2006). Bushe (2006), states that AI is effective in ''developing new approaches to human resource issues that will be well accepted by organizational members and lead to positive change'' (p.1). Using AI, the researcher, hopes to elicit constructive comments both the positive and negative aspects of internet banking services from the practitioners (bank workers) and the end users (customers, students, farmers, etc).

Palys (2003) suggests that, prior to investing vast amounts of resources and energy into conducting the actual research, doing a pilot study of questionnaire is always a very good idea. A pilot study was conducted for this research work. According to Palys (1997), observation research is ''looking with a purpose''. An advantage to such

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purposeful looking is the ability to keep notes of observations and classify them. This to a large extent assisted the researcher in reflecting on and making sense of the raw data. The researcher was able to observe people in a real world context and compare what was said and with what was observed, thus informing the larger context (Palys, 1997).

3.2 Data collection

Ensuring that the research is valid, reliable, and trustworthy through a process of triangulation and the use of successful piloted tools is paramount (Stringer, 1999). Triangulation involves the ‘’use of multiples lines of sight’’ (Berg 2007, p.5); in other words, multiple methods were used to collect data in order to inform the larger context. Glesne (2006) describes triangulation as the ability to use multiple methodologies, perspectives, and tools to create linkages and relationships between ideas, theories, and data to enable valid interpretation of the information. This brings a sense of ‘’confidence’’ (p.36) to the research findings. Two types of data collection were used in this qualitative study; a focus group (Glesne, 2006), and interviews (Palys, 2003).

3.2.1 Focus group

The first tool utilized to collect qualitative data was focus group. A focus group was conducted with bank managers and bank staff, bank customers, students of higher institutions, and other stakeholders in order to understand what they believe are the factors affecting the usage and non-usage of internet banking services in Nigeria. And also to review what is currently being done by the banks to promote the services to the stakeholders.

Both Glesne (2006) and Berg (2007) agree that a focus group is an effective way of collecting a vast amount of information from various perspectives. Glesne adds that it also may ‘’give voice to personal experience’’ (p.104) and augments personal experiences. This is advantageous because it enables other s to hear experiences that spark memories or thoughts that are similar or can be expanded upon. Some of the drawbacks; however, include the fact that stronger personalities may influence the rest of the group’s opinions or what is being said or not said. The quality of information obtained may also rely on the skills of the facilitator and, while giving voice to individual

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experiences is important, it is really group opinion that is considered in data analysis (Berg, 2007).

The process of setting up focus group was extensive. Initially, a set of questions was developed and was pilot tested for clarity and understanding. However; it was thought that more information might be elicited if the questions were not so focused and more open-ended. This allowed for more exploration into areas that brought depth to the focus group (Palys, 2003). A set of nine questions were finally created, which an introductory question, a transition question, one key question, a validation question, and a closing question. While the number of questions did not reflect suggestions made by Glesne (2006) and Berg (2007) for conducting focus group, the basic structure and key questions did align with their suggested methodology.

3.2.2 Interviews

The second tool used in the collection of qualitative data was a set of six questions. As already stated, bank managers, bank staff, bank customers, students from higher institutions of higher education and other stakeholders were approached to be participants. One advantage of using interviews is that rapport can be built with each of the stakeholders as a by product of conducting individual interviews (Palys, 2003). The purpose of the interview was to gain a deep insight into the factors affecting the usage and non-usage of internet banking services in Nigeria.

Other advantages interviews, as described by Palys (2003), include high participation rates because interview subjects are directly approached to participate. Another advantage is being able to clarify and validate information from participants during interview; this can provide more depth and breadth to the research findings. Berg (2007) echoes Palys' comments regarding the value of interviews, and further describes an interview as a conversation. Although the majority of the talking is done by the participants, the face-to-face interaction allows for some detailed dialogue. The interviewer is actively listening to reflect and tune into areas that need further exploration. However, disadvantages of interviews, as described by Palys (2003), include the idea of ''reactive bias.'' Reactive bias involves being sensitive to one's own reactions to a participant's responses (Palys, 2003, p.160). For example, if interviewers nod their heads in reaction to a participant's response. It can be interpreted several ways. The

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participant may receive it as a cue that this is the direction the interviewer wants them to go, when in fact the interviewer may just be acknowledging what they have heard. Similar to Paly's concept of reactive bias is the notion of ''social interpretations'', as described by Berg (2007). Berg states that ''social interpretations are defined as the affected messages transferred from one acting individual to another through nonverbal channels'' (p.120). in Berg's view, ''nonverbal channels of communication include body gestures, facial grimaces, signs, and symbols'' (p.120), was well as other nonverbal cues. Yet another disadvantage of interviews is the time and cost it takes to set and conduct individual interviews, compared to surveys or non-interactive methods of research.

3.2.3 Participants

The research participants included bank managers, these are managers whose permissions were sought for this research to be undertaken in their various branches and who have many years experience in the banking system and also whose span of control exceeds thirty staff with a customer base of more than five thousand. In addition, bank staff also formed part of the participants – these are mainly those with high level of experience in various banking departments especially in operations, credit and marketing, and information technology. Another most important part of the participants are the bank customers and students. With these set, the researcher approached them in various forms – telephone, emails and visits. Following Glesne's (2006) suggestion of using a ''maximum variation sampling'' (p.35), the researcher invited various users of the bank services – traders, students, farmers, bank staff, public sector workers, etc. the researcher also sent a written invitation and also followed up with a direct conversation with some of the potential participants, either in person or over the phone.

Developing relationships is of great value. Listening for leaning is the key to dialogue, and making connections with bank staff and customers including students of higher institutions is a concrete method to understand their perception and perspectives rather than merely sending a closed ended questionnaire where they are required to simply tick yes or no. this researcher found that knowing one's values is important because it influences how one facilitates and observes during the research process. A sense of curiosity is brought forth, so that all aspects of the research findings can be reflected upon objectively (Glesne 2006). This research work informs in part, the reasons

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for the non-usage of the internet banking services and also explores the role or roles staff can play, as the ambassadors of the bank and ones who interfaces with the customers, in order to increase usage. Further to this was for the researcher to understand their perspective and what is required to achieve this.

3.2.3.1 Contacting the focus group participants (Bank staff)

The focus group was conducted with the expectation that two branch managers and five bank staff have confirmed their attendance at the close of business as a result of the researcher's personal visits and various telephone calls; however, some of the invitees brought their friends, one of which is a bank staff of another bank, while two were staff of other organisations. Unfortunately, one of the managers could not make it. In total, the focus group discussion took off with nine participants, two more than excepted. The time allotted for the focus group discussion was 90 minutes, however, the manager and one staff left after one hour – the discussion closed with seven participants.

It started with a welcome note from the researcher and an introduction, the context of the focus group discussion was explained, and the ground rules were provided. An introductory question followed by a transition question was used to enter the focus group discussion; this allowed the group to get comfortable with the atmosphere and structure of the group before actually delving into the research (Berg, 2007). Summary and validation of information after each question assisted in ensuring the authenticity and trustworthiness of information that was being gathered within the focus group. This is the one method Glesne (2006) describes as useful to validate information received.

3.2.3.2 Contacting bank customers, students and others for interview

The interview sessions were conducted face-to-face and over the telephone with ten bank customers. The invitation to participate, consent forms, and research questions where fully utilized. The interviews started almost in the same way as the focus group but were a lot more difficult as most people, business men and women who are bank customers and even students, which were contacted, gave one reason or the other for not been able to attend.

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However, several bank customers and students were contacted in person or by phone to see if they would be interested in receiving an invitation. If the potential participant desired the invitation, the invitation and consent form was either sent electronically or in person. This was followed by another conversation either on the phone or through email, to address any question or concerns.

Based on the location of the participant(s), a mutually agreeable location is arranged for the number of bank customers and students that can attend within the location; this is to take into consideration their places of work, study and other commitments. Although the time agreed was thirty minutes; the interview periods varies, the longest being forty two minutes and the shortest being twenty three minutes. Normally, it does start with an introduction and welcome, and a couple of informal social questions are often asked to create a more comfortable atmosphere. Berg, (2007) suggests that this is a good way to build rapport with a participant. In the same way with the focus group discussion, all the questions are exhausted, but at the end of each question, summary and validation of the information are carried out as this assists in ensuring the authenticity and trustworthiness of information received. The interviews were recorded and analyzed. The technology and demographic responses were useful in differentiating those who say they are likely to become internet banking users from those who are not.

The twelve males and eight females who participated in the focus group and interview were aged between 20 and 57 years. This age group was selected on the basis of being representative of people in mid-life and mid career phase (Levinson, 1978 adapted by Arnold, 1997) and therefore the group most likely to be most aware and also must have heard and or utilized internet banking services. They also stand a better chance of giving a vivid analysis of the advantages and disadvantages of internet banking services in Nigeria based on their exposure and experiences. This method was necessary to collect the needed data. The method allowed us to screen respondents and allowed respondents to think about relevant key issues before they answered at their convenience. Qualification ranged from secondary school certificate to postgraduate degree and income level varied from zero income on the part of the students to =N=800,000 (eight hundred thousand Nigerian naira) a month equivalent of £3,475.26 at an exchange rate of £1 to =N=230 . Preliminary discussion revealed that they have all had bank accounts and have also used different ranges of banking services. – e.g. branch counter, ATMs, internet banking, etc.

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3.3 Ethical issues

The opportunity to conduct research using human participants is not a privilege but necessitates a heightened sense of responsibility. Palys (2003) discusses the idea that entering into research is really about entering into a relationship. This relationship is based on conduct or behaviour that follows certain principles. Glesne (2006) further supports the idea of developing a relationship, making the point that the research and methodology are not just about satisfying the researchers interests in adding value to the development of internet banking services in Nigeria, but being sensitive and respectful of the everyday interaction with participants, the supporters of the research, and the data. An overarching theme of ethical methodology is based on the set of principles and procedures set out by Royal Roads University in the Research Ethics Policy (2004, pp.2-3):

These include:

- Respect for human dignity
- Respect for free and informed consent
- Respect for vulnerable persons
- Respect for privacy and confidentiality
- Respect for justice and inclusiveness
- Balancing harm and benefits
- Minimizing harm; and
- Maximizing benefits

A focus group and interviews were used to conduct the action research; however, it was necessary to be sensitive to those participating, because in minimizing the harm and maximizing benefits, this research work seeks to assist the practitioners (top management of banks in understanding their customers and aligning the internet banking services to fully meet their needs; the policy makers for the promulgation of appropriate policies to safeguard customers especially in case of online frauds, and also the customers and other stakeholders to trust and use the system. Furthermore, and in ensuring reciprocity, it was important to establish what motivated participants to participate in

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the research and, in order to further minimize harm and maximize benefits, understand what potential impacts this research might have from their perspectives. To maximize the protection of participants in research, Palys (2003) suggests using the guiding ethical principles of informed consent, confidentiality, ensuring no conflict of interest, and avoiding deception. Glesne (2006) discusses using ethical codes as a way of maximizing protection of participants. The researcher related to Glesne's (2006) approach more than to Palys'.

Participants were apprised of all information relating to the action-research project. This included the reason for the research, where it was to be conducted and over what time frame, what was involved, and whom it would benefit. The interview participants were ensured anonymity through the use of a coding scheme developed by the researcher to ensure participant confidentiality. A confidential agreement for both focus groups and interviews was signed by all who were involved in this research. Pseudonyms were used to maintain participants' confidentiality.

Focus group participants are indicated with an F and numbered thus: F1, F2 to F10 based on the number of participants. And interview participants are indicated with an I and numbered thus: I1, I2 to I10 also based on the number of bank customers interviewed. Their agreement to participate was voluntary and they were free to withdraw any or all their contribution at any point during the research process, up until the time the data was analyzed and themed. Upon withdrawal, all documents associated with their contributions would be shredded and disposed.

4.0 Findings and Data Analysis

Analysis was however, based purely on the key questions (see Appendix A).

4.1 Perception

While 100% of the focus group participants and interviewees admitted that they have all heard about the existence of internet banking services, only 14% stated that they have used internet banking services and 76% posited that they prefer the human touch to their financial transactions, i.e. a face-to-face encounter with a bank staff, another

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10% simply stated that they are not computer literate and cannot use it. Further reasons given were that they do not like the technology and also afraid that the internet will distort their accounts. During the focus group discussion, F10 stated that ''the internet is entirely unregulated and can be hacked in at any time, even in developed countries''. F4 in agreement with F10 commented, thus:

> *''A visit to an internet café will give you more reasons not to use internet banking services as issues relating to internet frauds are openly discussed and stolen account details are checked online" and even sold to willing buyers.*

The researcher could therefore deduce from the discussion that, even amongst the highly educated, there is fear of usage as they are very much aware of the lapses. According to I3, MD of a thriving retail business, one of the interviewees and a bank customer for more than 25years, he stressed that:

> *''Lack of and limitation of government policies, regulations and e-commerce laws, as well as legislation to protect customers, workers and to make the internet secure serves as one of the major reasons why internet banking is still crawling in Nigeria".*

F1, a seasoned banker and also a top management staff, admitted being a user but pointed out that ''most customers are frightened by the screaming headlines in various tabloids and other media on how customers are daily ripped off as a result of banking details which found their ways into the hands of the fraudsters, he stressed that these were enough warning not to use internet banking services, however, the banks are not relenting in the fight to right the wrongs''. Perception of the internet banking services also varied widely among bank customers that participated in the interviews. One of the interviews (I3) stated that majority, especially those outside the cities, which accounts for a greater percentage of the population of the country, does not understand banking. This is the major reason why they love to hold physical cash at all times. Participant I6, a poultry seller in a popular market in Lagos, bared her mind thus: ''I can never go to the bank because I do not understand English language. I don't understand the

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language they speak in the banks. Some come here to ask me to bring my money to the bank but I am afraid I might loose the little I have. I would rather keep it at home than the bank. Her fears and words were corroborated by I9 and echoed by I2 when they both stated that believe banking is for those in the cities. They pointed to the previous bank failures of the 1990s as a major problem, and the news of how many people lost their savings and no one could be held responsible.

Most bank customers interviewed believes the bank is simply for the well to do and those engaged in big businesses

F3 stressed that most bank customer are simply not aware about the existence of internet banking and what impart how it could be of use to their business, F8, added that it is because the service is still not widely accepted. F5 added that it is clear that most customers are still not fully confident with using even ATM cards and telephone banking. But F2 pointed out that, greater awareness can only be created through aggressive promotion and this could show the customers the benefits of using these new systems and could also encourage them to adopt internet banking transactions.

Customers are afraid to use Internet banking because they think that any mistake or error could mean a loss of money and some shy away because of connection cost. As mentioned earlier, many developing countries have the same problems, not only Nigeria.

4.2 Poor quality of infrastructures

Hand in hand with these are the lack of infrastructure and weak telecommunications – the national carrier – Nigerian Telecommunication Limited (NITEL) also has its own problems and these translates to the end-users, especially after rainfall, it might take hours and even days for the telephone lines to work properly. In addition, the Nigerian Electric Power authority (NEPA) and its incessant power fluctuation, which in most cases causes damage to various types of appliances, even with high powered stabilizers – forms another serious reason why

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customers will rather go to the bank than buy a computer for home use as the telephone and light might never give it the opportunity to work. It was observed that existing telecommunication networks are often limited to urban areas, and even these offer poor services in contrast with the ultra high-speed systems present in IT-advanced countries. The resultant effect of the above (if and when it works), is a broken and/or slow internet communications, even inside the banking sectors and many offices, these has pushed banks to purchase and install high powered generating sets, which often make a loud noise in and outside the banking environment. Many customers, organizations, small businesses and individuals are simply not using the internet banking system because of the above mentioned reasons, although many customers understands that adopting internet banking will make their banking transactions easy, i.e. Perceived Ease of Use (PEOU) and also believes that the technology is user friendly, i.e. Perceived Usefulness (PU), unfortunately they have not transferred this attitude towards the application of the internet operations.

4.3 Culture

Nigeria is a robust state with more than 250 tribes and different cultures. It is the culture for traders to keep their money under their pillows, roof tops and some even dig holes within their premises to hide their money. The idea of banking and then online banking is only gradually gaining grounds

One of the interviewees (I7) stated that:

> *''This is alien to our culture and has not been accepted by even the well educated let alone the non-lettered men and women in the villages and rural areas".*

I4 and I5 stated that the bank failures of the 1990s is a discouraging factor which will make it difficult for them to embrace the service; according to I4: ''then we had passbooks but now no passbooks, the screen figures can change at any time and you will have nothing to argue your case.

4.4 Languages, income and education

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There are more than 250 tribes' in Nigeria and these accounts for different languages and this is a stumbling block to education especially with new ideas like Internet banking.

> Again; F6 stated that: *''the different languages make it difficult if not impossible to communicate and the use of interpreters (if any is available) makes communication stressful. Telling someone who cannot speak the lingua franca (English language) about internet banking is a waste of time and energy"*

Furthermore; I9, a customer with one of the top banks in Nigeria stressed that:

> *''the level of education and earning power of most customers; is a big problem. Unlike in the Western world where most workers are paid weekly, the Nigerian workers at all levels receive their salary on monthly basis and sometimes getting the salary at the end of the month is difficult as they are owed by their employers (government or private) for months. The big question then is: how do you talk to such people about internet banking when the money is not in their hands".*

The level of literacy also plays a key role. Apart from the major towns and cities, most rural areas and villages have neither light nor good roads. The inhabitants of these areas, which form the bulk of the Nigerian population, have only the primary school leaving certificate and to some extent the general certificate of education (GCE) to show in terms of educational qualification. They are mostly peasant farmers dealing in crops and animals. Since most of their lives are lived more in these rural areas, they have nothing to do with the hustle and bustle of the city life and getting them to use internet banking services will amount to pouring water in a basket. They will neither understand nor try using it; most of these rural areas do not have a bank branch.

4.5 Trust

Ghosh, (1997), stressed that trust and fear affect online banking customers who are victims of Internet fraud. Ezeoha, (2006b) pointed out that people do not like to be ripped off, whether online or offline. Countless press reports about people's credit cards being stolen or stakeholder database systems being hacked by crooks are reported daily. Online bankers are afraid of unethical consumers, thieves, and bogus-card gangs, (Denny, 1998).

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This was echoed by F4 who pointed out that most bank customers have no trust, and would rather go to the bank for the money to be transferred by a bank staff, than do it him or herself as he or she will get all the blames should anything go wrong.

4.6 Cost

The cost of computer equipments are beyond the reach of most elites as a result, they depend on the cybercafés which has sprung up almost on every street in cities to check their emails. Speaking during the focus group discussion, F7 stated that most customers simply cannot afford the equipment. Apart from the cost, the maintenance and repairs should anything go wrong are part of the factors for non-adoption of internet banking. In the same vein, the Executive Vice Chairman of Nigeria Communication Commission (NCC), Ernest Ndukwe describe the level of Internet diffusion as very low attributing the cause to high cost of bandwidth, computers and Internet infrastructure, as well as unreliable power supply. Fortunately, at the dawn of the new millennium and the introduction off the internet in Nigeria, internet/cyber cafes sprung up in major cities with majority of them in cities. Unfortunately, majority of these internet accesses are provided by cyber cafes, universities and other research centers. Cyber cafes are business out fits which are individually owned, while the universities and research centers are regulated. The millions of individuals outside these groups are left to grapple with high cost of the equipment or the cyber cafes.

4.7 Security

Consumers associate security risk with loss of money (in cash or through the credit card). Previous research in countries with different levels of E-commerce adoption shows that perceived security risk is an important predictor of internet banking adoption. Sathye (1999) investigates internet banking adoption by Australian consumers and identifies security concerns and lack of awareness as the main obstacles to adoption. Gerrard and Cunningham (2003) found security concerns over internet banking high in both adopters and non-adopters in Singapore. Various discussants during the focus group session and all the interviewees argued that security issues and lack of privacy are among the major reasons for non-adoption of internet banking services in Nigeria.

5.0 Discussion of findings

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Nigeria started the road to socio-political, economic, and technological development after the year 1999. The year marked the debut of democratic rule after long years of military dictatorship, characterized by lack of vision, economic depression, looting and inadequate infrastructural development, (Ezeoha, 2006b). Consequently, the year 1999 marked the nation's journey to civilization, economic growth and technological development. The e-Banking services are still at their lowest ebb with only the ATM services rated highest among others, (Ovia 2001). Ovia (2001), in his paper on the *Practices and Potentials of Internet Banking in Nigeria,* stated that the technology is understandably a very important tool for every banks competitive strategy. He noted that Nigerian banks cannot immediately reap the digital dividends because of poor telecommunication infrastructure. He also submitted that the poor in Nigeria are financially forbidden from participating and that the recent rollout of Global System of Mobile Communication (GSM) in Nigeria cannot solve the telecommunication problems, given the high cost of tariff. In addition to what (Earis, 2003) said, the Gartner Group (2003) postulated that over $160 million was lost annually in the US banks, based on the report of the top 25 online retailers, while the Central Bank of Nigeria, quarterly report estimated that over =N=2billion (two billion naria) was lost annually to online frauds and scammers. Despite the introduction of additional security features by Visa and MasterCard, various controls in banks, government policies, warnings through the print and electronic media, etc, the end of fraud seems not in sight, (Ezeoha, 2006). Bickersteth, (2005), stated that it is a well known fact that organizations and private individuals in Nigeria are late adopters of the internet and its applications with regards to internet banking in Nigeria, as well as many other countries both in Africa and the world over has the same problems. Though there is a very strong competition among the various banks in Nigeria driving the acceptance of internet banking, but taking into consideration the above listed problems, internet banking is definitely facing a serious problem in Nigeria. This is not unique to Nigeria as many developing countries have the same problems.

Contribution to knowledge

There has been a lot of research on the internet banking problems and how it affects the customers but most have been Eurocentric and some from other the developing economies. This piece of work is clearly Afro-centric and dwelt only on the Nigerian banking system (the most populous black nation on earth). The above analysis clearly

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highlighted the internet banking customers' plights and explains the reasons why most banking customers do not use the Internet services for their transaction in Nigeria. Among others, infrastructures, fear, poor level of education, and low income, plays a great role as some of the major problems; most importantly, security issues play an important role for the lack of usage. Though the Nigerian government have on several occasions tried to fight the crime but a lot of efforts in terms of manpower and policies are still needed on the part of the banks/other financial institutions, regulators and government to be put in place to convince bank customers of the safety of their money and this will make them to embrace internet banking in Nigeria. According to Tooki (2006), few of the Nigerian consumers are gradually embracing the concept of internet banking services but the reputation crisis is a major impediment. However, with attitudinal change and provision of adequate infrastructure, Nigeria has the potentials to be the electronic banking market leader in Africa (Gavin, 2006). Therefore, the problem of internet banking in Nigeria are too numerous to mention, but ranges from lack of infrastructures, cost, attitudinal and worst of all security, (Ezeoha, 2006b).

6.0 Conclusion

The number of available facilities is grossly inadequate. An improvement in infrastructural development is desired to foster electronic banking participation in Nigeria. All Nigerian banks have internet banking facilities, but more than 84.5% of their customers do not have one. This has further corroborated the fact that there is less than a 20% acceptance of internet banking services for a population of about 150 million people in Nigeria. From the above, it is clear that enormous opportunities abound for internet banking patronage in Nigeria but for low ability and motivation on the part of the banks to promote the services and the government to promulgate necessary laws. To improve the level of patronage, the citizens must be motivated by offering a secure, fraud free, and efficient system. Therefore, as internet banking revolves around government officials, banks, IT firms, major players in the finance industry and other stakeholders, tremendous improvement is needed in terms of policy formulation and legal framework design. This will have a resultant effect on enhanced participation in internet banking; also enhance trust, integrity and efficiency; and reduce the level of fraud as actors are traced and apprehended and made to face the full wrath of the law. With the basic infrastructure and adequate policy in place, bank customers and the

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international communities are bound to trust the system and hence, increase the level of acceptability and there is possibility of increased flow of FDIs and other forms of indirect investments into the country.

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A STUDY ON BRANDING OF HANDICRAFT THROUGH GEOGRAPHIC INDICATION WITH REFERENCE TO KASHMIR

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Abstract

Handicraft activities occupy an important position in the economic structure of J&K State. Being environment friendly, these activities are best suited to the state as they are more labour intensive and less capital intensive in nature, thus having scope for employment generation at a large scale. The Kashmir handicraft products have earned worldwide fame for their attractive designs, functional utility and high quality craftsmanship. However this sector has suffered a lot due to unorganized market Lack of skilled workers new technology and absence of brand image. So in order to improve the production and branding of handicraft Geographical Indication is needed. Geographical Indication (GI) identifies a good/product as originating in a particular region, where a particular quality of the good is attributable to its place of origin. GI will help Jammu and Kashmir producers differentiate the uniqueness of the products from similar competing products, establish brand and goodwill of local products, fetch premium price for such products, and increase sales/export by protecting reputation of the products. The essence of GIs is that specific geographic locations yield product qualities that cannot be replicated elsewhere. GI-registered product is produced using the GI technology. The purpose of this paper is to investigate the status of the geographical indication in the state of Jammu and Kashmir as well as its prospect. The state has so far brought six of its ethnic and region specific products under geographical indication. All of these products belong to only one product category i.e. Handicrafts. The state has huge panorama of using geographical indication for its unique and famous ethnic and region specific products. However, lack of knowledge about intellectual property rights is not giving proper value and recognition to the geographical indication in the state.

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Key Words : Geographic indication, Handicraft, Branding,

Introduction

The state of Jammu and Kashmir is famous throughout the world for its scenic beauty, bracing climate and craftsmanship skills. It was during the reign of Sultan Zain-ul-Abidin, popularly known as Budshash or the great king who ruled Kashmir from 1420-70 AD that handicrafts were introduced in Kashmir. Jammu & Kashmir has comparative advantage in producing high quality and world famous fabrics of Pashmina and Kani shawls, silken, woolen and cotton fabrics and crafts like papier-mache, wood work, Tila work, Sozni, Crewel, etc. These products are famous world - over because of their unique craftsmanship. The handicraft sector has, however, suffered due to its unorganized structure, constraints of lack of skilled labour with good education background, low capital, poor exposure to new technologies, absence of market intelligence, poor infrastructure and institutional framework. So to overcome these problems Geographical indication can be a useful tool. GI will help Jammu and Kashmir producers differentiate the uniqueness of the products from similar competing products, establish brand and goodwill of local products, fetch premium price for such products, and increase sales/export by protecting reputation of the products.

Geographical Indication (GI) identifies a good/product as originating in a particular region, where a particular quality of the good is attributable to its place of origin. The essence of GIs is that specific geographic locations yield product qualities that cannot be replicated elsewhere. GI-registered product is produced using the GI technology (i.e., that the conditions of the area of production favour the attainment of quality). Some renowned GIs include Champagne, Tequila, Cognac, Pallar de Ica (Vegetable, Peru), Scotch whisky, Darjeeling tea, Cashmere wool, Havana cigar, Guacamayas (Handicrafts, Colombia). As these examples suggest, nearly all valuable GIs relate to agricultural products - and many are European in origin. GI rights are granted to a community/country or to all producers within a designated production area who comply with the product specifications to meet unique product criteria/quality. For example,

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Dhakai Jamdani is a traditional Bangladeshi origin product while Jasmine is Thai rice.

BENEFITS OF GI: GIs are needed to be protected in order to avoid misleading the public and to prevent unfair competition. Protection through GIs can enhance profits for producers through premium pricing. Studies have shown that consumers are willing to pay more for GI products. A study shows that Portuguese consumers are willing to pay up to a 30 per cent price premium for GI-labeled olive oil. GI offers the possibility to establish a niche market for GI products and they provide increased profits due to the recognition of GI products. The Tuscano olive oil producers in Italy commanded a 20 per cent premium price ever since its registration as a GI in 1998 (Origenandino, 2013). Producers of milk used for Comté cheese are paid 10 per cent over regular milk prices. In Mexico, the GI product Tequila increased the price of agaves and other domestic inputs, resulting in increased profits for Mexican producers (Babcock and Clemens, 2004). GI products could also identify or represent a country as a brand to the global market like "Tequila" or "Champagne," which identify Mexico and France respectively to the rest of the world.

Why GI:

G.I. is necessary not only to save the particular product but the millions of people who are engaged in particular sector is benefited by the GI in different ways.

- Saving Traditional Craft: GI helps in saving the traditional craft of a country. It projects the particular products globally in terms of quality and authenticity.
- Providing livelihood opportunities: GI of a product promotes livelihood opportunities to peoples which help in stopping migration and getting good value of products.
- To Increase Labor Intensive Workforce: Countries like India where population is more than 100 crores, the GI plays a vital role by providing employment to millions of people of a particular sector especially handicraft and handlooms.
- Accumulation of foreign capital so as to increase national income and G.D.P. of the country.

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Review of literature:

Saqib & Sultan, (2013) Geographical Indication (G.I) has emerged as one of the imperative instrument of intellectual property protection. Geographical Indication (G.I) is used worldwide as an instrument for marketing, branding and diversifying product portfolios. The paper aims to illustrate the prevailing practices of Jammu and Kashmir with respect to geographical indication. The paper also sheds light on the potential of Geographical indications in Jammu & Kashmir, particularly in Kashmir region. The paper concludes that most of these products are struggling with problems like absence of brand image. So government needs to establish policies and mechanisms designed to identify products with potential for protection through geographical Indication registration, to raise awareness of society and to offer financial support for acquisition and exploration of new geographical Indications.

Albayrak, Mevhibe & Melda in their paper explained that it is an important to aware the producers about geographical indication as it is an important tool of branding and protecting of handicraft of turkey. It is important to make the handicraft a world brand so by having the geographic indication of the handicraft which can help in branding of turkey handicraft.

Geographical Indication (G.I.) is a relatively novel but important important instrument in intellectual property protection. The term “Geographical Indication” has been around for many decades, but it is actually since the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) entered into force in the mid-1990s, that it has come into widespread use. According to the 1994 WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement, Article 22, paragraph 1:

Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin” (World Trade Organization, 1994).

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Methodology

The study is exploratory in nature and it mainly consists of secondary data from different journals government records etc. The purpose of this paper is to investigate the status of the geographical indication in the state of Jammu and Kashmir as well as its prospect. For this the research design chosen is exploratory in nature. The research used various facts and data available through secondary sources for investigating the status of geographical indication in the state as well as its prospects.

Objectives of Study:

1. To study the present status geographical indication of Kashmir handicraft product
2. To study the impact of GI on branding

Findings:

Geographical Indication (G.I) Registrations in Jammu Kashmir

Jammu & Kashmir has a rich history of ethnic and regional products that has evolved over the centuries. The legacy of Jammu and Kashmir ethnic and regional products promises traditional characters, beauty, dignity, different forms to styles etc. The magnetic appeal lies in its exclusivity and mystical value. The handicrafts industry occupies an important place in the economy of J & K. It provides direct and gainful employment to more than 3 lakh people and has the potential to generate more employment in future. The handicraft products have won worldwide acclaim for their exquisite designs, craftsmanship and functional utility. The woolen and silken carpets of the state remain unparalleled on the national scene for quality and design. The crewel, embroidered pashmina, and embroidered raffal shawls, pattern of Kani shawls, intricate wood carving, production of flora design in paper machie goods, etc., are some of the world famous traditional crafts of the state. In fact, the Kashmiri craftsman possessing a unique talent for intricate workmanship is one of the state's most important resources. This industry has a tremendous

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potential and has to be perceived with concern and with a precise understanding of its values. As an export oriented industry, it has contributed considerably towards foreign exchange earnings worth crores of rupees annually. But the industry is beleaguered with problems like

- absence of brand image,
- growing competition from machine-made products and
- Less penetration in domestic market and international market.

If no serious attention is paid, it will result in total abolition of this sector in Kashmir. The industry is facing an all-round assault from counterfeit products within and outside the state. Visitors and buyers fail to differentiate between the handmade and machine-made products and such fake products are being sold under Kashmir-made label.

Geographical Indication's status of Jammu and Kashmr

Table no: 1 Number of GI Products in Jammu & Kashmir as on September 2015

S.no	Application No.	Geographical Indications	Class	Goods (As per Sec 2 (f) of GI Act 1999)
1	46	Kashmir Pashmina	24	Handicraft
2	48	Kashmir Sozani Craft	24	Handicraft
3	51	Kani Shawl	25	Handicraft
4	181	Kashmir Paper Machie	16& 20	Handicraft
5	182	Kashmir Walnut Wood Carving	8 ,20 & 27	Handicraft
6	204	Khatamband	19& 20	Handicraft

Source: Compiled from GI Registry Office, as on September, 2015

Jammu & Kashmir stands 10th on the basis of geographical indications registered. The geographical indication in Jammu & Kashmir is not very much impressive because of its less number of products registered under geographical indication despite of rich ethnic and region specific product range. Karnataka, for example, have registered 31 geographical indications for its ethnic & traditional goods.

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Jammu & Kashmir has so far obtained only 6 geographical indications for its ethnic and region specific products despite of long list of such products upto September 2015 and these products have been able to protect its identity and brand image in the foreign markets. With Geographical indication these products have been able to get higher profits and high returns. Furthermore the state Government has also applied for GIstatus for more handicraft products like Kashmiri silk carpets, Amblikar shawls, Namda and Pinjrakari.

Table No 2 : Production and export of Handicrafts Goods (Rs. In Crore)					
Year	**Carpet**	**Woolen Shawls**	**Papier Machie**	**Other items**	**Total**
Production					
2011-12	624.70	702.20	102.70	385.73	1815.33
2012-13	643.00	656.30	145.00	398.91	1843.21
2013-14	684.05	631.20	141.24	559.33	2017.82
Export					
2011-12	567.13	607.03	98.24	370.97	1643.37
2012-13	455.86	620.02	104.11	358.29	1538.28
2013-14	551.90	579.72	39.96	524.07	1695.65
Source: Economic Survey 2014-15 Volume-I					

The boom in counterfeit Kashmir handicraft products have not only demoralized the local 50 lakh Kashmiri handicraft artisans and dealers but have given the industry a bad name and has resulted in the decrease of exports over the years. Jammu and Kashmir had exported handicraft items worth over Rs 1643.37 crores in 2011-12, Rs 1538.28 crores in 2012-13 and Rs 1695.65 crores in 2013-14

The geographical indications from Jammu and Kashmir were first registered in year 2008 and then increased in the number of registered geographical indications. The Craft Development Institute is taking the initiative of obtaining geographical indications for ethnic and traditional products of Jammu and Kashmir. To start with, six handicraft products have been registered . The step is an important one in addressing the needs of handicraft industry in general and the artisan community in particular. The

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measure is meant to end cheap imitations and increase the brand equity of Indian handicrafts in general and of Jammu & Kashmir particular. Efforts are focused towards building an overall brand identity for handmade products from the state

Conclusion

The state of Jammu & Kashmir is blessed with many ethnic and geographically unique products. These products have given a recognition and fame to the state. The magnetic appeal lies in its exclusivity and mystical value. However, most of these products are struggling with problems like absence of brand image, and the competition of counterfeit products within and outside the state etc. To overcome such problems state of Jammu and Kashmir opted for geographical indication in 2008. Although lately, the state of Jammu and Kashmir has realized the benefits and importance of the geographical indication. The state has so far brought six of its ethnic and region specific products under geographical indication. All of these products belong to only one product category i.e. Handicrafts. The state has huge panorama of using geographical indication for its unique and famous ethnic and region specific products. However, lack of knowledge about intellectual property rights is not giving proper value and recognition to the geographical indication in the state. Further myopic orientation of Government and supporting agencies and bodies are not giving an appropriate impetus for getting other category of products registered under geographical indication. Due to which still a large number of ethnic and regional products of Jammu and Kashmir are becoming prey of spurious marketers who sell fake products on the label of “Made in Kashmir or Kashmir Made”. This is not only creating revenue losses to the state but also is tarnishing the image of the state in the market both in the international as well as national markets. This is going to be very much detrimental to ethnic and regional products of the state of Jammu and Kashmir in the future. The Jammu & Kashmir government needs to establish policies and mechanisms designed to identify products with potential for protection through geographical Indication registration, to raise awareness of society and to offer financial support for acquisition and exploration of new geographical Indications.

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ASSESSING ACCESS TO FINANCE FOR TOURISM DEVELOPMENT: ENTREPRENEURIAL APPROACH

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Abstract

Macedonia is a small open economy that is challenged by various policies and measures in the line of enhancing its competitiveness. Being focused on becoming a recognizable country with favorable business climate, Macedonia is faced with numerous and complex limiting factors. This paper intends to assess the access to finance as one of the most profound causes that inhibits tourism development. The paper elaborates the case of Krusevo, as one of the most developed winter tourism centers in Macedonia. The objective is to identify the major problems caused by lack of access to finance for further tourism development, by employing the entrepreneurial approach. A survey is conducted among managers/owners and employees of travel agencies and tourism service facilities as the main representatives of tourism supply side. The overall conclusion is that the destination is faced with serious obstacles in terms of providing finance for tourism development.

Key words:

Entrepreneurship; Access to finance; Tourism development; Macedonia.

1. INTRODUCTION

In the last few years, Macedonia has made significant progress in improving the business climate, which

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was recorded in the studies of the World Bank , the World Economic Forum , the International Monetary Fund and the International Labour Organization. But the improvement of the business climate is a process that needs to be improved and perfected all the time.

Organization of Employers of Macedonia (ORM) and Business Confederation of Macedonia (BCM), with support from the International Labour Organization (ILO) implementing a project for improving the environment for sustainable growth of enetrprises.

The study „Enabling Enviormet for Sustainable Enterprise" was intended to determine the key areas that limit the business - climate in Macedonia and to make recommendations for improvement („The enabling environment for Sustainable Enterprise in Macedonia“, 2013:9).

The World Bank`s *Doing Business* study provides a quantitative assessment of the overall business environment and the protection of property rights for the small and medium enterprises (SMEs) analysing the regulations that affect 11 areas of a company`s life. Based on the latest data for 2012, the Macedonian economy is ranked 23rd place in terms of ease of doing business out of 185 economies around the world.

On the other hand, the quality of the regulatory framework is low, as it was assessed by the Index of quality of the regulation of the World Bank.

Macedonia has identified tourism as one of the areas for regional and overall economic development. The objective of this paper is to assess the access to finance that Krusevo is faced with, as one of the most developed winter tourism centers in Macedonia. In particular, the paper attempts to explore and identify the major problems caused by lack of access to finance for further tourism development, by employing the entrepreneurial approach. The paper is structured in several parts. After the introductory part, the paper is organised as follows: Section 2 provides a brief overview on literature addressing the issue of entrepreneurship and tourism development. Section 3 poses some stylized facts on access to financial services in Macedonia. Section 4 provides some stylized facts on current tourism development in Krusevo. Section 5 explains the applied methodology, while Section 6 encompasses the analysis, results and discussion of the research. Concluding remarks and the future challenges are presented in the final section.

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2. LITERATURE REVIEW

In the Republic of Macedonia, mostly frequent form of financing is the self-financing, while investing in business is a rare practice for several reasons: the factors that determine businesses that will achieve cost investments, can not know for sure until the entrepreneurs gain finance and do not use the opportunities because they can not take place without the investment of someone's capital (Arow, 1974:1-10).

If an entrepreneur has no proprietary technology or reputation for building successful businesses, then the investor needs to decide on the business by small group of evidence, making the financing risky (Bhide, 2000). Investors their decisions to fund carry on their own perception of attractiveness and profitability of the businesses (Wu, 1989).

Investors require additional garantee, or something valuable that can be sold if the business failed (Blanchflower, D. and Oswald, A. 1998). The need for narrow specialization of investment, each concentrate as small investments at the early development of the companies and to other larger and subsequent investments (Barry, 1994).

There is a large body of literature that investigate factors that influence tourism development, and ask why some tourism areas develop more than others (Raina & Agarwal, 2004). Likewise, a focus is put specifically on the less developed world and by arising many assumptions about the role of tourism in development and, in particular, highlighting the dilemmas faced by destinations seeking to achieve development through tourism (Huybers, 2007; Telfer & Sharpley, 2008). Some authors even endeavor to a critical approach within a multi-disciplinary framework to relook at the complex phenomenon of tourism development (Babu et al, 2008; Ramos & Jimènez, 2008).

Furthermore, some authors underscore the significant opportunity for product development as a means to rural diversification (Bessière, 1998). Others examine the contemporary issues and reasons for tourism development as a strategy for urban revitalization (Pearce & Butler, 2002) as well as for providing the basis for a better informed integration of tourism in regional development strategies (Sharma, 2004). Moreover, some discussions are towards various policy innovations as activities by regions in terms of

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tourism development considering continuous growth within the sector (Giaoutzi & Nijkamp, 2006). Additionally, as tourism and regional development are closely linked, regions and local authorities play a key role in the formulation of policy and the organization and development of tourism (Constantin, 2000).

3. SNAPSHOT ON ACCESS TO FINANCIAL SERVICES IN MACEDONIA

Financial services are crucial for growth potential of tourism entities, which contribute to tourism and overall development of the country. Yet, the affordability and access to finance in Macedonia is rather a slow-developing issue. Table 1 poses an indicator for access to financial services in the past several years, based on domestic credit provided for privately owned enterprises, in selected countries. It is noticeable that despite the improvement in the availability of domestic credits, the growth is extremely modest and by far lowest comparing to some countries in the closest region.

Table 1. Indicator for access to finance by domestic credit (% of GDP), 2010-2012

Country	2010	2011	2012
Croatia	69.3	70.8	68.0
Serbia	53.2	51.0	53.9
Slovenia	94.4	90.0	87.1
Macedonia	*44.5*	*45.1*	*47.3*

Source: World Bank, (World Development Indicators).

A positive approach may be seen in the analysis of the Credit Depth of Information Index (CDII) which measures the rules affecting the scope, accessibility and quality of credit information available by public of private credit registries. Table 2 presents that the availability in Macedonia is rather highly ranked comparing to the selected countries from the closest region. Namely, Macedonia has the highest rank in 2011 and 2012 pointing to improved availability of credit information.

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Table 2. CDI index in selected countries, 2010-2012

Country	2010	2011	2012
Croatia	4	5	5
Serbia	5	5	5
Slovenia	4	4	4
Macedonia	*4*	*6*	*6*

Source: World Bank. (World Development Indicators).

The access to financial services in Macedonia has been already evaluated by pool of national experts (Table 3). It is interesting to conclude that despite the lower average score comparing to Slovenia and even when compared to Croatia, still many activities need to be improved in terms of perception of government subsidies, business angels, venture capital, initial public offerings (IPOs), etc.

Table 3. National experts' attitude on access to finance in selected countries, (1-5 mark)

Item	Croatia	Slovenia	*Macedonia*
Sufficient equity-based funding	2.18	2.28	*2.11*
Sufficient debt funding	2.58	2.33	*2.86*
Sufficient government subsidies	2.73	2.89	*2.61*
Sufficient funding from private individuals	1.82	2.26	*2.12*
Sufficient venture capitalist's funding	1.8	2.37	*1.53*
Sufficient funding from IPOs	1.78	1.66	*1.64*
Average	2.15	2.30	*2.15*

Source: GEM. (2012)

Upon the presented data, one may note that the firms' growth is mostly based on self-financing. In this line, two out of five firms state that they do not have debt, and nearly three out of five firms prefer equity reserves or new own equity (OEM, 2013:32).

4. TOURISM IN KRUSEVO – REGIONAL AND LOCAL ASPECTS

Krusevo is a municipality located in the south-west part of Macedonia within the Pelagonia Region by covering 191 km^2 surface and 9,684 population. One-third of the population is a working age, out of

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which only 1,848 are employed. Krusevo encompasses only 4.1% of the surface of the Pelagonia region and 4.2% of total population of Pelagonia region with a density of 50.7 inhabitants/km2.

The regional context includes data specifics for Pelagonia region. This region has 3,322 rooms, which is 12.4% of total rooms in Macedonia, and 10,001 beds representing 14.2% of all beds at national level. In 2013, 70,312 tourists visited the region, which represents 10% of total tourists visiting Macedonia. Almost three-quarters of it (49,635) are domestic tourists, thus representing 16.4% of domestic tourists visiting Macedonia. Only one-quarter of the tourists that visited this region are foreign tourists (20,677), which is only 5.2% of total foreigners at national level. In 2013, the region had 162,752 registered overnights, representing 7.5% of Macedonia's total overnights. In this line, 112,637 are overnights by domestic tourists, which is 8.8% of national tourism market. The foreign visitors have 50,115 registered overnights, which is only 5.7% of national tourism market. The average length of stay in Pelagonia region is 2.3 days for all tourists (lower than Macedonia - 3.1 day), whereas, the domestic tourists stay the same as foreigners - 2.3 days (State Statistical Office, 2014).

Based on tourism data, Krusevo has strong and dominant position in the regional frames, only in terms of domestic tourists, who are almost ten times more compared to the foreigners. The destination encompasses nearly half of total tourist arrivals coming to Pelagonia region (55.1%), whereas 74.1% of total domestic arrivals (36,799) and only 9.5% of total foreign arrivals (1,969). In the same line, the destination encompasses half of total nights spent in the region (54.9%), whereas 72.1% are overnights of domestic tourists (81,184) and 16.3% are overnights of foreign tourists (8,147). However, one must note that the above noted figures do not present the real picture of tourism statistics. Namely, the problems are located within the private accommodation facilities where it is often a case when the guests are not registered, or the guests are registered, but their overnight is not registered, or even the worst scenario when the room-renters are not registered as official tourism subject within the local tourism market. Therefore, a large part of more than 200 private accommodation facilities with approximately 1,300 beds is in a process of categorization. The situation is clear with the hotel accommodation capacities, where within three hotels, the destination encounters 422 beds, and additional 150 beds in the Youth dormitory

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"Sula Mina". The food and beverage capacities have approximately 800 seats.

Interesting remarks may be driven in term of the average length of stay in Krusevo. In this line, total tourists who visit the destination stay in average 2.3 days, which is exactly as the average of Pelagonia region. Yet, one must underline notable differences in the length of stay among domestic and foreign tourists. Namely, domestic tourists stay in average 2.2 days (the same as the average of the region). This is almost two times lower compared to the average of foreign tourists who stay 4.1 days (higher than the region average and the national average as well) (State Statistical Office, 2014).

5. METHODOLOGY

The study involved a field survey conducted in July 2014, by applying a self-administered questionnaire which was distributed among the managers/owner and employees in travel agencies and service facilities (accommodation facilities as hotels, motels and private villas, as well as catering facilities as restaurants and taverns). The respondents were well informed about the aims of the survey ahead of time in order to avoid any attempt to manipulate the survey process and possibly bias the results. A total of 170 questionnaires were distributed in Krusevo, out of which 113 were usable (the rest were incomplete), yielding an overall response rate of 66.5%.

As in Getz (1992), the survey sample was selected based on the assumption that the respondents were tourism-knowledgeable and engaged in tourism process at the local or regional level. Generally speaking, respondents were asked to determine, on an ordinal scale, the destination's level of tourism development by assessing the issue of access to finance. In this line, the respondents were asked to choose between the options of "not present," "present in low/medium/high intensity," and "I do not know". The intention was to evaluate and identify potential obstacles and limits for further tourism development of the destination. Due to lack of standardization, limited reliability, and scarce measurement, simple tests were applied by processing with the SPSS.

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6. ANALYSIS, RESULTS AND DISCUSSION

This section presents the key findings upon the summarized survey results (Fig. 1), which give an in-depth conclusions concerning the access to finance issue. It is visible that the limitation of the access to finance presents enormous destructive symptom for a slow-down in the supply side when referring tourism development.

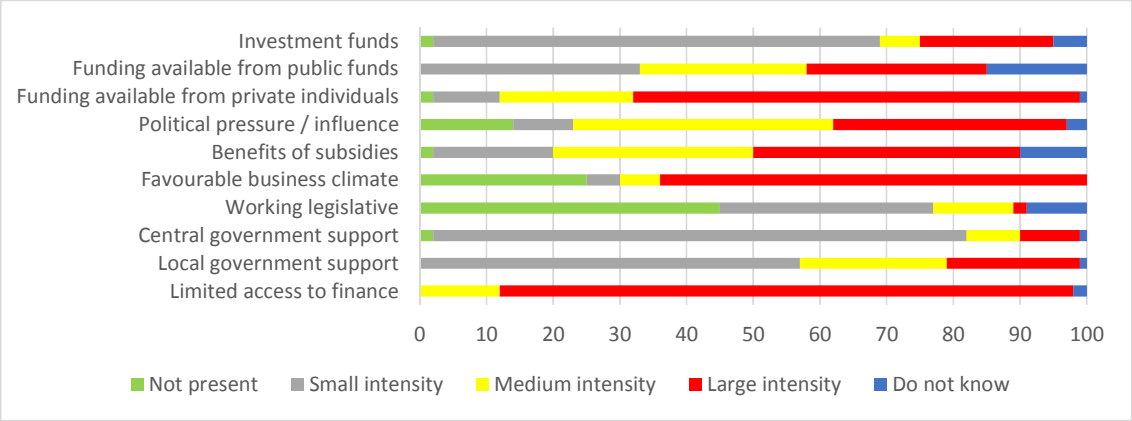

Figure 1. Summarized survey results

The following indicators were most commonly selected, with between 70% and 98% of respondents denoting presence at a medium to high level of intensity:

1) limited access to finance; 2) funding available from private individuals; 3) favorable business climate; 4) political pressure / influence; and 5) benefits of subsidies. Four-fifths of respondents identified the 'local government support' as being of medium significance. The results also reflected significant variation in respondents' attitudes toward the indicators regarding the 'investment funds', 'funding available from public funds', as well as the 'central government support', which most probably stems from different understandings of the issues. Nonetheless, it is interesting to note that the 'working legislative' as significant factor for sustainable tourism development was generally indicated as "not present" by large number of respondents, which does not, however, detract from the importance of being a factor that may profoundly affect entrepreneurial development of tourism entities.

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7. CONCLUSION_DA SE DOSREDI

OVDE DODADI DEL ZA ENTREPRENEURSHIP APPROACH……..

Furthermore, the overall conclusion is that Krusevo, despite the identified potentials and the current achievements of tourism development, needs to undertake some strategic long-term covered interventions particularly in the line of supporting and enhancing the access to finance of tourism enterprises. It is detected that the interventions in this manner may address tourism market players, employees in tourism in general, as well as the local population. Namely, all assessed indicators can be understood as possible symptoms, to varying degrees, of a potential slow-down in the development stage or the onset of decline in further tourism development in Krusevo.

The research supported already known statement that the access to finance is always the top problem for doing business in Macedonia. Along with the unqualified workforce (12.5%), inefficient administrative procedure (11.4%), the limited access to finance (17.1%) is stated as the most profound limiting factors for creating and supporting favorable entrepreneurship in Macedonia (WEF, 2012). Furthermore, the paper argues necessity of applying joined efforts of all key-players, i.e. the Government, the business sector as well as the civil society, to contribute in creating competitive economy as a precondition for tourism development.

Supporting and sustaining the current tourism development of Krusevo requires government intervention in a number of ways, particularly by the government should develop a comprehensive program for the development of entrepreneurship which will provide innovative financing for start-up businesses, including seed funding. The financial support and advisory services together, should be an integral part of the agency business support that will maintain close cooperation with representatives of entrepreneurial organizations, banks and NGOs. Helping businesses should be performed significantly faster and cheaper to break down existing stereotypes about failure. Furthermore, the private sector for the development of businesses should continue to promote and coordinate with key institutions such as the Employment Agency, the Ministry of Economy, etc.

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This article underscores the importance of continuous, systematic analysis of tourism sector as a factor to be considered by all actors responsible for creating development strategies in Macedonia. This research may be enhanced by broadening it with additional significant indicators to better assess the destination's tourism development. The research may be improved by expanding the number of indicators that are relevant to tourism development, as well as by employing multiple expert models and entrepreneurial approaches. Yet, besides the limitations of the scope of the research, this article poses relevant conclusions upon which serious measures and activities may be initiated for supporting tourism development in Macedonia.

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A STUDY ON FACTORS INFLUENCING CUSTOMER SATISFACTION FOR AN INDIAN LIFE INSURANCE COMPANY WITH REFERENCE TO KASHMIR

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Abstract

Customer satisfaction is the important factor for any company to survive in the market. It gives the company the competitive advantage over its competitors. To have the satisfied customers can help a organization to be more profitable. Customer satisfaction plans an important role in the in the life insurance companies, because having a satisfied customers can help the life insurance company not only in making more business but can also help in making customers loyal to that company. The objective of the study was to study the factors influencing the level of satisfaction of customers towards Life Insurance .For this we have to understand consumer response, time frame, personality constraints and emotions for assessing the potential of insurance sector. The findings of the study reviled that empathy was the most important factor for the life insurance customers, as they needed due care even after they invest their money in the particular policy. Tangibles were treated as the least important factor. More ever the company was good in introducing new customers to the organization. But a company cannot be successful if it focuses on new business only which was practiced in Indian insurance company. The study also helped the company as to know the perception of customers towards insurance. The company is not keeping the customers interest away after they invest but the continuously remain in touch with them and make the various departments customer friendly which makes the image of the company as a customer focused company. To be a customer friendly is a very good thing for the organization.

Key words: Life Insurance, Customer Satisfaction, , Kashmir, Factor analysis

INTRODUCTION:

Life insurance is a contract between you and a life insurance company, which provides you a predetermined amount in case of your death, accidents or any uncertain events during the contract term. Buying insurance is extremely useful if one is the principle-earning member in the family and unfortunate

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premature demise, your family can remain financially secured because of the life that you have purchased. The primary purpose of life insurance is therefore protection of the family for uncertain events for future. Life insurance is also seen as a tool to plan effectively for the future years, your retirement, education of the children s and their future needs. Today, market offers insurance plans that not just cover you and your family but at the same time it helps to grow your wealth too. Life was not designed to be risk free. The key is not to eliminate risk, but to estimate it accurately and manage it wisely. Insurance sector have characteristic that give can boost to the growth of any economy .it is due to the savings done at the individual level and at micro level it generates funds for infrastructure building as the cash flow is constant while the payout is differed, so that the insurance companies are becoming biggest investors in long gestation infrastructure development studys and hence have a great Importance to the developing economy like India. Insurance sector with an annual growth rate of 15-20% and the largest number of life insurance policies in force, the potential of the Indian insurance industry is huge.

The main motto of the study work was customer Satisfaction of Indian insurance company ie Life Insurance, company Srinagar. It includes through market Research in various plans of Indian insurance company Life Insurance.

Importance of the Study

The study report is all about market research to find out best sold plan of An indian insurance company Life Insurance, Srinagar, And to measure the satisfaction level of consumers of An indian insurance company Life Insurance. Market research helps An indian insurance company Life Insurance about the best plan purchased by its consumer satisfaction level helps to know whether the consumers are satisfied by service/ Plans of An indian insurance company Life Insurance.

Scope of Study:

Need for measuring customer satisfaction. “Customers are too good to lose --------- Let’s keep them happy!” Customer is the king. In the era of cut throat competition and economic recession, above axiom has more importance than ever before. “Marketing starts with the customer and ends the customer”.

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Peter Drucker. So no organization, small or big ignores the customers. “Earth is not the center of universe but revolves around the Sun”. -Copernicus. Similarly, we have come to believe that business firm is not the center of economic universe but revolves around the customer. Build customer and not only products. Building customers is not a single step exercise but a process.

Review of Literature

Customer service has become a distinct component of both product and service sectors and with the developments in information technology many businesses find demanding and knowledgeable customers. The worldwide trend toward service quality was initiated in the 1880s when businesses realized that a quality product, in itself, is not guaranteed to maintain competitive advantage (van der Wal *et al.,* 2002). Many researchers recognize that service quality can bring an organization a lasting competitive advantage (Moore and Lewis). As a result, many organizations are paying increasing attention to improve service quality. In some manufacturing industries "service quality" is considered a more important order winner than "product quality" (Ghobadian *et al.,* 1994). Service quality improvements will lead to customer satisfaction and cost management that result in improved profits (Stevenson, 2002). Contemporary service sector firms are compelled by their nature to provide excellent service in order to prosper in increasingly competitive domestic and global marketplaces (Sultan and Simpson, 2000). As service firms find themselves in an increasingly competitive and complex business environment, they are inevitably driven to examine their service delivery processes critically. The focus of such internal analysis is ultimately about customer satisfaction, and how bottom-line results can be actualized through delivering quality services to customers via flawless interface platforms. This is not only the case in the private sector, but it also is increasingly so in the public sector. Public sector firms are trying to make administration more efficient and more citizen-oriented (Scharitzer and Korunka, 2000)

OBJECTIVE OF THE STUDY:

1) To determine the level of satisfaction and quality of service provided to the customers in Srinagar city.

2) To determine the present position and satisfaction of customer in an Indian insurance company Life

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Insurance.

4) Identify pros and cons of the brand.

RESEARCH METHODOLOGY:

The study is descriptive in nature and is based on both the secondary data and primary data. The secondary data was collected from books, journals, periodicals, websites etc. The primary data was collected from a sample of 200 respondents from the Kashmir division of J&K The purposive sampling technique was used to collect the data from respondents. The population of the study consisted of consumes who had taken the policy fom the company.

METHOD OF DATA COLLECTION

1) Data to be collected.

Data includes facts and figures, which are required to be collected to achiever the objectives of the study. In order to determine the present position and satisfaction level of customer of an indian insurance company Life Insurance.

2) Data Collection Method

For given study, the primary data, which needed to collect for the first time, were much significant. This type of information gathered through Survey technique, which is the most popular and effective technique for correct data collection. The survey was completed with the use of self administered questionnaires.

3) Sampling

Sample is the small group taken under consideration from the total group. This small group represents the total group. In the study the market research, which was ask to be studied was Srinagar market but as it was possible to approach all the respondent s customer of the city, hence a sample was selected which represents the whole city. The data was collected by using the convenience sampling technique.

SAMPLE SIZE:

The sample size of the respondents was taken as 200 considering the scope and constraints of the study. The questionnaire was self administered to 200 respondents. Respondents included were from a

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balanced mix of various demographic factors (age, gender, marital status, education levels, and employment status and income group).

DATA INTERPETATION

In order to find out the customer's Perception towards insurance as tool of investment or risk cover, **Factor Analysis** would be a great way to find out the most important factors that are responsible for the customers to take insurance policies.

Results and Interpretation

After collecting all the data the process of analysis begins. To summarize and rearrange the data several interrelated procedures are performed during the data analysis stage Statistical tools of SPSS are used for data input and analysis. The statistics results were presented in graphical and tabular form with detail description.

A Brief Description of the Sample Profile

Out of 200 respondents living mostly in Srinagar, 60% are male and 40% are females. 100% of the respondents are financially independent. Marital Status of the respondents tells that 138 are married and 62 are unmarried. Distribution of the sample taking age, profession, academic qualification and monthly income of respondents respectively. Researcher did not observe any significant difference between male and female respondents in their Life Insurance Policy buying behavior.

Demographic Profile of the Respondents

The profile of the respondents is shown in the Fig. The profile focus on the demographics of respondents. It shows that out of 200 respondents, 60% of the respondents are male and 40% are females. Most of the respondents are married (67%) and in the age group 35-50 years (48%). This range shows that married group always feels the importance of insurance policy to complement with their life and families. The highest education level attained by most of the respondents was degree level (52%), followed by masters (46%) and under graduation (2%). It shows that majority of respondents were educated with high qualifications. The occupations of respondents were varied. The majority of the respondents were working in goverment sector (62%) and included doctors, Teachers , engineers, followed by pravite sector

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(31%) and other white collar jobs, businessman and skilled or semiskilled workers (7%). In term of household income, almost half of the respondents earned less than Rs.50,000 (per month).

Cronbach's Coefficient Alphas for SERVQUAL Dimensions

Table 2 Cronbach's Coefficient Alphas

Factor and Items	
Overall (Cronbach's Alpha	0.912
Tangibles (Cronbach's Alpha	0.551
Reliability (Cronbach's Alpha	0.701
Responsiveness (Cronbach's Alpha	0.733
Assurance (Cronbach's Alpha	0.742
Empathy (Cronbach's Alpha	0.802

Kaiser-Meyer-Olkin Measure and Bartlett's Test

Table 3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	3.194E3
	df	561
	Sig	.000

Factor Analysis to Determine the Factors which Customers keep in Mind while purchasing Life Insurance Policy from Life Insurance Companies

Trimming a large number of variables to reach at few factors to explain the original data more economically and efficiently Factor Analysis, a widely used multivariate technique in research, reduces data complexity. Factor Analysis is an important tool for resolving this confusion and identifying factors from an array of seemingly important variables. In the present study Factor Analysis exhibits the rotated factor loading for the statements (Variables) of Quality of Service rendered by Life Insurance Companies in India. It is clear from the that all the 34 statements have been extracted into nine critical factors namely F1, F2, F3, F4, F5, F6, F7, F8, F9. The factors Identified with new names which influence the Quality of Service are given below in table.

Adequacy of the data is tested on the basis of results the Kaiser-Meyer-Olkin (KMO) measure of

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sampling adequacy and Bartlett's test of sphericity (homogeneity of Variance) provided. The KMO measure of sampling adequacy is 0.779, which indicates the present data suitable for factor analysis. This is a goodness fit coefficient whose value varies between 0 and 1 and we take values over 0.5 to represent good factor analysis (i.e., data reduction is effective). Similarly, Bartlett's test of sphericity is significant ($p < 0.001$); that explains existence of sufficient correlation between variables to proceed with the analysis (Table 3). The Bartlett's test statistic is approximately distributed and it may be accepted when it is significant at $p < 0.05$. Most of the extracted Communalities are acceptable and all variables are fit for the factor solution as their extraction values are large. The first nine components (factors) in the initial solution have an Eigen values over 1 and they account for maximum observed variation in the consumers' behavior about the purchase of Life Insurance policies from the an Indian insurance company Life Insurance Company in Srinagar . According to Kaiser Criterion, only first nine factors should be used because subsequent eigenvalues are less than 1. After Analyzing the Total Variance Explained it can be found that 34 statements can be grouped under 9 Factor Groups of questions. The Factor Analysis made so far using SPSS helps extract nine factors, viz., Pricing, Employee Competence, Product & Service, Technology, Physical Appearances, Trust, Service Delivery, Advertising and Service Management from variables and these factors contributed variation in consumer behavior in purchase of Life Insurance Policy from An indian insurance company life insurance.

FINDINGS:

1. Most number of the customers who are insured are youngsters between the age of 25-35. It is because of the awareness which the youngsters possess nowadays about insurance.
2. Females are not concerned about insurance because analysis showed that 71% respondents were males whereas only 29% females are there. It is because that most number of the females don't work there in Kashmir valley.
3. Convenience sampling became necessary because in filling the questionnaire you will find 2 out of 10 are insured so you need to have proper database of the customers to make your research more fruitful.

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4. Maximum number of the customers prefers term insurance because they don't want to indulge in this for a very longer period of time they want returns in a short span of time.
5. An indian insurance company is not very good at attracting the new customers because most of the customers in our study were insured from last more than 4 years that suggests new customer's inclusion is very slow.
6. The most important reasons for the customers to have an insurance is "RISK COVER" and "SAVING". Customers feel somehow secure in insuring themselves.
7. Customers who are associated with An indian insurance company are illiterate so the F.A's have to put lot of efforts in convincing the customers.
8. An indian insurance company lack in advertisement in Srinagar.
9. They also lack employees because in Srinagar branch there are only 8 persons who run the office among which 6 girls are Tele Callers.
10. Religion plays a very important part in hindering the sales of insurance companies in Kashmir valley because Muslims don't insure themselves as it is against their religion.

SUGGESTIONS

Based on the findings above, following suggestions are made for incorporating in marketing strategies of the An indian insurance company life insurance company.

- An indian insurance company life Insurance company should give more emphasis on promotional activities targeted at younger prospective customers to attract them to insurance companies.
- In the wake of intensifying competition in life insurance sector, insurance companies need to keep evolving innovative promotion-mix, encompassing advertisements, sales promotional campaigns, and persuasion by agents to increase the level of awareness and to make the information search process for the consumers an easy one.
- .Image of company is considered to be one of the most important by customers of both LIC of India and private insurance companies while choosing an insurance company. So, Insurance companies need to pay

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attention to improve their image by giving due attention to financial management, insurance products, brand of company and top management.

- Insurance companies ought to vigorously pursue lower income people for buying policy by making use of various promotional activities and developing insurance product. This provides value for money
- The insurance companies should create more awareness regarding multiple benefits of insurance products, which will help them to attract more customers and increase their business volume.

Conclusion

Although the satisfaction levels are on the higher side, yet there remains a lot to be done by the management of the An indian insurance company life Insurance company to maximize their customers' satisfaction and improve the quality of service. The satisfaction of the customer with the services of Life Insurance Companies is linked with the performance of the service. Further, many customers who are strongly familiar with interpersonal services may never be satisfied with purely technology-based services. It was revealed from the research that An indian insurance company is a successful player due to its various remarkable efforts towards the customers. It was also revealed that An indian insurance company has used the goodwill of its parent company up to a great extent and also its distribution in the valley. An indian insurance company is also having a good distribution but it should use other marketing tools as well in introducing the customers to An indian insurance company. It was also seen that An indian insurance company is making good efforts to bring new customers to the company but the retention part is not performing as it should be. No doubt that An indian insurance company is continuously growing and also that with a remarkable growth rate. Due this growth rate the market share of An indian insurance company has increased. But if the company wants to achieve new heights and wants to grab the maximum of the market then they definitely need to work in some of the fields so that the company will perform as it is expected by the customers. Simply we can say that An indian insurance company has to become more customer focused and they need to provide quality services to the customers.

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LEAN SERVICE ON AN ONLINE WALLET STORE

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Abstract:
In this paper, we discuss an online Wallets store. We use the Lean Six Sigma method to improve the service process of the company. After our improvement the package missing rate in the5 working days duration has been decrease from1.2 % to 0%. This is a big improvement for the company. The concept of lean service has been used to involve into the service processes of the company. This is a case study researching the application of lean service in the e-commerce. The Lean Six Sigma methodology has been applied in this case. This research verifies the application of Lean Six Sigma in e-business service sector.
Keywords: Lean service, On-line wallet store, e-Business

1. Introduction

In this research we tried to apply the concept of lean service to improve the service method of an online Wallets store. The Lean Six Sigma DMAIC methodology has been used to improve the service process of the company. “Lean services are the application of the lean manufacturing concept to service operations. It is distinct in that Lean services are not concerned with the making of ‘hard’ products.” (Wikipedia.org, 2014)

The start point of lean manufacturing concept started from 1984, when a group of MIT’s experts studied the global industrial competition and wrote their results on the famous book, THE MACHINE THAT CHANGED THE WORLD. After that, the concept of lean started to attract the attention of people around the world. The MIT team summarized that lean production is a superior way to produce goods. It provides better products at lower cost. They believe that the whole world should adopt lean as quickly as possible (Womack, Jones & Roos, 1990).

In the beginning of lean, most of the application was applied to the production industry. Gradually, some pioneer noticed the benefit of lean and started to discuss the possibility to apply lean to the service industry.

Bowen and Youngdahl (1998) defended a “production-line approach to service” by arguing that services can “reindustrialize” by applying revised, progressive manufacturing technologies. They described how business services such as Taco Bell, Southwest Airlines, and Shouldice Hospital have mastered the lean service. Ahlstrom (2004) investigated the contingencies to the applicability of lean production to service companies. A framework for lean production is described and translated into service companies, using an

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empirical base consisting of descriptions of lean production applications in the service sector, made by practitioners from service companies. There are some practical studies on the application of lean in the service industry. Supermarkets adopted Lean techniques for improving their flow of customers (Swank, 2003). Hospitals tried to use the method of lean to improve their performance (Yasin, Zimmerer, Miller and Zimmerer, 2002). Same applications have also been made in the health care services sector (Kollberg and Dahlgaard, 2007).

In this paper, a practical case of an online Wallets store has been used to discuss the application of lean service. The Lean Six Sigma method has been used to improve their service process. There are two significant contributions to the area. First, this is a practical case study in the research of application of lean service in the e-commerce. Second, the Lean Six Sigma methodology has been applied in this case. This is also a case study in the application of Lean Six Sigma in service sector.

In the next section, the backgrounds of the online Wallets store are provided. Then, the Lean Six Sigma methodology will be used to improve their process. Concluding remarks are given in the last section.

2. The online Wallets store

The case we want to study is an online Wallets store. The company sells Wallets on the internet through its company's own website. The web page of company's website is shown in Figure 1

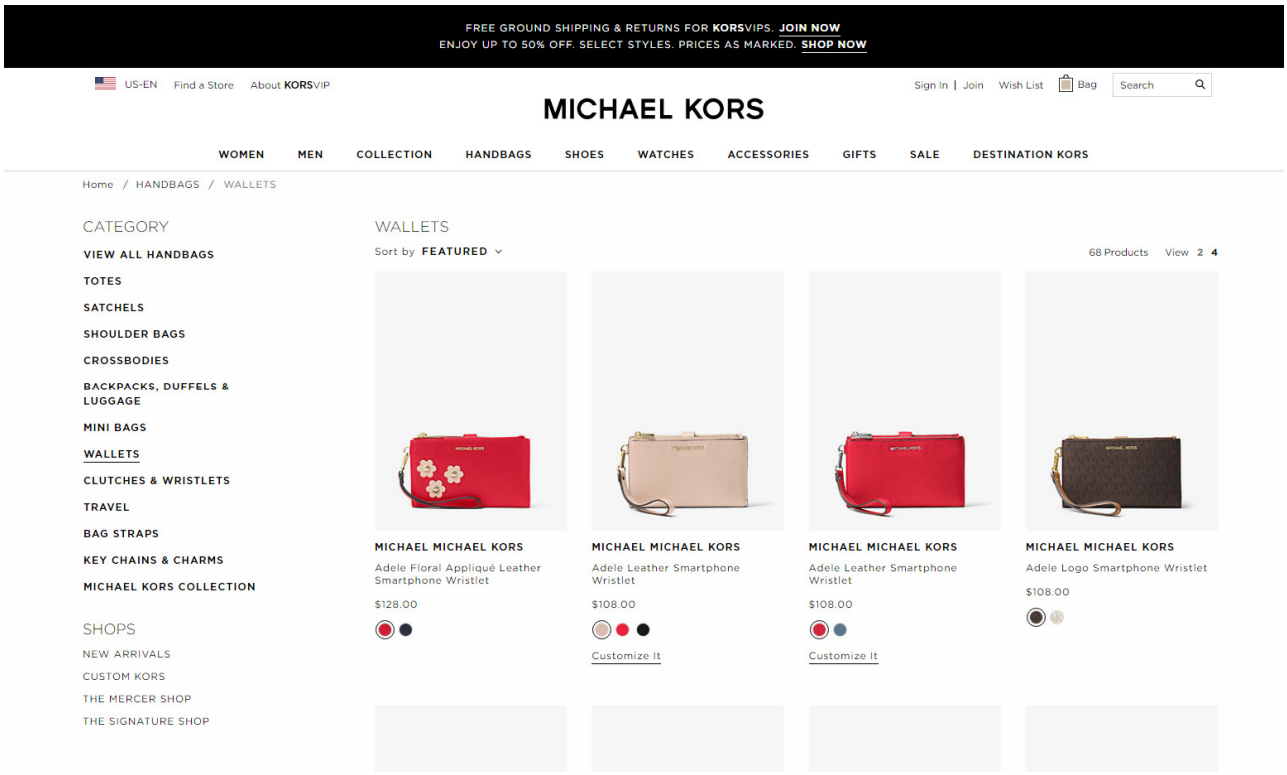

Figure 1. Wallets store website

This company is established in 2012. The company's is located on Canada and they sell Wallets to

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customers around the world. There are two major processes in the company: the deliver process and the return process.

The deliver process is the process to deliver the Wallets to the customers. When customer places their order, the company staff prints the buyer's order and personal information. Then they will review the buyer's order and information and then print the shipping message and sticker on the package. They will then go to the post office and post the package. The flow chart of the deliver process is shown in Figure 2.

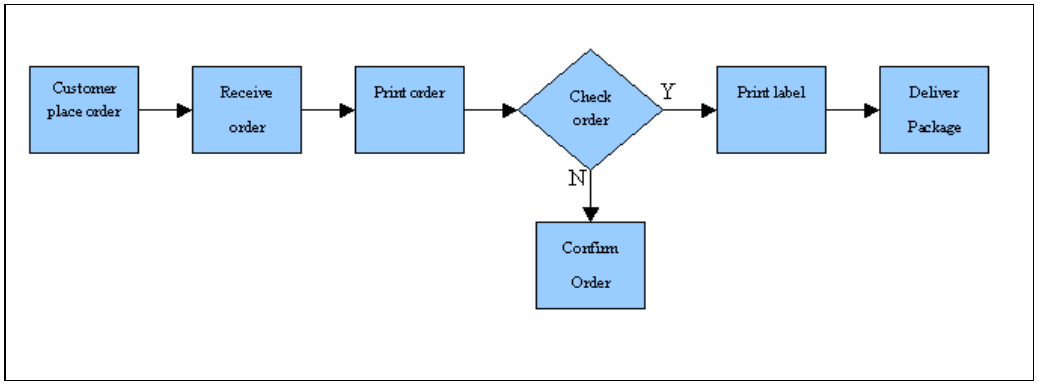

Figure 2. Flow chart of the deliver process of the online Wallets store

Return Process is the process when the customer informs that they have not received their Wallets they have ordered. When the company receives the information from the customer, the company staff will check the delivery records. If company has delivered the package, the company will contact the post office to check what had happened to the package. If company could not find the delivery record, they will check what had happened in the internal process. The major problems in the process include the internal operation mistake, the reason of non - delivery and the external operational mistake. The flow chart of return process is shown in figure 3.

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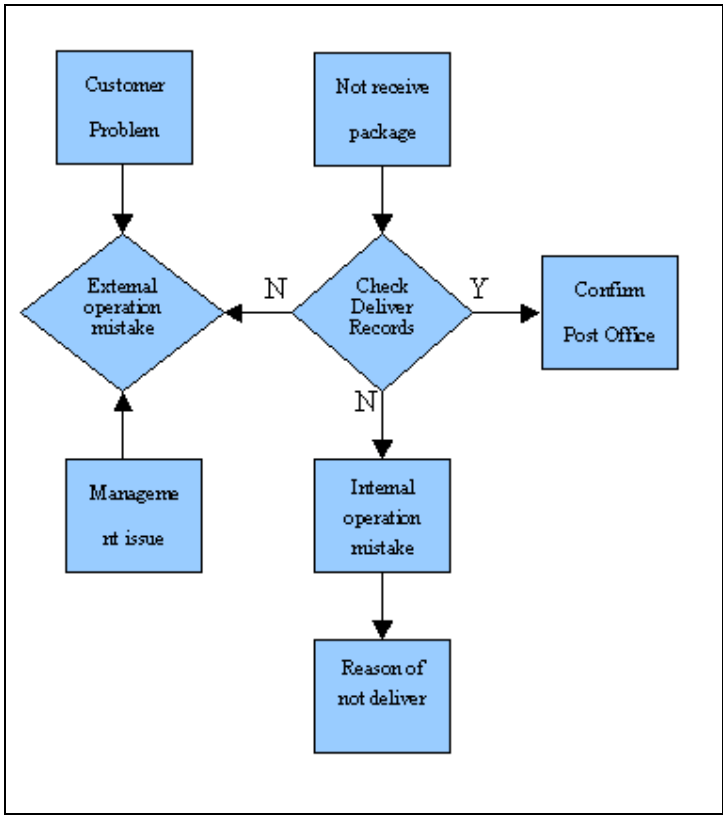

Figure 3. Flow chart of the return process of the online Wallets store

3. Lean Six Sigma process improvements

In this section, we will try to improve the operation process of the online Wallets store. The methodology for Lean Six Sigma process improvement (George, M. and Lawrence Jr., R., 2002) is very close to the Six Sigma DMAIC methodology (Feo, Joseph & William, 2005). The only difference in it involves the concept of "lean" into the improving process. In this case study, the Lean Six Sigma DMAIC methodology has been applied to the process of improvement, and its roadmap is shown in Figure 4.

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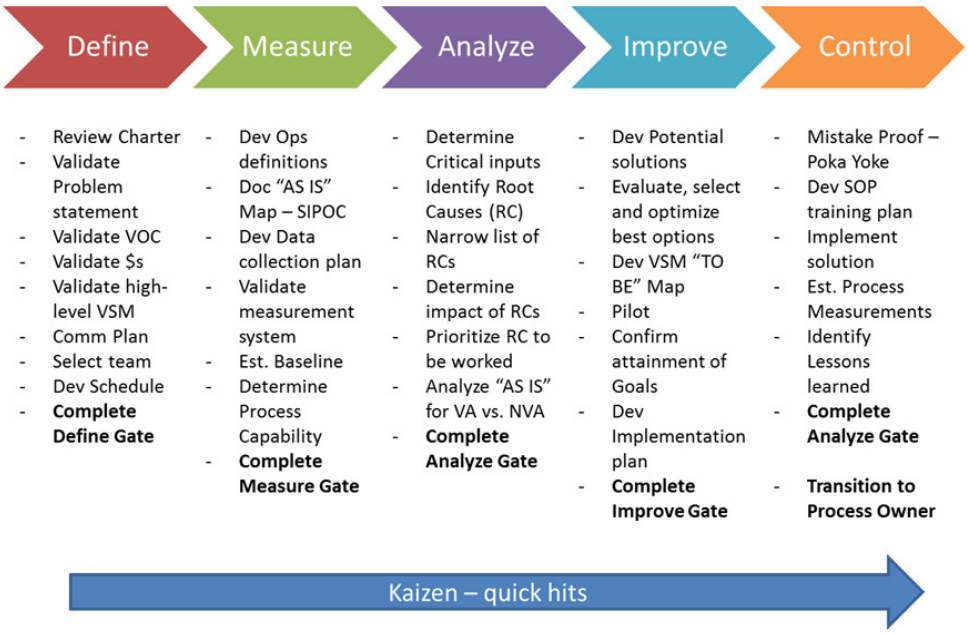

Figure 4. Roadmap of Lean Six Sigma DMAIC methodology (Lean Six Sigma Institute, Lean 6 Society, Project Management Institute, 2015).

There are five key steps in the Lean Six Sigma DMAIC process. Define, measure, analyze, improve and control. In the define step, things which are critical to consumers (CTC) are defined, such as: What are the most important things to your consumer? What do they care about? The purpose and goal of the lean 6-sigma project are also are clarified in this phase. In the measure step, the performance standard of the process is verified and the measurement system is established to obtain a baseline for future improvements. In the analyze step, the performance objective is defined and the key variation sources are identified. The relationship between variation sources and performance objectives are also established in this stage. In the improve step, all the potential causes are screened and possible solutions are verified. So that improvement activities can be proposed in this phase. The process capability after improvement also is confirmed in this phase. Finally, the long-term process control is implemented in the control step. The control plan to maintain progress and verify the measurement system in the future is also done. All corrective actions are send as feedback to the quality operation system (George, M. and Lawrence Jr., R., 2002). Next, we will use the Lean Six Sigma DMAIC methodology to improve the operation process of our online Wallets store.

Define

The purpose of the define phase is to clearly articulate the business problem, goal, potential resources, project scope and high-level project timeline ("DMAIC", 2016). This information is typically captured within project charter document. Write down what you currently know. Seek to clarify facts, set objectives and form the project team. Define the following ("DMAIC", 2016):

- A problem
- The customer(s)
- Voice of the customer (VOC) and Critical to Quality (CTQs) — what are the critical process

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outputs?

- The target process subject to DMAIC and other related business processes
- Project targets or goal
- Project boundaries or scope
- A project charter is often created and agreed upon during the Define step.

We define the internal customers and the external customer of the online Wallets store.

- The internal customers in the company include: company staff and package deliver.
- The external customer in this case include: any consumer who visit the company's website and the Wallets supplier.

We found that there are three most important problems in the company.

1. Customer has not received their Wallets on time.
2. Customer did not provide correct deliver information.
3. Operator did not confirm the deliver information before deliver the package.

After further discussion, we redefine the problem as" Customer can receive their Wallets between the5 working days". The scope of the project has also been redefined as" The5 working days duration after the package was delivered". According to company's historical records,1.2 % of package missing in the5 working days duration.

Measure

The purpose of the measure step is to objectively establish current baselines as the basis for improvement. This is a data collection step, the purpose of which is to establish process performance baselines ("DMAIC", 2016). The performance metric baseline(s) from the Measure phase will be compared to the performance metric at the conclusion of the project to determine objectively whether significant improvement has been made. The team decides on what should be measured and how to measure it. It is usual for teams to invest a lot of effort into assessing the suitability of the proposed measurement systems ("DMAIC", 2016).

The customer's personal information and order information have been selected as the information resources to analyze. The operation process is controlled by the operator visual inspection. In order to analyze the data, the C&E Matrix were used to analyze the problem. According to our analysis, we identified some critical steps in the process.

These steps include: order receiving, package delivering, package shipping and computer processing.

Analyze

The purpose of the analyze phase is to identify, validate and select root cause for elimination ("DMAIC", 2016). A large number of potential root causes of the project problem are identified via root cause analysis The potential root causes are selected using multi-voting or other consensus tool for further validation. A data collection plan is created and data are collected to establish the relative contribution of each root causes to the project metric. This process is repeated until "valid" root causes can be identified ("DMAIC", 2016).

Detailed process maps can be created to help pin-point where in the process the root causes reside, and what might be contributing to the occurrence. We use the fish bone diagram to analyze the problem.

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The fish bone diagram in the process has been shown in Figure 5.

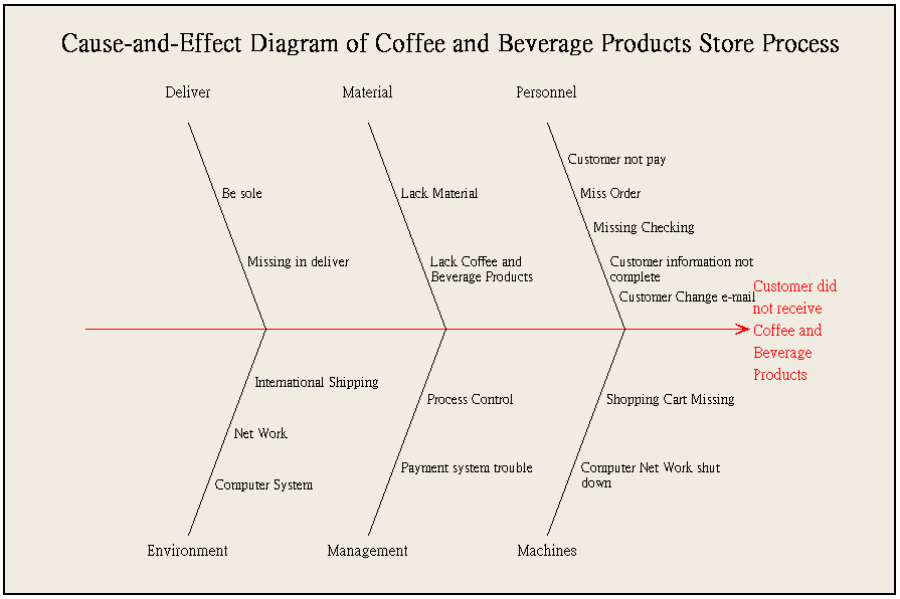

Figure 5. The fish bone diagram of the key issues

According to the analysis, we identified that people; method and management are the key issues to cause the problem.

Improve

In the improve phase, test and implement a solution to the problem ("DMAIC", 2016). This depends on the situation. Identify creative solutions to eliminate the key root causes in order to fix and prevent process problems. Use brainstorming or techniques like Six Thinking Hats and Random Word. Some projects can utilize complex analysis tools like DOE (Design of Experiments), but try to focus on obvious solutions if these are apparent. However, the purpose of this step can also be to find solutions without implementing them ("DMAIC", 2016).

- Create
- Focus on the simplest and easiest solutions
- Test solutions using Plan-Do-Check-Act (PDCA) cycle
- Based on PDCA results, attempt to anticipate any avoidable risks associated with the "improvement" using FMEA
- Create a detailed implementation plan
- Deploy improvements

We used brain storming method to resolve the problem. After discussion, seven critical issues have been found to remove the defects and variations of the process.

1. Remind customer important notices in the website.
2. Resolve all problems in the first time when we receive the order.
3. If we cannot deliver the Wallets, we should inform the customer in the first time.
4. After the delivery of the package, we should inform customer when the package will arrive by

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e-mail.

5. If the package is delivered by EMS, we should inform customer the mail number.

6. If there is a climate issue to delay the package shipping, we should inform the customer.

7. If there is any problem in the network or computer system, we should inform our customer.

All critical issues have been resolved in the improvement phase. The package-missing rate has been reduced to 0% in the end of improvement. The flow chart of the deliver process after improvement is shown in Figure 6.

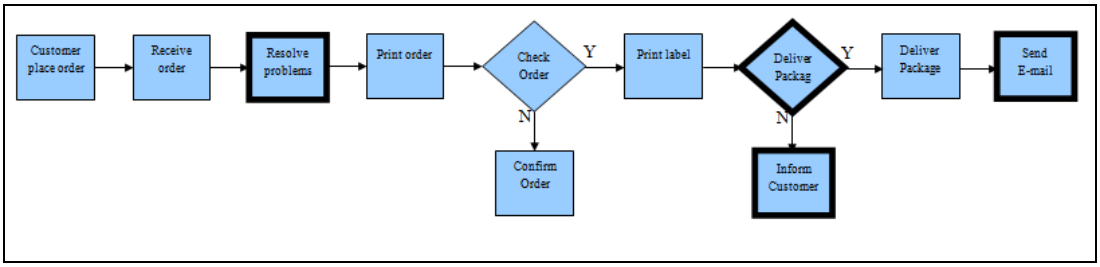

Figure 6. Flow chart of the deliver process after improvement

Control

The purpose of the control phase is to sustain the gains. Monitor the improvements to ensure continued and sustainable success. Create a control plan. Update documents, business process and training records as required ("DMAIC", 2016).

A Control chart can be useful during the Control stage to assess the stability of the improvements over time by serving as 1. a guide to continue monitoring the process and 2. provide a response plan for each of the measures being monitored in case the process becomes unstable ("DMAIC", 2016).

All these actions were fed back to the control plan of our operation process. To sustain the benefit of quality improvement over the long run, we have set a control plan to track all correcting activities in the future. The critical issues to control the improvement activities include:

1. Download the order and confirm with the shipping records every day.

2. Record and analyze orders that have been delayed.

3. Analyze unusual issues every day.

4. Evaluate production plan every week.

4. Summary and Conclusion

In this paper, we discuss an online Wallets store. We use the Lean Six Sigma method to improve the service process of the company. This case verifies the feasibility of Lean and Lean Six-Sigma in service sector. After our improvement the package missing rate in the5 working days duration has been decrease from1.2 % to 0%. This is a big improvement for the company. Further study in this field may focus on the application of lean and Lean Six-Sigma in different company in service sector.

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