

Organizational Behavior and Business Ethics

Rita Lamotta

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Edited by **Rita Lamotta**

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Preface

Business ethics and organizational behavior are closely related. Maintaining an accepted form of organizational behavior involves following the right business ethics and morals which affects the image of the organization. The aim of this book is to present researches and concepts such as psychological capital, facility management, human dimension of sustainability, strategic corporate responsibilities, etc. that have transformed these fields and aided its advancement. The extensive content of this book provides the readers with a thorough understanding of the subject.

This book unites the global concepts and researches in an organized manner for a comprehensive understanding of the subject. It is a ripe text for all researchers, students, scientists or anyone else who is interested in acquiring a better knowledge of this dynamic field.

I extend my sincere thanks to the contributors for such eloquent research chapters. Finally, I thank my family for being a source of support and help.

Editor

Ethics of Business Organizations: The Basis for Their Sustainability

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Abstract

The strengthening of the process of the regulation of accounting and auditing, as well as the improvement of the structures of corporate governance, aims, fundamentally, to involve the various professionals that work in business organizations in a global process whose principal objective is to provide more ethical and responsible accountability practices. Hence, encouraging ethical stances is crucial in seeking to overcome the present financial crisis, and in preventing and changing the paradigm of the business model of capitalist society: the ethical principles related to the business environment should be assumed by all those intervening in the process of accountability. In this context, the goal of this research is to ascertain whether, among professionals working in this field in Portugal, there exists an appropriate perception of behaviour and ethical attitudes, and whether there is control and promotion of these attributes. In particular, we seek to locate significant associations between the responses to the questions raised, and to do this, we use, among other statistical instruments, Spearman's correlation coefficient. The results obtained reveal certain specific characteristics of the groups questioned.

Keywords: ethics, accounting, corporate governance, rules

1. Introduction

The improvement of institutional mechanisms for confidence point unequivocally to an increasing demand for financial information based on transparency and the reliability of figures that reflect economic reality and that are transmitted, to the general public, through corporate social reporting. Therefore, the acceptance of rules defining what are acceptable practices of corporate governance, of accounting and auditing (Kaplan & Ruland, 1995), leads to a change of paradigm, based on a different approach of stakeholder theory, which should be structured, preferentially, around accountability rules which are far-reaching and embedded in the organizations and the agents that undertake their activities in the professional area of business sciences.

These professionals are subjected to a wide range of pressures in the business environment that can lead to dysfunctional ethical behaviour (Pierce & Sweeney, 2010; Robertson, Lamin, & Livanis, 2010), even though the securities market code and agency theory itself severely punish all agents that that violate the trust of a fiduciary relationship. Despite the existence of control mechanisms, we continue to witness skewed financial or fraudulent information, or information with innumerable omissions contained in the financial statements of both listed and unlisted companies. This has brought about the emergence of SOX (Sarbanes Oxley Act, 2002) and PCAOB (Public Company Accounting Oversight Board, 2006), which established a number of conduct rules in order to foster integrity, honesty and the morality of agents. It is taken as a given, then, that the accountants and the auditors exercise a fundamental role in the control of institutions and the good practices of corporate governance, but it is also recognised that the introduction of further rules of conduct might not function satisfactorily and, therefore, the development of a better quality education is advocated as an instrument with the potential to mitigate the effects of financial scandals (Low, Davey, & Hooper, 2008; Padia & Maroun, 2012). Further, it is stated (Dedoulis, 2006) that the conception of confidence is dynamic and an endogenous factor in the system, and, as a result, responses have to be drawn up through ethical commitments. This strengthening is fundamental in order to overcome the present economic crisis. Boatright (1999) refers to the complexity of the ethical dimension, suggesting that this is not solely related to individual conduct, but, also to financial operations and banking institutions. The deviant conduct of agents in relation to ethics arises from a multitude of factors (Gouvêa & Avanço, 2006; Moreira, 2002), with these authors recommending a legal approach as an appropriate way of restoring ethical behaviour in financial companies. Generally speaking, all the aforementioned researchers point to the necessity of high-level ethical training that furnishes professionals with the possibility of

detecting ethical problems that are not perceptible, which presupposes an ethical sensibility (Karcher, 1996).

In this environment characterised by complexity, this research project centres on the auditing professionals in Portugal—statutory auditors, court auditors, as well as internal auditors—who carry out a service of recognised public interest, and who undertake important activities in the control structures of corporate governance in societies, and to whom can be added teachers working in higher education, because of their highly qualified status. The central objective is to ascertain, empirically, the perceptions of these agents in respect to the practices and ethical performance of auditing and accounting professionals, as well as the role of corporate governance and the professional associations in meeting the formal and informal expectations of trust of all the stakeholders. Consequently, the focus of this research falls on three questions: whether Portuguese auditing professionals and the teachers who teach auditing possess an ethical attitude, whether they conduct ethical practices, and whether instruments of control for the promotion of ethical performance exist. It also makes a contribution to the existing literature on this theme by adding the thinking of Portuguese professionals on the current debate of ethics in organisations, through a multifaceted vision based on various professional groups. Further, and as far as the present author is aware, the present study has innovative characteristics and addresses important gaps. Indeed, the studies undertaken, overwhelmingly in Anglo-Saxon environments and contexts, are overly reductionist given that they focus their analysis of ethics solely on the external auditors and accountants, thereby overlooking a number of important auditing professionals, something which is not evident in the present study. On the other hand, the questions that have been posed in different studies refer to very specific aspects of ethics which, because of their Cartesian significance, do not permit a systemic analysis, something which is undertaken in this study. In addition, the consideration of the perceptions of the teachers enriches the study, thus attaining a more global perspective. It is also the first study carried out in Portugal—an empirical analysis—in relation to ethics in business organisations. The work is divided into chapters, the second of which reviews the most important literature on this issue, while the third sets out the research methodology and centres on a discussion based on the answers of the respondents. In the fourth, the results are discussed, framed and compared, as far as possible, to research which has already been undertaken. Finally, the conclusions and limitations are discussed and proposals for further research put forward.

2. Review of Literature

In general terms, the most recent literature on this research topic, values the so-called ethics market (Arens, Elder, & Beasley, 2010; O'Sullivan, 2007; Cortina, 2003), and suggests the need to revitalise the concept given the number of financial scandals that have taken place internationally in a context of globalised business. Others (Rego, 2013) highlight the need to rethink capitalism in terms of social criteria, in which ethical choice is seen as a pillar of development in society.

The proliferation of research on this theme is partly related to the detection of non-ethical behaviour of management, accounting and auditing professionals, Bampton and Cowton (2013: 549–563), which has motivated the improvement of ethical codes, which today are considered fundamental instruments of any profession, above all in those that detain monopolistic and self-regulatory control. These characteristics generate power and their own interests from which may arise conflicts between clients and professionals, hence a code of ethics is considered to be a calibrating instrument in the public service provided by the aforementioned professionals (Karcher, 1996).

The main objective of the regulatory process in accounting and auditing which has been developed over the last 120 years is to endow financial and non-financial information with greater transparency whilst simultaneously developing more ethical and responsible accountability practices. This is at the heart of the theory of confidence developed by Zucker (1986), which is taken to be a fundamental part of the social stock of knowledge (Berger & Luckman, 1967). This concept of confidence was introduced into the accounting literature by Neu (1991) and Armstrong (1991) and presently contributes to the explanation and understanding of the regulatory context of corporate governance of accounting and auditing. In relation to the three aforementioned control mechanisms, professionals are faced with conflict of interests and problems of social well-being, situations that may eventually influence the behaviour of professionals in ethical terms, so these mechanisms can encourage individuals to develop their professional careers according to the continuous and rigorous observation of the parameters of quality and integrity of the services provided, and to act in compliance with the norms and professional code of ethics, known at the time of acting, as codes of quality and security (Melé, 2005).

The mechanisms of *corporate governance* represented by the attributes of independence and the code of conduct of managers, help to reduce the credibility *gap*. This situation is portrayed in the studies of Hamdallah (2012) and, in turn, Davidson and Stevens (2013) suggest that the public adherence by managers to the code of ethics of

corporate governance reinforces non-selfish behaviour.

Business ethics covers all the functions of a company, whether external relations—clients, suppliers, banks, state—or whether internal relations, in which top management can be included. These interdependencies demand codes of conduct: that is to say, declarations of principles in which certain objectives of an ethical character are established and which are desirable targets to achieve both inside and outside the company (Moreira, 1999).

For Cortina (2003), so that the company is transformed into a truly ethical environment: organisations are, above all else, moral agents, judges that consider the costs of alternative action, capable of choosing paths and justifying the decisions with reference to a suitable code of conduct.

Gouvêa and Avanço (2006) and Moreira (2002) recommend a legal approach as a suitable way of restoring ethical behaviour in financial companies. Generally, the aforementioned researchers point to the need for high quality ethical training which provides professionals with the possibility of detecting ethical problems that are not visible, which presupposes an ethical sensibility (Karcher, 1996).

These standards of behaviour are the benchmark for non-ethical or deviant behaviour generated in practices. To minimise non-ethical behaviour it is necessary to reach an adequate understanding of the factors which give rise to conflicts and dilemmas in business practices. This notion has largely been confined to educators and practitioners, although in the 1990s, it became the centre of attention of the academic community (Ponemon & Gabhart, 1994). Ponemon and Gabhart concludes that auditors fail in relation to the general public because they are mere rule enforcers, and do not consider, as a priority, the economic substance of the transactions. Ethical behaviour in corporate governance, accounting and auditing, has been researched, in philosophical terms, from a perspective of individual or collective behaviour and from a perspective of public interest.

In individual or collective terms, research has centred on the behaviour of management, accounting and auditing, and, above all, on the formal teaching of business ethics through education. The philosophy of these studies rests on the assumption that accounting and auditing are public professions: as such, the decisions taken by these professionals have a broad range of social and ethical implications: the accounting choices and the decisions taken affect organisations and society. Hence, the teaching of ethics, in teaching establishments, will provide students with the conceptual framework and the necessary competencies to deal with ethical questions and social responsibilities. In this context, the majority of research is guided by the central question in auditing—*independence*—and not only includes external auditors but also internal auditors.

The teaching of ethics through study programmes of management, accounting and auditing in educational institutions is a line of research that has been more notable since 1995, and it is understood that, as ethics is the economy in the long-term, the response to the financial scandals should start with the introduction of ethics in business schools, so as to prevent future deviant behaviour. It is in this line of thinking that Thornton (2012) and Gaa (2010) show that the professional attitude of the preparers of financial information and the auditors should be the result of an institutional education that helps to transform the student into a professional. Sisaye (1997; 2011), Kite and Radtke (1997), Ho (1997), Sikka, Haslam, Kyriacou and Agrizzi (2007), Sedaghat, Mintz and Wright (2011) discuss the institutional approach to ethics education in accounting, and argue that a formal education in accounting ethics enables students to apply the moral principles of thinking to the question of ethical problems.

In the same line of research, the work of Cheng (2012), Manalo (2013), Frank, Ofobike and Gradisher (2010), Usurelu, Marin, Danailă and Loghin (2010), suggest that ethics is more important than technological instruments and knowledge itself.

From the public interest perspective, research has sought to identify the ethical problems with which external auditors are faced and with the role of the financial report in decision-making. These aspects are considered important in the role that auditors play in society and, as a result, in the defence of the public interest. Doucet and Eprile (2000) and Riotto (2008) start from the principle that auditors and regulators detain an important social role and responsibilities towards all stakeholders: logically the defence of the public interest is the first duty of the auditor towards the public through the emission of an opinion on the true and adequate image of financial statements, which suggests that corporate governance is fundamental in this balance. In turn, Williams (1999) and Bolt-Lee and Moody (2010) state that accounting practices have important ethical consequences and that these problems not only relate to individuals but also to accounting understood as an institution, hence the necessity for it to be regulated so as to defend social well-being. Pierce, (2007) in research related to ethics published for Scottish professionals by ICAS (Institute of Chartered Accountants of Scotland), criticises rules-based culture, and reaffirms the public interest of the profession. At the level of financial reporting, the rules-based-approach is criticised, that is, for the fixed compliance with rules (Caplan, Dutta, & Marcinko, 2012;

Pincus, 2000) while not addressing moral and ethical issues. The strict compliance with codes of conduct is deemed by a considerable number of researchers (Stephens, Vance, & Pettegrewm, 2012; Alwan, 2012; Vásquez, 2007; Felipe, Imoniana, Domingos, & Soares, 2012; Spalding & Oddo, 2011; Kushniroff, 2012) to be particularly reductionist and should be considered from a broader perspective that confers critical mass in order to resolve ethical dilemmas adequately.

3. Methodology

3.1 Sample and Data Collection

The procedure used to study this issue of ethics in Portugal was carried out through the elaboration of questionnaires to be answered by technicians/professionals (statutory auditors, internal auditors and court auditors) and teachers.

Various questions related to the following areas were included: behaviour of auditors, behaviour of managers, corporate governance, limitations of accounting. Each one of the areas described above contains the following statements to which the respondents should reply whether they are in agreement or not. The questionnaire was sent to all auditors and teachers

Chart 1. Questions asked

Behaviour	Question	Order
Auditors	Unethical performance of auditors	1
Managers	Little concern for the interest of shareholders	2
	Unethical behaviour	3
	Individual objectives outweigh collective ones	4
Corporate governance	Corporate governance not very active in the detection of errors and frauds	5
Institutes/	Inadequate control of the quality of work of the auditors	6
Associations	Insufficient disciplinary power	7
	Permissive behaviour in relation to colleagues	8
Accountants	Lack of ethics on the part of the accountants	9
	Creative accounting practices	10

Employing a questionnaire, made up of a number of statements and questions, was used because it allowed for the assessment of the attitudes and opinions in relation to the behaviour of auditors, and to the existence or not of control structures and the auditing market. Apart from the study of measurable variables, this instrument also allowed for the confirmation or rejection of the various hypotheses being researched. In order to more accurately define their operationalization, a pilot study was used with a reduced sample of the population, with the aim of eliminating doubts concerning interpretation: the results of the questionnaire were considered satisfactory. On the questionnaire, there are objective measurements related to knowledge and behaviour and subjective measures that reference the judgements, the attitudes and the opinions, as well as the behavioural intentions and the preferences related to the issue being analysed. The questionnaire is also made up of a number of closed questions focused on the theme of the research and posed in an abstract or generic way, which allows for the subsequent use of descriptive statistic measures. The questionnaire sought to collate information in a clear and concise manner, placing importance on how it was presented and the short time needed to complete it, factors considered to be decisive in a higher RR (response rate) (Frolich, 2002; Yammarino, Skinner, & Childers, 1991). Taking into account the different levels of knowledge, it was deemed justifiable to conceive of two groups of distinct questions: for the auditing professionals and the teachers. In both questionnaires, the first section of questions is general in nature, seeking to ascertain certain characteristics of the respondent: age, academic qualifications, experience in auditing (if applicable), the manner in which they exercise their profession, the type of company they audit or their position in the company. The second section is made up of 10 questions aimed at detecting perceptions, attitudes and behaviour that encapsulate various aspects related to ethics.

The questions posed reflect the general and specific concerns that exist in the international literature concerning the issue of ethics in business organisations. In fact, the theme is freely referred to by classical economists, with Smith (1776) justifying the economy based on moral foundations; Coase (1937) states that the power and authority of distributing resources is more important than the price mechanism; in turn, Freeman (2001), in accordance with *stakeholders theory*, points out that at management level the decisions are taken in a framework of contracts in which the different stakeholders should be fair and impartial. The different philosophical tendencies, applied to economic ethics, aim to establish a judgement concerning the positive or negative aspects of the agents' behaviour

and actions. Therefore, the general questions little concern for the interest of shareholders, unethical behaviour of managers, selfish behaviour centred on individual objectives to the detriment of collective ones, constitute a range of questions that aim to reflect these general concerns concerning good behaviour, virtues and rules (Camino, 2004). In more specific terms, Duska and Duska (2003) state that accounting and auditing, as a human activities, have an ethical dimension, with it being necessary, in order to understand this dimension, to examine the convergence of these activities as a human activity. In turn, Weygandt, Kieso and Kimmel (2012) refers to the ethical dimension as the foundation stone of accounting. Further, Knechel, Salterio and Ballou (2007) state that the accountant and the auditor are continuously making judgements, and evaluating actions and practices, hence it is necessary to evaluate the behaviour of these professionals undertaking actions that might be ethical or unethical, and that only the understanding of the thinking inherent to the rules allows for a better understanding (Reding, Sobel, Anderson, Head, Ramamoorti, Salamasick, & Riddle, 2009; Angulo & Garvey, 2005). These concerns are reflected in the questions on non-ethical behaviour of auditors, expressed in the questions on *lack of ethics on the part of accountants and practices of creative accounting*, based on the statement of Messier (2012), who suggests that ethical conduct is the basis of modern professionalism, and that the most important asset of an economic agent is their integrity and unsoiled reputation. The ethical responsibilities of managers, accountants and auditors are abundantly illustrated by Knapp (2012), Thibodeau and Freier (2007), Weygandt, Kieso and Kimmel (2012), and Stuart and Stuart (2004), when presenting a number of situations of systematic violation of professional codes of conduct in accounting, auditing and corporate governance : the manipulation of results and of balance sheets, corporate governance, management fraud and accounting choice - situations which the questions posed about the limitations of corporate governance practices in the detection of error and fraud and the insufficient power of enforcement by the professional associations in relation to the codes of conduct are designed to investigate. In sum, the questions are in keeping with the international literature on the topic, and the considerable number of these allows inferences to be made on an adequate basis. The way these are structured, although we do not consider this to be relevant, could be done differently. In sum:

Chart 2. Authors and their ethical concerns

Authors	Issue	Question
Smith (1776); Coase (1937); Freeman (2001); Browie and Werhare (2005).	Ethical aspects of economy, ethics, in general terms, in the allocation of resources, general judgements concerning the behaviour and action of agents. Institutions with ethical environments	2 3 4
Camino (2004); Duska and Duska (2003); Weygandt, Kieso and Kimmel (2012); Knechel, Salterio and Ballou (2007).	Specific ethical aspects of accounting and auditing	1 9 10
Jennings (2004); Velayuthan (2003); Reding, Sobel, Anderson, Head, Ramamoorti, Salamasick and Riddle (2009); Angulo and Garvey (2005).	Ethics translated into principles or rules, compliance with different ethical codes issued by professional bodies	6 7 8
Boatright (1999); Guy, Carmichael and Lach (2003); Camino (2004)	Business control structures of agent performance	5

In the empirical study carried out, professional institutes and associations collaborated. The following institutions took part: Association of Statutory Auditors (OROC), Portuguese Institute of Internal Auditors (IPAI), Court of Auditors (TC) and various Portuguese polytechnics and universities. The sending out and the subsequent reception of the questionnaires took place between January and August 2010.

The population chosen to undertake this study comprises various groups that work in and teach auditing: statutory auditors (ROC's), internal auditors (AI), court auditors (ATC), and higher education teachers of accounting and auditing. Samples were not selected, because the questionnaires were sent to the entire number of active members enrolled in the professional organisations.

The questions asked the Portuguese auditing professionals and teachers of higher education reflect general concerns in relation to ethical behaviour, and seek to ascertain whether, in the perception of respondents, there is evidence of the conviction that control mechanisms and regulatory structures encourage a more ethical framework of practice of the agents.

Hence, the questions formulated, albeit in a broad manner, approach the issue of the behaviour of the preparers of financial information and auditors that validate this information, allowing us to infer the perception of other

professionals in respect to corporate governance and regulatory structures that, fundamentally, end up shaping the ethical behaviour of the agents involved in the process of preparing and validating financial information.

We could equally ask questions of a more analytical nature, yet the number and content are considered sufficient to develop the present study. The analysis is further enhanced by questioning the teachers because as they are responsible for the teaching of ethics in accounting, auditing and management, they provide an outside perspective that contrasts with that of the professionals.

The population of the 1275 respondents is related to Table I, and is the aggregate result of the questionnaires sent to the entire membership of the professional bodies previously described, and to the teachers of accounting and auditing.

Of the 1275 questionnaires sent out to the target population, 521 were returned and received, from which 447 were answered in their entirety. Given the quantity of information obtained and taking into account that the unanswered questionnaires, in their entirety, are liable to cause distortions in the analysis of the results, it was decided to work with the total of answered questionnaires. Hence, the response rate (RR) was 35%. The response rate is generally interpreted as an indication of the measure of care with which the study was undertaken and also of the interest or relevance that the subject of the study holds for business management (Frolich, 2002). Accordingly, it is believed the rate response of the present study is acceptable, given that is above the minimum of 23% recommended in the methodology of Malhotra and Grover (1998).

The questionnaire sought to collate information in a clear and concise manner, placing importance on how it was presented and the short time needed to complete it, factors considered to be decisive in a higher response rate (Frolich, 2002; Yammarino, Skinner, & Childers, 1991). Taking into account the different levels of knowledge, two groups of questions were created: for the auditing professionals and the teachers.

In both the questionnaires, the first section of questions is general in nature, seeking to ascertain certain characteristics of the respondent: age, academic qualifications, their experience in auditing (if applicable), the manner in which they exercise their profession, the type of company they audit or their position in the company.

The second section is made up of 10 questions that summarize various aspects related to ethical behaviour in accounting and auditing, and the existence of regulatory structures, and to which the respondents answered according to a Likert Scale.

The reasons for selecting these professional groups are the following:

- The statutory auditors - as they certify the financial statements of companies and issue the audit report. With the collaboration of the OROC, a circular letter, together with the questionnaire, was sent to all the statutory auditors, who were exercising their profession in 2010, coming to a total of 766. Therefore questionnaires were sent to the statutory auditors that work, whether as individuals or in companies, as well as the statutory auditors working for large multinational auditing companies and national and regional auditing companies.
- The internal auditors - because of their role in the prevention and detection of fraud which takes place in their companies. To question the internal auditors we were supported by the IPAI, which sent the questionnaire to 300 internal auditors by e-mail.
- The court auditors - as they audit public bodies and, as a consequence, the use of taxpayers' money. Authorisation was obtained from the Court of Auditors for its auditors and assistants to distribute the questionnaires: 39 questionnaires were distributed.
- Higher education teachers of accounting and auditing - due to their important role in the training of former and future auditors and the expertise they possess in auditing and accounting. To distribute the questionnaires, the heads of departments of polytechnics and of some universities were requested to support the distribution of questionnaires, with 170 being distributed.

3.2 Characterisation of the Groups Surveyed

The questionnaires sent and received to each group were as follows:

Table 1. Number of responses from professionals

Professional	Total	Responses	% Responses approximately
AI	300	51	17
ATC	39	25	64
Teachers	170	159	94

ROC	766	212	28
Total	1275	447	35

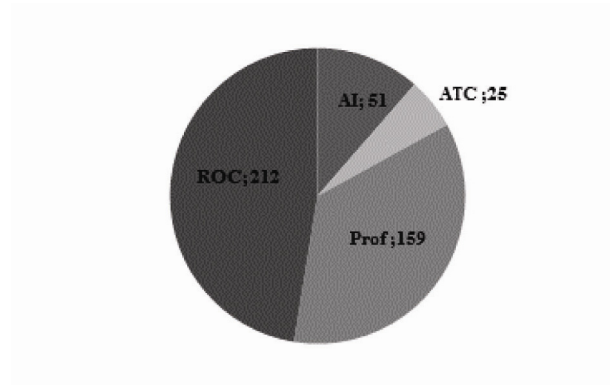


Figure 1. Representation of audit professionals

From the responses obtained, the professional groups are divided in the following way:

Table 2. Socio-demographic data of the professionals

	Indicator		N	% approximately
Internal auditors	Age	>40	33	65%
		<=40	18	35%
	Companies they audit	Listed	20	40%
		Unlisted	31	60%
	Qualifications	Bachelor's degree	41	80%
Master's		10	20%	
ATC	Length of service	1 to 5 years	3	12%
		+ 5 years	22	88%
	Age	>40	23	92%
		<=40	2	8%
	Qualifications	Bachelor's degree	25	100%
Teachers	Age	>40	91	57%
		<=40	68	43%
	Institute where they lecture	University	31	20%
		Polytechnic	128	80%
	Qualifications	Bachelor's degree	65	41%
		Master's	76	48%
PhD		18	11%	
ROCs	Type of activity	Individual	87	41%
		Company	125	59%
	Experience	>10 years	138	65%
		<=10 years	74	35%
	Age	>40	55	26%
		<=40	157	74%
	Connection	Without international connection	89	42%
		With international connection	123	58%
	Companies they audit	Listed	11	5%
		Unlisted	142	67%
		Both	59	28%
Qualifications	Bachelor's degree	184	87%	
	Master's	25	12%	
	PhD	3	1%	

Taking each professional area, it can be noted:

- Internal auditors

The total number of questionnaires received from the internal auditors was 51, with the majority being professionals over 40 years of age, and who work for unlisted companies, and, in terms of academic qualifications, the majority possessing a bachelor's degree.

- Court auditors

The majority of court auditors reported their age to be over 40, with the majority working for more than 5 years in their institution, with all of them having a bachelor's degree/being certified.

- Teachers

The majority of the teachers questioned were over 40 years of age, with the majority of these working in polytechnics and having a bachelor's degree.

- Statutory auditors

The majority of the statutory auditors questioned work in a statutory auditing company, having 10 years of professional experience 67% of the statutory auditors consulted audit in unlisted companies and 5% have connections with large auditing companies.

3.3 Study Hypotheses

The behaviour of managers has been analysed in different studies Kaplan and Ruland (1995), Doucet and Eprile, (2000), Riotto (2008), among others, have pointed to dysfunctional ethical behaviour of managers, hence we formulated the following hypothesis in relation to the perceptions of Portuguese professionals on this issue:

Hypothesis 1 (H₁): There is a significant association between the responses to the questions that relate to the behaviour of managers when considering the professional groups of the study (AI's, ATC's, Roc's and teachers) on the one hand, and, on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Here, the aim is to explain and understand, from the perspective of the respondents, the institutional and regulatory context of corporate governance, of accounting and auditing, in accordance with the studies of Nielsen and Massa (2013), Hannafey and Vitulano (2013) and Melé (2005), so the following hypothesis was formulated:

Hypothesis 2 (H₂): The existence of relevant associations can be observed between the responses to the questions that refer to the performance of the professional institutions and associations when considering, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Following the research of Jin, Drozdenko and DeLoughy (2013), Dzurainin, Shortridge and Smith (2013), Tweedie, Dyball, Hazelton and Wright (2013), Thornton (2012), Gaa (2010), we sought to analyse the opinions of the respondents concerning accounting practices and their ethical consequences, with the subsequent hypothesis being constructed:

Hypothesis 3 (H₃): The responses to the questions in relation to the limitations of accounting present in the study, are related, taking into consideration, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Here, the aim is to study auditor behaviour, be this in terms of self-assessment or as an attempt to ascertain whether the respondents have similar perceptions in relation to the individualised performance of each professional group, and in relation to the auditors (Weygandt, Kieso, & Kimmel, 2012; Stuart & Stuart, 2004), so the following hypothesis was elaborated:

Hypothesis 4 (H₄): The perceptions of auditor behaviour differ substantially between the teachers and the technical professionals (Roc's, ATC's and AI's).

The objectives of the following hypothesis seek to verify whether there are different perceptions between the professional groups questioned concerning the behaviour of managers (Caplan, Dutta, & Marcinko, 2012; Weygandt, Kieso, & Kimmel, 2012):

Hypothesis 5 (H₅): The perceptions of the behaviour of managers differ significantly between the teachers and the technical professionals (Roc's, ATC's and AI's).

Here the intention is to observe whether the mechanisms of *corporate governance* and their connection to ethics are understood in a similar way or not by the professional groups and the teachers (Stephens, Vance & Pettegrewm, 2012; Alwan, 2012; Felipe, Imoniana, Domingos, & Soares, 2012). Hence:

Hypothesis 6 (H₆): The behaviour in relation to corporate governance reveals substantial differences as perceived by the teachers and technical professionals (Roc's, ATC's and AI's).

The contrast of the perceptions of the professional groups, with those of the teachers concerning *enforcement mechanisms*, (Duska & Duska, 2003; Jin, Drozdenko, & DeLoughy, 2013), is the basis of the following hypothesis:

Hypothesis 7 (H₇): There are significant differences in the way the technical professionals (Roc's, ATC's and AI's) perceive the performance of the professional institutions and associations as opposed to the way the teachers do.

As a hypothesis, it is posited that the perceptions of the limitations of accounting, based on the questions posed, differ among the teachers and the professional groups (Hamdallah, 2012; Davidson & Stevens, 2013) Therefore:

Hypothesis 8 (H₈): The limitations of accounting are perceived differently by the teachers and the technical professionals (Roc's, ATC's and AI's).

An aim is to gauge whether the professional groups have a homogenous view or not of auditor behaviour, (Gouvêa & Avanço, 2006; Moreira, 2002), through the following hypothesis:

Hypothesis 9 (H₉): There are significant differences in the way that each professional group (Roc's, ATC's, AI's and teachers) view the behaviour of auditors.

In the literature, management behaviour is referred to as the basis for reprehensible ethical practices in *corporate governance* (Stuart & Stuart, 2004; PCAOB, 2006; IMA, 2005). Therefore, an aim is to determine whether different perceptions exist in the professional groups questioned, hence the following hypothesis was constructed:

Hypothesis 10 (H₁₀): The perception in relation to management behaviour is significantly different between professional groups (Roc's, ATC's, AI's and teachers).

Due to their fragility, the mechanisms of *corporate governance* are identified as undemanding in the monitoring of agents that intervene in the process of *accountability* (Kaplan & Ruland, 1995; Rammana, 2013; Linsley & Slack, 2013), hence the following hypothesis was formulated:

Hypothesis 11 (H₁₁): Significant differences are verified in the way each professional group (Roc's, ATC's, AI's and teachers) perceives corporate governance.

With this hypothesis, the intention is to ascertain whether or not the professional institutions rigorously monitor the ethical behaviour of their members (Small, 2013; Beeri, Dayan, Vigode-Gadot, & Werner, 2013), hence:

Hypothesis 12 (H₁₂): There are visible differences in the way each professional group (Roc's, ATC's, AI's and teachers) perceives the performance of the professional institutions and associations.

What is the perception of the professional groups questioned concerning creative accounting practices (Weygant, Kieso, & Kimmel, 2012; Stuart & Stuart, 2004), and the lack of ethics of accountants in the process of accountability (Pierce, 2007; Williams, 1999; Bolt-Lee & Moody, 2010), hence the formulation of the hypothesis below:

Hypothesis 13 (H₁₃): the perceptions in relation to the limitations of accounting differ substantially between the professional groups (Roc's, ATC's, AI's and teachers).

3.4 Results

In order to verify the veracity of the first three hypotheses put forward, Spearman's coefficient correlation was determined, firstly by considering the professional groups separately, and, next, by putting the technical professional groups (Roc's, ATC's and AI's) together in one group. By doing this, the intention was to correct any distortion of the results and the conclusions that might arise from considering the professional groups separately.

The results in relation to the responses corresponding to the internal auditors are presented in the following table.

Table 3. Results of Spearman's coefficient correlation—internal auditors

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.363**	0.009
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	-0.052	0.717
	Question 2.2 - Unethical behaviour		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	0.107	0.456
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.015	0.915
	Question 4.2 - Insufficient disciplinary power	-0.028	0.847
	Question 4.1 - Inadequate control of the quality of work of the auditors		
	Question 4.3 - Permissive behaviour in relation to colleagues		
Accountants	Question 4.2 - Insufficient disciplinary power	0.346*	0.013
	Question 4.3 - Permissive behaviour in relation to colleagues	0.094	0.510
	Question 5.1 - Lack of ethics on the part of the accountants		
	Question 5.2 - Creative accounting practices		

Note. * $p < 0.05$; ** $p < 0.01$.

By observing Table 1, it can be verified that, from the point of view of the internal auditors, the following are statistically significant correlations:

- Behaviour of managers :

Questions 2.1 and 2.2: A moderate correlation, which is statistically significant, can be observed between the responses to these questions ($Rho=0.363$; $p < 0.05$). There therefore seems to be evidence that the managers' unethical behaviour is manifested through the little concern for the interests of shareholders.

- The performance of the professional institutions and associations:

Questions 4.2 and 4.3: A moderate correlation, which is statistically significant, can be observed between the responses given by the internal auditors and these questions ($Rho=0.346$; $p < 0.01$). Thus, the internal auditors consider that the insufficient disciplinary power of the professional institutions and associations and the Permissive behaviour in relation to colleagues are issues that are closely related.

In Table 4, the correlations between the responses given by the court auditors are presented.

Table 4. Results of Spearman's coefficient correlation—court auditors

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.400*	0.047
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	0.056	0.790
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 2.2 - Unethical behaviour		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	-0.083	0.692
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.149	0.477
	Question 4.2 - Insufficient disciplinary power	0.570**	0.003
	Question 4.1 - Inadequate control of the quality of work of the auditors		
	Question 4.3 - Permissive behaviour in relation to colleagues		
Accountants	Question 4.2 - Insufficient disciplinary power	-0.034	0.871
	Question 4.3 - Permissive behaviour in relation to colleagues		
	Question 5.1 - Lack of ethics on the part of the accountants	0.461*	0.020
	Question 5.2 - Creative accounting practices		

Note. * $p < 0.05$; ** $p < 0.01$.

By observing Table 4, it can be verified that, from the point of view of the court auditors, the following are statistically significant correlations:

- Behaviour of managers:

Questions 2.1 and 2.2: There is positive moderate correlation ($Rho=0.400$; $p<0.05$) between the responses given to these two questions which indicates that the little concern for the interests of shareholders is a reflection of the managers' unethical behaviour.

- The performance of the professional institutions and associations:

Questions 4.1 and 4.3: There is a strong correlation ($Rho=0.570$; $p<0.01$) between the responses given to these two questions which indicates that Permissive behaviour in relation to colleagues and Inadequate control of the quality of work of the auditors, are strongly related.

- Limitations of accounting and behaviour of accountants:

Questions 5.1 and 5.2: There is a positive moderate correlation between the responses given to these questions ($Rho=0.461$; $p<0.05$) which indicates the presence of an association between the lack of ethics on the part of the accountants and creative accounting practices.

The correlations between the answers given by the ROCs in relation to the questions asked can be observed in the table 5:

Table 5. Results of Spearman's coefficient correlation—statutory auditors

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.138*	0.045
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	-0.003	0.964
	Question 2.3 - Individual objectives outweigh collective ones		
Professional associations and institutions	Question 2.2 - Unethical behaviour	0.147*	0.032
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.143*	0.037
	Question 4.2 - Insufficient disciplinary power		
	Question 4.1 - Inadequate control of the quality of work of the auditors	-0.101	0.144
	Question 4.3 - Permissive behaviour in relation to colleagues		
Accountants	Question 4.2 - Insufficient disciplinary power	0.008	0.906
	Question 4.3 - Permissive behaviour in relation to colleagues		
	Question 5.1 - Lack of ethics on the part of the accountants	0.136*	0.048
Question 5.2 - Creative accounting practices			

Note. * $p<0.05$; ** $p<0.01$.

By observing Table 5, the following statistically significant correlations can be verified:

- Behaviour of managers

Questions 2.1 and 2.2 and Questions 2.2 and 2.3: There are correlations, albeit weak ones, between each of these pairs of questions. Hence, the unethical behaviour of managers may lead to little concern for the interest of shareholders ($Rho=0.138$; $p<0.05$) or may manifest itself through individual objectives outweigh collective ones ($Rho=0.147$; $p<0.05$).

- The performance of the professional institutions and associations

Questions 4.1 and 4.2: There exists a weak correlation ($Rho=0.143$; $p<0.05$) between the responses to these two questions. The inadequate control of the quality of work of the auditors and the insufficient disciplinary power are, therefore, factors that are related.

- Limitations of accounting and behaviour of accountants

Questions 5.1 and 5.2: There exists a weak correlation between the responses to these two questions ($Rho=0.136$; $p<0.05$), with the lack of ethics on the part of the accountants being associated with creative accounting practices.

The results of the correlations between the responses given by the teachers to the questions under discussion can be seen in Table 6:

Table 6. Results of Spearman's coefficient correlation—teachers

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.228**	0.004
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	0.120	0.131
	Question 2.2 - Unethical behaviour		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	0.052	0.514
	Question 2.2 - Unethical behaviour		
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.117	0.143
	Question 4.2 - Insufficient disciplinary power		
	Question 4.1 - Inadequate control of the quality of work of the auditors		
Accountants	Question 4.3 - Permissive behaviour in relation to colleagues	0.031	0.700
	Question 4.2 - Insufficient disciplinary power		
	Question 4.3 - Permissive behaviour in relation to colleagues	0.011	0.893
	Question 5.1 - Lack of ethics on the part of the accountants		
	Question 5.2 - Creative accounting practices	0.174*	0.028

Note. * $p < 0.05$; ** $p < 0.01$.

Thus, and in accordance with the teachers, there are statistically significant correlations between the responses to the following questions:

- Behaviour of managers

Questions 2.1 and 2.2: There is a moderate correlation ($Rho=0.228$; $p < 0.01$) between the responses to these two questions, with the unethical behaviour of the managers being reflected in the little concern for the interest of shareholders.

- Limitations of accounting

Questions 5.1 and 5.2: There is a moderate correlation ($Rho=0.174$; $p < 0.05$) between the responses to these two questions, leading one to conclude that lack of ethics on the part of the accountants is intimately related to creative accounting practices.

In order to correct possible bias in the results and the conclusions that might result from considering the professional groups separately, at this point only one group will be considered, the technical professions, by grouping together the ROC's, ATC's and AI's.

The results of the correlations arising from the responses can be seen in Table 7.

Table 7. Results of Spearman's coefficient correlation—technical professionals

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.031	0.603
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	0.060	0.310
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 2.2 - Unethical behaviour		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	- 0.062	0.297
	Question 4.1 - Inadequate control of the quality of work of the auditors		
	Question 4.2 - Insufficient disciplinary power	0.035	0.555
	Question 4.1 - Inadequate control of the quality of work of the auditors		
	Question 4.3 - Permissive behaviour in relation to colleagues		
		Question 4.2 - Insufficient disciplinary power	0.051
Question 4.3 - Permissive behaviour in relation to colleagues			
	Question 4.3 - Permissive behaviour in relation to colleagues	0.071	0.230

Accountants	Question 5.1 - Lack of ethics on the part of the accountants		
	Question 5.2 - Creative accounting practices	0.022	0.707

Note. * $p < 0.05$; ** $p < 0.01$.

It can be concluded that there are no statistically significant correlations between the responses obtained from each of the questions posed when the auditing professionals are considered in one group.

The data collected was summarised in the tables that follow. Firstly, the percentage (frequency) was established of the participants that disagreed or agreed with each of the statements of the questionnaire. The respondents were divided into two groups: teachers and technical professionals (ROC's, ATC's and AI's). Descriptive measures were established, such as means and standard deviations of each group, and *Student t*-tests were carried out to compare means of independent samples.

In general, the perceptions of the teachers and the technical professionals reveal statistically significant differences in 7 of the 10 questions under consideration, whereas the responses of the two groups are consistent for the other three questions.

- Behaviour of accountants

Table 8 shows the data in relation to the questions concerning the behaviour of the auditors.

Table 8. Summary of statistics—behaviour of accountants

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.1.1. Unethical performance of auditors	24.5 74.8	2.180 1.287	23.6 76.4	2.320 1.048	1.178 0.240

Notes. ¹The questions of the survey are rated on a Likert scale from 1 to 5 points, with 1 corresponding to “Totally disagree” and 5 corresponding to “Totally agree”. Neutral responses are indicated with a rating of 3.

²To calculate the frequencies corresponding to “Agree”, responses to '4' and '5' were considered, whereas the responses to '1' and '2' were considered for “Disagree”. The difference in percentage in relation to these two situations, in each question, corresponds to the individuals that responded ‘Neither agree nor disagree’.

³The statistics were determined on the basis of t-Student tests for independent samples.

⁴* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

The majority of teachers (74.8%) disagree with the statement that there appears to be “*Unethical performance of the auditors*”, an opinion that is in line with the perspective of the technical professionals, for whom the corresponding percentage is 76.4%. Further, a mean of $M=2.180$ ($SD=1.287$) can be verified for the group of teachers, with a mean of $M=2.380$ ($SD=1.048$) being the corresponding value for the technical professionals. The results of the responses to these questions, on the part of both groups, do not, therefore, demonstrate statistically significant differences.

- Behaviour of managers

Table 9 shows the summary of the results from the questions related to manager behaviour:

Table 9. Responses to questions and summary of statistics—behaviour of managers

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.2.1. Little concern for the interest of shareholders	51.6 47.1	3.090 1.144	51.4 48.3	3.050 1.233	-0.369 0.712
Q.2.2. Unethical behaviour	56.0 42.1	3.120 1.171	43.1 55.6	2.870 1.170	-2.174 0.030**
Q.2.3. Individual objectives outweigh collective ones	85.5 12.6	3.910 0.983	68.1 31.6	3.520 1.312	-3.562 0.000***

See notes for Table 8.

Both groups express similar opinions in relation to the question concerned with the little concern with the interests of the shareholders. The percentage of teachers that agree with this statement is 51.6% ($M=3.090$; $SD=1.144$), whereas the corresponding percentage for the technical professionals is 51.4% ($M=3.050$; $SD=1.233$). Hence, the responses to this question are consistent in both groups.

The majority of teachers (56%) agree with the statement that managers display signs of unethical behaviour. This perspective is not, however, shared by the technical professionals, for who the corresponding percentage is 43.1%. The mean response of the teachers to this question is $M=3.120$ ($SD=1.171$), with a mean of $M=2.870$ ($SD=1.170$) being the corresponding value for the technical professionals. The responses given by both professional groups demonstrate, therefore, statistically significant differences (considering the significance level of 5%).

Further, in relation to the behaviour of managers, and in relation to the question that refers to individual objectives outweighing collective ones, the groups in question do not express similar opinions. Thus, the percentage of teachers that agree with this statement is 85.5% ($M=3.910$; $SD=0.983$), whereas the corresponding percentage for the technical professionals is 68.1% ($M=3.520$; $SD=1.312$). This different perspective is significant at the 1% level.

- Corporate governance

Both professional groups largely agree with the statement that “*Corporate governance is not very active in the detection of errors and frauds*”.

The percentage of individuals that agree with this statement is, however, different in both groups. For the teachers, the figure is 89.9% ($M=4.030$; $SD=0.931$) for those that agree with this statement, whereas the corresponding percentage for the technical professionals is 80.4% ($M=3.670$; $SD=1.022$). The responses of both groups reveal, therefore, statistically significant differences at the 1% level.

The results can be seen in Table 10.

Table 10. Summary of statistics—corporate governance

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.3.1. Corporate governance	89.9	4.030	80.9	3.670	-3.793
not very active in the detection of errors and frauds	10.1	0.931	19.1	1.022	0.000***

See notes for Table 8.

- The performance of the professional institutions and associations

The perspective that the professional groups under study have on the questions related to the performance of the professional institutions and associations can be seen in the Table 11.

Table 11. Summary of statistics—performance of professional institutions and associations

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.4.1. Inadequate control of the quality of the work of the auditors	60.4	3.240	35.7	2.650	-4.868
	38.9	1.214	64.3	1.244	0.000***
Q.4.2. Insufficient disciplinary power	42.7	2.890	26.7	2.500	-3.266
	55.4	1.273	73.3	1.085	0.001***
Q.4.3. Permissive behaviour in relation to colleagues	61.7	3.230	31.6	2.660	-5.037
	38.3	1.170	68.4	1.130	0.000***

See notes for Table 8.

Different perceptions on the question related to “*Inadequate control of the quality of work of the auditors*” are manifested by the two professional groups being studied. Hence, 60.4% ($M=3.240$; $SD=1.214$) of the teachers

agree with this statement, whereas the figure for technical professionals is only 35.7% ($M=2.650$; $SD=1.244$). These different results show high statistical significance (at the 1% level).

“*Insufficient disciplinary power*” of the professional institutions and associations is another of the questions that highlights discrepancies between the two groups. For 42.7% of the teachers ($M=2.890$; $SD=1.273$), the professional institutions and associations reveal insufficient disciplinary power, although just 26.7% of the technical professionals agree with this statement ($M=2.500$; $SD=1.085$). This different perspective on the question reveals statistical significance at the 1% level. The different perceptions concerning the performance of professional institutions and associations are manifested in relation to the question “*Permissive behaviour in relation to colleagues*”. Here also, the majority of teachers, (61.7%) agree with this statement ($M=3.230$; $SD=1.170$), whereas for the technical professionals, the percentage in agreement is only 31.6% ($M=2.660$; $SD=1.130$). These differences are statistically significant at the 1% level.

- Limitations of accounting

The lack of ethics of the accountants is a motive for disagreement between the two professional groups whose perspectives this study addresses.

For the majority of teachers (54.1%) the accountants show a lack of ethics ($M=3.04$; $SD=1.169$), whereas only 37.9% of the technical professionals agree with this statement ($M=2.69$; $SD=1.186$). This different perspective on the question reveals statistical relevance at the 1% level.

In relation to creative accounting practices, the opinions of the two groups appear coherent. For 74.2% of the teachers, there is evidence of these practices ($M=3.46$; $SD=1.083$), with 66.3% being the percentage of technical professionals that agrees with this statement ($M=3.33$; $SD=1.154$).

The results referred to above can be seen in Table 12.

Table 12. Summary of statistics—limitations of accounting

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.5.1.Lack of ethics of the accountants	54.1 45.9	3.04 1.169	37.9 62.1	2.69 1.186	-3.004 0.003***
Q.5.2.Creative accounting practices	74.2 25.8	3.46 1.083	66.3 33.7	3.33 1.154	-1.148 0.252

See notes for Table 8.

- Comparison between professional groups

The group of technical professionals divided into three subgroups - ROC's, ATC's and AI's - will now be considered. The existence, or not, of statistically significant differences of perceptions, on the part of the subgroups, on the questions under discussion were verified. The descriptive statistics relating to each of the groups under discussion can be seen in Table 13.

Table 13. Descriptive statistics for subgroups of respondents

	Teachers <i>n</i> = 159		ROC's <i>n</i> = 212		ATC's <i>n</i> = 25		Internal auditors <i>n</i> = 51		Kruskal-Wallis statistic	
	<i>Mean</i>	(<i>S.D.</i>)	<i>Mean</i>	(<i>S.D.</i>)	<i>Mean</i>	(<i>S.D.</i>)	<i>Mean</i>	(<i>S.D.</i>)	χ^2	<i>p</i> -value
Behaviour of auditors										
Question 1.1	2.18	1.287	2.48	1.103	1.68	0.690	1.98	0.707	22.482	0.000***
Behaviour of managers										
Question 2.1	3.09	1.144	3.10	1.190	3.08	1.470	2.80	1.281	2.795	0.424
Question 2.2	3.12	1.171	2.96	1.137	2.92	1.320	2.47	1.172	11.543	0.009***
Question 2.3	3.91	0.983	3.70	1.209	2.60	1.414	3.22	1.447	22.763	0.000***

Corporate governance										
Question	4.03	0.931	3.62	1.035	3.60	1.291	3.90	0.781	22.297	0.000***
3.1										
The performance of professional institutions and associations										
Question	3.24	1.214	2.43	1.119	3.28	1.400	3.22	1.390	42.691	0.000***
4.1										
Question	2.89	1.273	2.44	1.003	2.56	1.261	2.69	1.304	10.458	0.015**
4.2										
Question	3.23	1.170	2.61	1.080	2.80	1.225	2.80	1.281	23.686	0.000***
4.3										
Limitations of accounting										
Question	3.04	1.169	2.79	1.190	2.44	1.356	2.37	1.019	14.804	0.002***
5.1										
Question	3.46	1.083	3.44	1.058	3.64	1.319	2.73	1.266	19.725	0.000***
5.2										

Notes. ¹The mean of the groups was determined by using a Likert scale from 1 to 5 points, with 1 corresponding to “Totally disagree” and 5 corresponding to “Totally agree”.

²* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

Kruskal-Wallis non-parametric tests were developed, the results of which are also presented in Table 13.

The results obtained demonstrate that, on the part of the groups considered, there are statistically significant differences in relation to the responses given to all of the questions except 2.1. This question refers to the behaviour of managers and to their little concern for the interest of shareholders, thereby verifying that all the groups express some agreement.

On the other hand, with reference to auditor behaviour, quite a variety of perspectives in relation to 1.1 can be observed. Whereas the ROC's agree in a significant way with the statement that the auditors' performance reveals unethical behaviour ($M=2.18$; $SD=1.287$) virtually all of the ATC's disagree with this statement ($M=1.68$; $SD=0.690$). These differences are statistically significant at the 1% level.

With reference to the managers and their unethical behaviour, the opinions are also diverse. Virtually all of the teachers agree with this statement ($M=3.12$; $SD=1.171$) whereas the internal auditors express some disagreement ($M=2.47$; $SD=1.172$), a result which is statistically significant at the 5% level.

The differences are also notable in relation to the statement “Individual objectives outweigh collective ones”. Further, the teachers are the group that express the highest level of agreement ($M=3.91$; $SD=0.983$) and the ATC's those that least agree with the statement ($M=2.60$; $SD=1.414$). The result is significant at the 1% level.

The differences also exist in relation to corporate governance. Again the teachers are the group that expresses the highest level of agreement with the statement that “Corporate governance is not very active in the detection of errors and frauds” ($M=4.03$; $SD=0.931$), whereas the ATC's are those that least agree with the statement ($M=3.60$; $SD=1.261$). These differences are statistically significant at the 1% level.

As for the performance of the professional institutions and associations, there are differences in relation to all statements. Concerning the question about the inadequate control of the quality of work of the auditors, the ATC's express the highest level of agreement ($M=3.28$; $SD=1.400$), with the ROC's expressing the lowest level of agreement ($M=2.43$; $SD=1.119$). The result is significant at the 1% level.

The highest level of agreement with the statement that there is insufficient disciplinary power on the part of the professional institutions and associations is expressed by the teachers ($M=2.89$; $SD=1.273$). The ROC's have a different perspective ($M=2.44$; $SD=1.003$). These differences are statistically significant at the 5% level.

The permissive behaviour of the professional institutions and associations in relation to colleagues is one of the reasons for different opinions expressed by the groups. The teachers express the highest level of agreement with this statement ($M=3.23$; $SD=1.170$), with the ROC's being the group that least agrees ($M=2.61$; $SD=1.080$). The differences to these questions are statistically significant at the 1% level.

As for the limitations of accounting and the questions that are related to these, the opinions of the groups are also diverse.

Once again, the teachers show the greatest level of agreement with the statement that there is a lack of ethics on the part of the accountants ($M=3.04$; $SD=1.169$), with the internal auditors those that least agree with it ($M=2.37$; $SD=1.019$). The differences are statistically significant at the 1% level.

Finally, in relation to creative accounting practices carried out by accountants, the teachers remain the group which expresses the highest level of agreement with this statement ($M=3.46; SD=1.083$), with the internal auditors those that least agree with it ($M=2.73; SD=1.266$). The result is statistically significant at the 1% level.

3.5 Summary

Hypothesis 1 (H₁): There is a significant association between the responses to the questions that relate to the behaviour of managers when considering the professional groups of the study (AI's, ATC's, Roc's and teachers) on the one hand, and, on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

By analysing the results, it can be concluded that there is an association between the responses to the questions that relate to "Little concern for the interest of shareholders" and the managers "Unethical behaviour" when all the professional groups are analysed separately, which does not happen when the analysis is carried out with all the professional groups as a whole.

In relation to the responses given by the Roc's, associations between question 2.2 (*Unethical behaviour*) and 2.3 (*Individual objectives outweigh collective ones*) can be verified.

Hence, this hypothesis can be confirmed with respect to questions 2.1 and 2.2 for the AI's, ATC's, Roc's and teachers, but not for the technical professionals. This is also confirmed for the Roc's concerning questions 2.2 and 2.3.

Hypothesis 2 (H₂): The existence of relevant associations can be observed between the responses to the questions that refer to the performance of the professional institutions and associations when considering, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

This hypothesis can be confirmed with respect to questions "Insufficient disciplinary power" and "Permissive behaviour in relation to colleagues", when the responses of the AI's are analysed.

For the ATC's, the hypothesis can be verified in relation to the associations between the questions "Inadequate control of the quality of work of the auditors" and "Permissive behaviour in relation to colleagues".

For the Roc's, the hypothesis can be verified in relation to the associations between the questions "Inadequate control of the quality of work of the auditors" and "Insufficient disciplinary power".

For the teachers and the technical professionals as a whole, this hypothesis is not confirmed.

Hypothesis 3 (H₃): The responses to the questions in relation to the limitations of accounting present in the study, are related, taking into consideration, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Analysing the AI's responses, this hypothesis is not verified, as is the case when the responses of the technical professionals as a whole are analysed.

For the ATC's, Roc's and teachers, an association can be verified between the responses to the questions "Lack of ethics on the part of the accountants" and "Creative accounting practices", so the hypothesis can be verified in relation to these questions.

Hypothesis 4 (H₄): The perceptions of auditor behaviour differ substantially between the teachers and the technical professionals (Roc's, ATC's and AI's).

This hypothesis is not confirmed. The perceptions of auditor behaviour are similar for both groups.

Hypothesis 5 (H₅): The perceptions of the behaviour of managers differ significantly between the teachers and the technical professionals (Roc's, ATC's and AI's).

This hypothesis can be confirmed with respect to questions 2.2 (*Unethical behaviour*) and 2.3 (*Individual objectives outweigh collective ones*), but is not confirmed in relation to question 2.1 (*Little concern for the interest of shareholders*), and in relation to which both groups have similar perceptions.

Hypothesis 6 (H₆): The behaviour in relation to corporate governance reveals substantial differences as perceived by the teachers and technical professionals (Roc's, ATC's and AI's).

The hypothesis is confirmed.

Hypothesis 7 (H₇): There are significant differences in the way the technical professionals (Roc's, ATC's and AI's) perceive the performance of the professional institutions and associations as opposed to the way the teachers do.

This hypothesis is confirmed in relation to the three questions concerning the performance of the professional institutions and associations.

Hypothesis 8 (H₈): The limitations of accounting are perceived differently by the teachers and the technical professionals (Roc's, ATC's and AI's).

The hypothesis is confirmed in relation to question 5.1 (*Lack of ethics on the part of accountants*), but not in relation to question 5.2 (*Creative accounting practices*), in relation to which, both groups express similar perceptions.

Hypothesis 9 (H₉): There are significant differences in the way that each professional group (Roc's, ATC's, AI's and teachers) view the behaviour of auditors.

The hypothesis is confirmed.

Hypothesis 10 (H₁₀): The perception in relation to management behaviour is significantly different between professional groups (Roc's, ATC's, AI's and teachers).

The hypothesis is confirmed in relation to questions 2.2 (*Unethical behaviour*) and 2.3 (*Individual objectives outweigh collective ones*) but not in relation to question 2.1 (*Little concern for the interest of shareholders*), in relation to which, the groups express similar perceptions.

Hypothesis 11 (H₁₁): Significant differences are verified in the way each professional group (Roc's, ATC's, AI's and teachers) perceives corporate governance.

The hypothesis is confirmed.

Hypothesis 12 (H₁₂): There are visible differences in the way each professional group (Roc's, ATC's, AI's and teachers) perceives the performance of the professional institutions and associations.

This hypothesis is confirmed in relation to all questions.

Hypothesis 13 (H₁₃): the perceptions in relation to the limitations of accounting differ substantially between the professional groups (Roc's, ATC's, AI's and teachers).

This hypothesis is confirmed in relation to both questions that are analysed.

4. Discussion

In the first three hypotheses under study, significant associations were sought between the responses to the questions in relation to the behaviour of managers, to the performance of the professional institutions and associations, as well as to the limitations of accounting. Taking into account the professional groups and the technical professionals as a whole, one can find specificities of the groups questioned which are not relevant when the auditing professionals as a whole are considered. In individual terms, the internal auditors, the court auditors, the statutory auditors and the teachers, denounce the unethical behaviour of Portuguese managers, and believe that the lack of ethics of these agents translates into the little concern for the interest of shareholders. With respect to the regulatory organisations, professional institutions and associations, the professional groups as a whole correlate the insufficient disciplinary power, permissive behaviour in relation to colleagues, as well as the inadequate control of the quality of work of the auditors. As for the limitations of accounting and behaviour of accountants, in general, the lack of ethics on the part of the accountants is associated to creative accounting practices. However, when the results obtained through Spearman's coefficient correlation are analysed for the technical professionals, they do not evidence statistically significant correlations, which allows us to correct possible bias in the results and the conclusions from considering professional groups separately. Which means that, in general terms, as the technical professionals are part of monopolistic, regulated or self-regulated professions, they have a tendency to preserve their own interests, a line of thought which is in agreement with the conclusions of Canning (2002), and, therefore, it would not be logical—in sociological terms—if the profession did not demonstrate a line of common thinking. This is also evident when a more disaggregated analysis is carried out in relation to the participants that disagree or agree with each of the statements of the questionnaire. Hence, concerning the unethical behaviour of the authors (Q11), the statistical instruments used suggest that both the auditors and the technical professionals consider their ethical behaviour to be exemplary, which is in agreement with the research undertaken on the ethical competence of auditors (Ponemon & Gabhart, 1994). This conduct necessarily results in compliance with principles and an ethical rule issued by professional and regulatory organisations and is considered to be acceptable by the teachers and the technical professionals.

This conclusion, in sociological terms, demonstrates that professional classes tend to be quite conservative in relation to preserving the privileges of their class. With respect to the behaviour of the managers, the teachers

and the technical professionals differ in their responses. Hence, from a perspective of agency theory, the majority of teachers agree that the concerns of the managers reveal behaviour - in ethical terms - that is inadequate. In reality, the little concern shown for the interest of shareholders and the fact that their individual objectives outweigh collective interests determines a management approach that centres exclusively on personal interests. However, this is not an opinion which is shared by the technical professionals who audit accounts in Portugal, who recognise - in significantly high numbers (43.1%) - that the performance of managers is ethical. The different perspective of this group of respondents is partly in accordance with the psychological perspective of ethics (Kolthberg, 1981), which suggests that people in top managerial positions of companies have not demonstrated high ethical or moral standards, which, unfortunately, has been confirmed by the financial scandals of the last decade, and which calls into question the regulatory structures of corporate governance, which are seen to neither control nor monitor the behaviour of individuals included in the agency relationship. The teachers are closer to reality. In fact, this unethical behaviour naturally includes results and its control, and has a number of questionable underlying judgements in relation to the issue of manipulation, change of accounting policies, distorted or badly carried out disclosures, management intentions, etc. Therefore, the evaluation of management bonuses and the achievement of objectives, whether measured in objective terms—accounting—or in subjective ones—judgements—is underpinned by a number of ethical judgements. On disagreeing with the unethical behaviour of managers, the technical professionals responded in self-defence: as the auditors, generally speaking, are responsible for the validation of the financial statements and for the economy, the efficiency and effectiveness of an organisation, they reacted in an institutional and defensive manner to safeguard their own interests given their share of responsibility in the evaluation of the performance of the managers (Merchant & Van Der Stede, 2005; Low, Davey, & Hooper, 2008). Presently, the auditors generally report to the audit committee or to the supervisory and auditing board and, in the wake of SOX (2002) and PCAOB (2006), perform an important role in the organisation of corporate governance, above all in the evaluation of the internal control system. However, in the questionnaire, they favoured loyalty towards the board of directors: the issue of the independence of internal auditing is, therefore, questioned (Lemon & Wallace, 2000).

In relation to corporate governance the professional groups agree with the statement that “Corporate governance is not very active in the detection of errors and frauds”. This control mechanism is indicated by all professional groups as one that neither controls nor monitors the behaviour of individuals framed in a relationship of agency. This highly negative aspect of Portuguese corporate governance is in line with the research of Low, Davey and Hooper (2008), which highlights that ethical behaviour is fundamental in organisations, and that a good system of corporate governance and ethically sustainable business practices are the basic foundations of continuity in organisations. It also dovetails with the analyses of Adler (2002), Young (2003), Allen (2005), and Boatright (1999), who demonstrate that executives undergo training underpinned by a culture of money, and in order to be successful in the world, in its present state, do not, therefore, value a culture of ethics in business practices.

The performance of the professional institutions and associations and regulatory bodies, in relation to the questions asked (Q4.1 and Q4.3), is perceived differently by the groups being studied. The Portuguese teachers are in complete disagreement with the group of professionals, that is to say that the latter group considers that the existing enforcement mechanisms—CNSA—in Portugal contribute to the maintenance of high ethical standards in the auditing profession. This perception is in line with the research of Robertson, Lamin and Livanis (2000), and demonstrates that the existence of enforcement mechanisms and appropriate verification and monitoring contributes, on the part of auditors, generally speaking, to a concern with complying with rules, norms and conduct. As a result, the auditors differ in this aspect from the teachers, insofar as, according to the former group, in Portugal there are means and instruments of control and the promotion of ethical attitudes and practices.

Finally, the limitations of accounting itself will be considered, which are related, among other things, to the ethical behaviour of accountants and to creative practices of accounting. It is known that the preparers of financial information perform an important role in its preparation, presentation and disclosure. This system of measuring and disclosing has been based on the so-called rules-based accounting systems (Pincus, 2000). In fact, accounting is characterised as being a profession of rules, especially when it reports information to third parties. As a result, according to Low, Davey and Hooper (2008), accountants carry out an important role in the scheme of corporate governance of a society and in maintaining sustainable ethical practices.

However, given the behaviour of financial managers and accountants, the integrity of the profession and the credibility of the financial statements have been increasingly questioned. Consequently, rules-based accounting is not considered an optimal structure when rules do not exist to frame a non-regulated problem, or, in fact, even when a problem is regulated. The rules of accounting aim to facilitate the achievement of objectives, and have, therefore, a prescriptive character, that is to say they are used as a guide, a means of control or an instrument of

behaviour change for decision-making agents. Accounting standards are not an end in themselves: they do facilitate, nonetheless, the goal of achieving an authentic and appropriate representation. However, they do not apply to appropriate behaviour in the preparation of financial reports. Very often, to achieve a given objective it is necessary not to observe the rule, and, in contrast, full compliance with the accounting standards of the SNC (Note 1) is not sufficient for the auditor to express an unqualified opinion. On the other hand, the absence of rules, does not imply that any type of behaviour is acceptable. Hence, rules can be seen as a positive ethical force (McClennen, 1997; Daniels & Sabin, 1998), and have as such, many positive aspects: ensuring the consistency of financial information, aiding decision-making and constituting a minimum level of quality. Framing the answers of the professionals in this perspective of accounting, one can easily detect an undeniable contradiction regarding the limitations of accounting. All these professionals express notable solidarity with their colleagues, which is in line with the characteristics of professional monopolies governed by their own regulatory structures (Dedoulis, 2006): the Portuguese situation corresponds to these types of results.

Nonetheless, the Portuguese auditors and teachers do not relate the practices of creative accounting to the accountants' lack of ethics, which is somewhat difficult to accept. In fact, Clarke, Dean and Olivier (2003) suggest that the accounting profession has not violated the appropriate and authentic representation of the position of the company occasionally or in a trivial manner, but systematically and universally over periods of years right up until the present. The situation is contradictory because it can only be achieved in the absence of rules and in a self-interested interpretation embodied in unethical behaviour, and in which the culture of money, capitalist society and legal culture are over-valued.

5. Conclusions

The different professional bodies, with the exception of the internal auditors, consider that the behaviour of Portuguese managers does not display indications of high levels of ethical behaviour, although in relation to their own participation in the process of accountability they consider their ethical behaviour to be exemplary. They admit, however, that the structure of Portuguese corporate governance neither controls nor monitors the behaviour of agents that exercise their activity in the production and disclosure of financial information. However, the enforcement mechanisms are highly valued by the professional groups, with the exception of the teachers, which demonstrate that the enforcement mechanisms in Portugal have an important effect in raising professional standards of behaviour. On the other hand, creative accounting practices are not equated with unethical behaviour, which reflects a lack of awareness of the different aspects of ethics.

6. Limitations of Study

The insufficient conceptualisation of ethical standards – which should serve as a guide for professionals – precludes balance and coherence in the replies of the respondents, as does the lack of training in ethics. The questions posed might not be the most appropriate to approach the complex area of ethics. The weak uptake on the questionnaire on the part of the internal auditors, although balanced out by the good uptake on the part of the other professional groups, could result in bias. The statistical analysis verifies this to some extent in relation to the conclusions.

7. Suggestions for Future Research

The inclusion in future projects of investigation of other beneficiaries of auditing—companies and financial analysts—and the comparison of conclusions with the professional bodies, would almost certainly enhance research. The introduction of different lines of thinking on ethics into research, and the comparison of professionals and other beneficiaries of accounting and auditing, would also contribute to a further exploration of the theme. The analysis of gender could also enrich research in this area.

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Note

Note 1. Accounting Normalisation System.

The Comprehensive Approach for Creativity and Innovation—Enhancement and Sustainability in Social Enterprises

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Abstract

There have been various researches carried out to study the innovation management in different organizations. Most of these researches are to find out the effect of single variable and its relation with organizational innovation. There are few studies which are having more than one or two variable leading to innovations. This paper tries to find out the maximum number of factors influencing the innovations in the organization. Under this research various past studies are investigated to find out the most comprehensive theoretical model for innovation enhancement. The proposed model is flexible enough to accommodate or adjust the consideration of factors leading to innovation. An organization can adjust it according to its compatibility. Here under in this whole paper the term organization is referred for social enterprise.

Keywords: social enterprise, innovation enhancement

1. Introduction

In today's globalized world innovation is the key of success (Turnipseed, 2006; Zimmermann et al., 1998, 1999) and survival of all types of organizations. The economic growth of the world is amplified by innovation by many ways like rapidly evolving technology, shorter product lifecycles and a higher rate of new product development. Organizations need to make sure that their business strategies are innovative to build and sustain competitive advantage. However there are many challenges like changing customer test and needs, extensive competitive pressure and rapid technological change globally posed to make innovation as complex phenomenon (Cavusgil et al., 2003, Stinchcombe, 1965). There are many more factors responsible for innovation in an organization; based on organizational competencies a specified approach can be adopted to enhance more innovations.

Many studies (Teresa & Amabile, 1996, 1982; Zimmermann, 1999; Law, Ark, & Piatkowski, 2004) are carried out to understand the complex innovation process in various organizations. Through this paper an attempt is made to develop a comprehensive theoretical model for innovation enhancement in social organizations. To make this possible the extensive literature research of previously published work is done. The innovation enhancement system model is explained with all details of its elements in it. Here under this whole paper the term organization is referred for social enterprise.

1.1 Objectives of the Study

Following objectives were formulated while undertaking this research.

- To find out various possible factors supporting and promoting innovations in social enterprises.
- To understand the dynamic of each of the individual factor towards innovation enhancement.
- To develop the comprehensive guiding framework for enhancing the innovations in social enterprises.

This paper is distributed into five major parts; the first part is about the brief introduction. Second part explains methodology, scope creativity and innovation in the organization with various factors responsible for innovations. A third part describes the comprehensive model for innovation enhancement. A fourth part is about the challenges/constraints for innovations. And at last, the fifth parts gives the conclusions derived based on whole paper's analysis and discussion.

2. Methodology and Scope

Various past studies are considered and analyzed to build up theoretical model on enhancing innovation in social enterprises. This is conceptual paper which can be further researched by considering all the parameters mentioned in it. The theoretical model proposed under this paper to be tested and develop further through formal research. A research methodology can be developed and followed to test the various hypotheses relevant to the study and researches experience. There is lot of scope to investigate and further improvement by spending research resources (time, money and manpower) in the future. The researcher is interested to carry out formal research by considering the same research idea to built-up proven model in social innovation in social enterprises. Hereunder past research papers are analyzed to identify the influencing factors and explained in details their relevance with the topic. The past research substantiates the requirement of these parameters for social innovations in social enterprises.

2.1 Exploring Creativity and Innovation

Creativity is the ability to conceive the novel and useful ideas in any area of interest and innovation is the ability to apply that idea in real life. Many researchers believe that creativity and innovation goes hand in hand. The idea generated must be different than what has not been done before and creativity is the starting point for innovation (Teresa & Amabile, 1996). Creativity is considered as an asset for the organization it is also not possible to standardize and structure the creativity. To learn and understand the creativity; Creativity will be the difference that will separate people, objects, companies, and industries. Most of the large corporations which were, at one time, dominated the markets are now being overshadowed by smaller companies and people with great ideas (Charles Law).

If the organization wants to become more innovative then it need to have creative people and who are creative people? How these creative people are are different than other people in the world? This people centric approach forwarded the profile, personality traits and work style of outstandingly creative people (Barron, 1955, 1968; MacKinnon, 1962, 1995). This traditional association limited the scope to become creative and innovative in the organization. And there is possibility that many other factors could be, to become creative and innovative organization. What are those other factors are underlined and explained with the help of previously done research.

The social environment within which the organization works have very strong influence on development of innovation in the organization. This social environment have many thing involved into it, which are require to analyze to understand the possibility of innovation in respective areas. As against the traditional approach the modern research says a people having normal capabilities are capable enough to act moderately creative (Teresa & Amabile, 1996, 1982).

Innovation played vital role in the economic growth of many developed and developing countries in the world. All other factors of production like man, materials, machines, time money and land have their limitations to use and for their availability, to handle this adequately, an innovation is necessary (Zimmermann, 1999). The relation of innovation with economic growth is been studied many time for profit organizations but it has not been very extensively studied for various Social enterprise/Not for profit organizations (Zimmermann et al., 1998). This study will mainly focus on the possibility of innovations in SE/NPO's.

Innovation was always at the center of the entrepreneurial activities irrespective of the kind of the enterprise, whether nonprofit organization (e.g., SE/NPO/NGO) or profit organization. This is also vouched by many renowned economist and management gurus like—

Schumpeter's opinion on innovation and entrepreneurship—"The entrepreneur in an advance economy is an individual who introduce something new in the economy—a method of production not yet tested by experience in the branch of manufacturing, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like" (Schumpeter, 1951).

Drucker's opinion on innovation and entrepreneurship—"An entrepreneur is the one who always searches for change, responds to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for a different business or different services" (Drucker, 2006).

Thus today, an entrepreneur is an innovator or developer who recognize and seizes opportunities, convert those opportunities into workable/marketable ideas. Adds value through time, efforts, money or skills; assume the risk of competitive marketplace to implement these ideas, and realize the rewards from these efforts.

But when we talk about a social enterprise which pursues all of the principles of business entrepreneurship, the only difference is that the way performance or output is measured. In business entrepreneurship the output is in the form of profit figures whereas in SE the output is in the form of social benefits/social change/social value created. Hence the social enterprises include social, cultural and environmental issues and it is associated with non profit and voluntary activities. The SE uses all business strategies to enhance the environmental and human well being instead of raising the monetary profit of stake holders (Thompson, 2011).

The social enterprise can be of various forms like NPO's, Cooperatives, Mutual organizations, Charity, Societies, Trust, NGO's and social Business (Kerlin, 2009; Ridley & Southcombe, 2011).

The business enterprises are profit (In terms of monetary value) driven organizations and social enterprises are for creating different social values (In terms social development). Though there is major difference of business objective but innovation is a common tool which can enhance the profitability, efficiency and effectiveness in above mentioned all types of enterprises.

The business organizations using various tools and techniques to improve their innovativeness most of these can be effectively extrapolated in social organizations. After extensive research and validation of it, following factors are found to be enhancing the innovations in the organization. This research paper will be explaining the under mentioned factors with references to social enterprise—

- **Social Environment**—It constitutes of various groups, institutions, laws, population characteristics and various sets of relationships among them, in total it form the social environment of social enterprise influencing social innovation. It will also reflect the social need to be catered by social enterprise with social innovation.
- **Higher Management and Organization structure**—The kind of organization structure plays vital role in creating and promoting innovative culture. There could be autocratic or democratic ways, which have influence on creativity and innovation in social enterprise.
- **Expertise of Organization**—It is the experience, memory for factual knowledge, technical proficiency and special talent in target social work domain. The social enterprise might have its expertise is particular social issue such as woman empowerment, poverty and illiteracy eradication etc. this kind of expertise may facilitate social innovation.
- **Organizational Motivation**—Social enterprises can support and promote innovation through the various motivational mechanisms for creating new ideas; open and active communication of information and ideas such as rewards and recognition for creative work, fair evaluation of work including work that might be perceived as failure.
- **Networks and Collaborations**—It helps to share resources, knowledge transfer and idea sharing to promote more innovation in the social enterprises.
- **Use of ICT**—Social enterprises can speed up their operations and reach with ICT tools. The more importantly ICT can be used for collecting, editing, processing, producing and exchanging information needed for innovation.
- **Knowledge management**—It's important for social enterprise to use exiting knowledge for innovation and through innovation generate new knowledge for future social innovation.
- **Leadership in the organization**—Leadership to guide and lead the social change through social innovation.
- **Training of Employees**—It can improve the work efficiency and expertise to create social innovation and deliver more social benefits to the society.
- **Research & Development activities**—R & D activity can generate multiple innovative solutions to solve social problems.
- **Corporate entrepreneurship or 'Intrapreneurship**—Individuals working within social enterprises can act as a social innovator.
- **Communication System**—To maintain the total transparency and fast dissemination of social innovation.
- **Human Resources Management**—It will help to nurture and promote innovative culture in social enterprise.
- **Multidisciplinary system approach**—This approach can create more acceptable and universal social innovation.
- **IPR Regime**—It will protect and secure the innovation within the organization.
- **Resources Control**—To speed up and facilitate the innovation.

By considering all above factors, a theoretical model can be built-up to enhance the innovation system in the social organizations.

3. The Comprehensive Model for Innovation Enhancement in SE

The model depicted in the Figure 1 is very well self-explained. This model has a base of very extensive literatures, researched in the organization's innovation development.

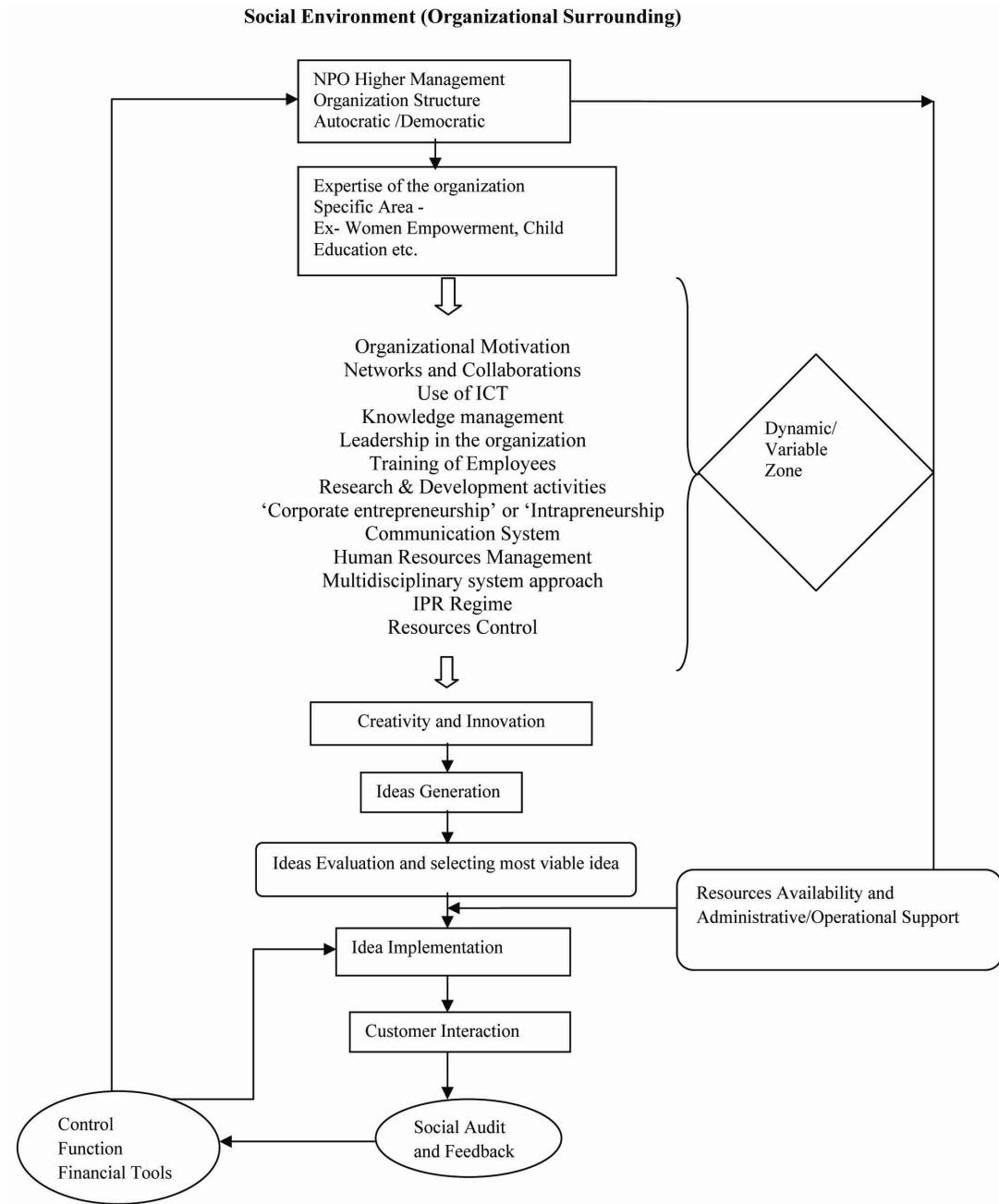


Figure 1. Comprehensive approach model for innovation enhancement

The model has various components interlinked with each others. The whole model is encapsulated in social environment within which the organization works. These components are having some lines of controls which indicate the flow of functional communication, authorities, responsibilities and work process. The beginning of this model presents the place of organization structure at the top having overall control and monitoring in whole

innovation process. Below organization structure there is an expertise in the domain area of organization. The expertise plays the vital role in facilitating and controlling the innovation in the organization.

The next essential part of this model is below the expertise, which is shown as dynamic zone or variables zone. This zone has accommodated various elements, which can be called as variables leading to innovation. Many of the previously conducted researches proved the influence of these individual elements in the organization on creativity and innovation development.

Many studies are conducted on each of those mentioned variables. But no study yet revealed or explained the combined impact of all these elements. It is also important to know that to use this model; organization has to decide about, which are the possible variables in dynamic zone to be considered while promoting innovation. There is no any firm rule on consideration of these variables, but it is desirable to consider maximum possible variables to promote maximum innovation. The list of all the variables shown in the dynamic zones is not exhaustive, but these mentioned variables are previously researched for their individual effects on innovation.

It may be possible to add some more variables which are not explained in this model, it depends on organizational expertise and competencies to have this existing or additional variable.

After extensive and intensive research investigation analysis it shows the direct proportionality between innovation and number of variables.

I.e. Innovation is directly proportional to Number of variables in dynamic zone.

Innovation \propto Number of variables in dynamic zone.

Innovation = Constant of proportionality * Number of variables in dynamic zone.

Here the Constant of proportionality is the favorability or support available from the the organization. The organization may allocate fixed budget and reserve the resources to execute and implement the innovation process.

The above formula is very clearly depicts the innovation enhancement model.

The efficiency of this model can be found out through the control function. At the end of innovation implementation an audit to be conducted to find out the output in many ways or forms such as economic and social value generated through the innovation, the profit generated, value creation inside and outside of the organization, increase in number of customers, geographic spread of market etc. Organization can decide its own way of measuring the final outcome.

Though it is mathematical formula to find out the innovation but in real sense its exact quantification may be subjective. The measure of innovation may be in monetary term, in production volume of product or services, in number of customers or may be in market size, organization may decide its way of measurement unit.

The details of each element in above model are analyzed as below—

3.1 Social Environment

The innovation enhancement in SE/NPO's can happen if they follow the same strategies as other profit business's follows. The innovation enhancement model proposed here have various components in it and there is logical sequence of flow. This whole model has effect of two very important factors; one the social environment of the place where the SE/NPO is exist or present and second important factor is the the higher management.

The first factor social environment constitutes of various groups, institutions, laws, population characteristics and various sets of relationships among them, in total it form the social environment of any organization (Stinchcombe, 1965). The social environment has an effect for conduciveness of creativity and innovation in the organization (Amiable & Teresa, 1996). If the social environment welcome and accept the change offered by the organization it will have very positive impact on both outside and inside of the organization for further development of creativity and innovation. But the offered change must take care of the likings and need of the society. The offered innovation must have more value compare to all other options available in the market. The political structure and rules regulation or the laws of the land have very strong influence on innovation. If these social elements are favorable and supportive then innovation will grows automatically and if there is conflict between innovation and social environment this will hamper the growth of innovative organization.

The social environmental conditions external to the system that have immediate impact on internal functioning are the organization's task environment which is composed of suppliers, consumers, competitors, regulatory bodies and scientific or technical reference groups to which major organizational subdivisions relate with environmental uncertainty have positive relation with innovation (Pierce & Delbecq, 1977).

The external social environment has effect on inside work environment of the organizations, this relationships were examined among the social environment of organizations, employee satisfaction (both job-related/on-job & off job and personal), and perceptions of a creative work environment. This indicates that there are significant association between the social environment of the organization and satisfaction within the organization and personal lives, and the potential for innovation. Pleasure and pride in the work, freedom, and other personal variables were also found to be related to an innovative climate (Turnipseed, 2006).

3.2 Higher Management and Organization Structure

The very important facilitator of innovation is the type of organization (Hostager, Neil, Decker, & Lorentz, 1998; Alves et al., 2007). Some organizations are very autocratic and are hesitant to share the freedom with their employees. Here the term freedom expects autonomy of work culture within which all employees gets own space to think independently and then act on it. When the organization is reluctant to give freedom to think creatively irrespective of any immediate gain, this curtails most of the creativity and innovation in the organization.

These autocratic organizations are more bureaucratic (Manimala, Jose, & Thomas, 2006; Dess et al., 2003) and having very rigid formal structure. The formalization is a form of control employed by bureaucratic organizations, refers to the degree to which a standard body of rules and regulations, procedures and performance instructions are developed to handle decisions and work processing. In formalized social systems, behavior programming and strict enforcement of behavioral standers limits the performance (Shepard, 1967). The low formalization permits openness in the system, and this openness is a necessary precondition for idea commencement.

Whereas the organizations which are having open communication less formalized structure are less bureaucratic, this type of organizations are very supportive for creative participation of employees and allows their employees to experiment can be innovative (Thompson, 1965). These democratic organizations give equal opportunities to all the employees to think in their own areas and also allow the cross functionality through which employee may participate out of their designated areas.

There are other structural variable like how much Differentiation (Heterogeneity in occupational types), Professionalism and Decentralization in the constituents of the organization have an effect on innovation. The more heterogenous, professional and have decentralization giving more authority and power to function independently have very positive effect on innovation (Pierce & Delbecq, 1977).

Also the size (number of staff, size of budget) and age (Old or Young) of the organization, large organization size will be positively related with organizational innovation (Becker & Stafford, 1967). Age will be negatively related with organizational innovation i.e. older the organization, the more bureaucratic the system and the less friendly the system is to policy innovations (Aiken & Hage, 1968).

Along with the structural characteristics of organizations, the attitudinal, motivational and value system and a state of an organization plays a critical role in predicting organizational innovation. The top management's value of innovation and creative behavior is seen as playing a critical role in an organization's effective utilization of innovative capacity (Hage & Dewar, 1973).

3.3 Expertise of Organization

All creative work is based on expertise. Expertise is developed through the experience, memory for factual knowledge, technical proficiency and special talent in target work domain. The innate talent of imagining and thinking about the complex social problems as well as sensing out the important problems in that domain is possible through the factual knowledge, familiarity with past and current work, technical skills acquired (Teresa & Amabile, 1996).

Here we can talk about both organizational and individual expertise. If the organization is having very strong experience in any particular area it can develop unique solutions to the problems in respective areas of expertise. Also the organizational expertise basically depends upon the individual working within it. The ability of the people to think diversely on the problem depend upon his or her factual knowledge in domain area which helps to built innovative solutions which others cannot do.

Expertise of an individual is also linked with the personality traits; one can develop the expertise in any domain through ability to work independently, self discipline, orientation towards risk taking, tolerance for ambiguity, perseverance in the face of frustration and a relative unconcern for social approval (Barron, 1955; Feldman, 1980).

An adaptive expertise for any organization is the ability to innovate new solutions in response to daily workplace challenges. Perhaps the most crucial ability of an expert professional in any field is the ability to efficiently and effectively solve problems of daily practice. This ability is developed through the acquisition of extensive and organized knowledge resources, education, experience and the co-ordination of these resources in daily practice (Mylopoulos & Regehr, 2009).

3.4 Organizational Motivation

Motivation is a force which keeps action going. Motivation could be in monetary and non monetary form (Abbot, Jeong, & Allen, 2006); Higher management plays a vital role in motivation of all its employees to innovate (Hostager, Neil, Decker, & Lorentz, 1998). The basic orientation of organization towards innovation as well as support for creativity and innovation throughout organization must be given by management. The vision of innovation must be shared at all levels and employees must be aware of the value placed (Hage & Dewar 1973) for innovation and risked involved into it. Organization can support and sustain innovation through the various motivational mechanisms for creating new ideas; open and active communication of information and ideas; such as rewards and recognition for creative work, fair evaluation of work including work that might be perceived as failure (Amiable & Gryskiewicz, 1987). It's important to mention that organizational motivation includes the absence of lots of components that can undermine creativity such as political problems, destructive criticisms, competition within the organization, strict control by higher management, excess of formal structures and procedures. If all these components of control and monitoring are softened this may motivate employees to think innovatively.

Beside direct monetary motivation, organization level strategy activity is the most necessary form of motivation and foundation for innovation. (Stewart & Fenn, 2006); Innovation is the profitable utilization of ideas. Obviously, this requires two things, one a source of ideas that can offer themselves to profitable utilization and an objective to follow to utilize the ideas. Those objectives are established and met by strategic innovation. Also these objectives of profitable utilization of ideas must be embedded in strategy of the organization. The right strategy tools can motivate ideas within the organization. Practicing innovation as a part of strategy can act as the major motivation for participation and the means to profitably utilize new ideas. The new value for customers can be identified and created through strategically-oriented innovation (Alves et al., 2007).

3.5 Networks and Collaborations

Networks among the organization play a vital role to survive for a longer period of time. These networks are helpful to share resources and expertise with each other members of the network and helps to innovate - (Scarborough, 2003, Alves, Marques, & Saur, 2004). It also helps to spread geographic limits and serve the maximum beneficiaries. Also the risk of failure can be minimized with network support. The network building strategy for innovation is helpful to set up new projects by means of a system of alliances among/ between various concern firms as partners. This explicit nature of network strategy has enabled these member firms to invest time and resources in the development of specific management expertise in inter-firm relationship building and project management (Harris, Coles, & Dickson, 2000). Networks also made possible the technological innovations along with nontechnical and operational innovations. These technological developments can lead to various kinds of innovations in organizations operations. The creation of internal coalitions or networks by extension of these networks to involve other external organizations into the same environment helps to grow together. This focuses the contribution of network interactions to innovation (Vergragt, Groenewegen, & Mulde, 1992).

Sometimes any project which is not successful in any particular area can be tested in other geographic area or other population with the help of networks. This sharing of ideas, products and services is possible through network. Networks will also reduce the various competitive forces

3.6 Use of Information and Communication Technology (ICT)

Information and Communication Technology (ICT) has a vital role in the organizational innovation. ICT has changed the pace of working in all types of organizations. Markets, corporate firms, public agencies, governments and non government enterprises are increasingly rely upon technology for collecting, editing, processing, producing and exchanging information. This information assist in all sort of other functions (Contini & Lanzara, 2009) like operations, production, marketing, finance, human resources, training and education (Mioduser, Nachmias, Tubin, & Forkosh-Baruch, 2003) supply chain and delivery, hence ICT is not in isolation just to play with information but to support and speed up all other functions into the organization. ICT's have opened variety of innovation potentials in all functional areas as explained above. The use of ICT enables to restructure organizations, like flattening of hierarchies and delegating responsibilities, to re-engineer business

processes—like introducing just-in time management or engaging in e-commerce, and to develop completely new products and services (Hempell & Leeuwen, 2006). This way ICT can help to innovate and improve efficiency leading to productivity of the organization (Ark & Piatkowski, 2004).

3.7 Knowledge Management

Various researchers (Herkema, 2003; Gloet & Terziovski, 2004; Scarbrough, 2003) believe that innovation as a knowledge process aimed at creating new knowledge geared towards the development of commercial and viable solutions. For innovation, knowledge is used and through innovation knowledge is created - acquired, shared and assimilated with the aim to create new knowledge for developing new products and services.

Knowledge management and innovation are very much correlated. Organizations treat knowledge as prime organizational resource and hence organizations started storing the information in the form of various knowledge management systems (KMS) to use it strategically in all areas of functions. The knowledge management in an organization support creation, transfer, and application of knowledge in organizations (Alavi & Leidner, 2001).

If the organizations have well built up KMS it can use to innovate successfully in all required areas. To innovate successfully one need to have tremendous knowledge in domain as well as all other functional areas. The availability of huge information/knowledge may creates information overload, which have created complexity of innovation (Plessis, 2007), hence the amount of available knowledge must be easily accessible and in more meaningful form. The complexity created by the explosion of richness and reach of knowledge has to be identified and managed to ensure successful innovation.

Hence nowadays higher managements are aware about the importance of KM for the development of their organizations. KM is becoming progressively more useful because management is considering the value of creativity, which enables the transformation of one form of knowledge to the next. This relationship shows that innovation is highly dependent on KM growth. All form of innovations like technological and non technical which are part of value chain in the organization has to be expressed, assisted and embedded with efficient knowledge level (Carneiro, 2000; Scarbrough, 2003).

3.8 Leadership in the Organization

Leadership is the ability of an individual to influence the behaviors of the other people to act in specific manner. Leaders always lead the group of people, guide and motivate all the players in group. Hence in an organization if there are leaders who believe and trust in innovation as the survival tool and essential for the growth of an organization, this can promote the innovative culture. Though it is believe innovation most of the time comes from bottom of the organization and top management strategic decisions regarding the adoption of innovations are often taken by CEOs and boards of directors (Borins, 2002).

The consulting firm McKinsey conducted a survey of 722 top executives (Senior Vice President level) and 736 lower level executives on leadership and innovation around the world from broad range of industries and found that seventy percent of the top executives said that innovation is one of the top driver for growth of their companies in next three to five years. In today's global environment innovation is the most important way to speed up the change in companies. The strategic leaders are moving beyond traditional product and service categories to pioneer innovations in business process, value chain, distribution, business mode and management function (Barsh, Capozzi, & Davidson, 2008).

NPO's/SE should take step to formally integrate innovation into the strategic management agenda of top executives/leaders of an organization in this way innovation can not only encouraged but also managed , tracked and measured along with company's growth. This will help to foster innovative culture based on trust among employees. In this type of culture people/employees understand that their ideas are valued, trusted and it is safe to express those ideas, and oversee risk collectively together with their top bosses. Such environment can be more effective than monetary incentives to promote and sustain innovation in the organization.

The leader has to work at two different levels first the operational and second strategic level; leaders must bear considerable responsibility if an organization is to be truly innovative on a continuous basis and if individual projects are to be successful. At the strategic level, leaders focus on specific, high-value goals that are to be achieved over an intermediate period of time, for example, three to five years. Leaders at the operational level focus their attention and efforts on lower-level, influential objectives to be accomplished in the immediate future, a time period probably measured in weeks or months (Le Storti, 2006).

3.9 Training of Employees

Many organization understood the importance of training to upgrade the skills, knowledge and competencies of employees (Acemoglu, 1997; Dawe, 2004). Training may be given in many areas depending upon the requirements like professional, technical, managerial, clerical etc., it helps to know the latest updates and developments in domain area. Training stimulates thinking and helps to evaluate or compare existing systems with the new developments, this thinking breaks all mindsets and give new dimension to as creative thinking. Organizations must dig out the training necessity in the requisite areas and should develop training programme for different levels of employees to develop confidence and expertise of the employees which will lead to creativity and innovation (Macdonald, Anderson, & Assimakopoulos, 2006). Hence to think innovatively and out of the box employees must be give training.

The productivity of an organization can be increased with the joint introduction of training and innovation (Dawe, 2004). Implementing innovation in isolation can promote the productivity growth, and its returns can be amplified by the presence of training. On the contrary, training enhances productivity growth if combined with innovation. Combine effect of training and innovation promotes productivity growth among both technically efficient and inefficient workplaces (Laplagne & Bensted, 1999). Hence both are complimentary to each other and interdependent.

3.10 Research & Development Activities

Research and development is considered as the major source of innovations (Manimala, Jose, & Thomas, 2006; Alves et al., 2007). R & D activities not only carried out to develop new product and services but also to improve the systems and process. R & D helps organization to create more values though innovations and knowledge generation (Mairesse & Mohnen, 2004; Mairesse & Mohnen, 2004) to enhance further innovations. R & D can be used to develop and test the innovation in controlled condition to analyses the effect of innovation for target group, this reduces the risk of failure. Hence organizations must promote R&D to develop all sorts of innovations its validations and continuous learning for further innovations (Cohen & Levinthal, 1990).

3.11 Corporate Entrepreneurship or 'Intrapreneurship'

Intrapreneur is a person who undertakes an innovation in an organization. It is an in-house form of entrepreneurship and finds out the possibility that, how intrapreneurs and organizations can work together for common benefits. It is found that corporate have ideas and resources, what it needs is intrapreneurial talent to take the responsibility to convert opportunities into marketable ideas by innovation (Pinchot & Gifford, 1985). Intrapreneurial innovation can be radical or incremental (Hostager, Neil, Decker, & Lorentz, 1998), this innovation may be related with the existing business line or may be totally different business under the same organization, an individual or a group of working employees in association with the existing organization creates new business or may suggest different way of doing same business with more profitable options (Sharma & Chrisman, 1999). Intrapreneurship promotes experimentation with little risk to an individual; organizations can produce little, sell little and allow failures in case it happened. Those things initially an organization finds difficult to tackle can be solved with organizational motivation to act like intrapreneur and break the mindset of impossible. Companies which follow this philosophy can successfully handle all market pressures in all conditions at almost all places in the world. The role of intrapreneurship can manifest in any role and function in an organization there is no limitation or monopoly on intrapreneurial behavior that anyone or particular level of employee inhibit intrapreneurial characteristics (Seshadri & Tripathy, 2006).

Organizations must encourage/ inspire employees to act like an intrapreneures and pursue the various innovative business ideas to grow the organization (Couger, Higgins, & McIntyre, 1990).

3.12 Communication System

Communication is like the blood of any organization which flows from and through each part of the organization. Without communication it is impossible for organization to run its functions, and organization will standstill. All the process and operations are requires to control through communications. As far as innovation diffusion and implementation (Leeuwis & Aarts, 2010; Rogers, 1962; Antonelli, 2000) in the organization is not possible without efficient and effective communication channels. Communication is major determinant of organizational innovation (Kivimaki et al., 2000). Innovations are associated with risk and complexities hence there is resistance in the organizational adoption. In this case appropriate communication channels can develop confidence to accept innovation and reduce resistance for innovation. If there is any chances of variability in the communications, it may create uncertainty about the innovation implementation (Fidler & Johnson, 1984). The communication regarding innovation may include main information about type of innovation, influence and

power information, authority and responsibilities while operationalising innovation (Schramm & Roberts, 1971; Fidler & Johnson, 1984). Hence the manner in which the characteristics of innovations are carried in the communication message, the type of communication channel and type of organizational structure determines the ultimate implementation of innovation in an organization (Nilakanta & Scamell, 1990; Fidler & Johnson, 1984).

3.13 Human Resources Management

Organizations are run by human beings and all functions and operations are planned, implemented, executed, monitored and controlled by human beings. Of course there is technological aid in overall operations but humans are creator and controller of it. All the innovations are created by human beings into the organizations; hence it's really important to nurture human resource to promote innovations (Yuan, Zhao, & Liu, 2006). Organizations must develop policies, practices and training programmes to make the human resource more productive, efficient by developing/creating and adopting innovations (Kantz & James, 2005; Yuan et al., 2006). There are various aspect of HRM liked with innovations in organizations (Leede & Looise, 2005; Scarbrough, 2003).

- Suitable organization structure.
- The Staffing system of an innovative organization.
- Individual roles/duties and responsibilities.
- Individual career development.
- Building team work and leadership.
- Extensive communication and overall participation.
- Performance measurement and reward system.
- Creating creative culture.

3.14 Multidisciplinary Approach

The innovation system model is based on multidisciplinary approach, which indicates the interaction among various elements of organization system. Many of the researchers though not spoken about all the factors responsible for innovation but they specifically mentioned about the multidisciplinary system leading to innovation (Alves, Marques, Saur, & Marques, 2007; Martins & Terblanche, 2003; Chaminade & Edquist, 2005). Multidisciplinary approach talks about bringing together organizations from inside and outside different sectors and institutions (Alves et al., 2004). Through this concept divers knowledge and skill can combined together to solve complex problems and facilities can be shared. This collaborative arrangement for innovation catalyzed the knowledge creation and fast problem solving to beat the competition. The innovation developed through such approach enhances its chance to be successful and more value delivering.

3.15 IPR (Intellectual Property Rights) Regime

It is observed that the business firms in all types of industries where innovations are patented have higher innovation intensity and are also more likely to be highly innovative. Studies also shows that's firms that uses IPR consultants have higher innovation intensity and are more likely innovative. At the same time, there is potential for increased scope of patentability, use of licensing as well as a greater translation of IP awareness into concrete revenue generation and asset creation (Helpman, 1993; Kolaskar et al., 2007; Verspagen, 2006; Park, 2008).

Research strategies should be merged with business planning, as the the new research development progresses and innovation are made, at this critical stage IPR are acquired before the research made public. Organizations can work out on licensing options, fairly early and gains return on the investments in a planned manner at times even before the project reaches its completion. Effective research and innovation no longer remain within the walls of organizations because it involves teamwork and harmonized networking with diverse groups and organizations and hence it is important to protect and preserves it in the innovating organization with IPR mechanism (Ganguli, 2000; Granstrand, 2006; Qian, 2007).

3.16 Resources Control

Resources (Hostager, Neil, Decker, & Lorentz, 1998) are of prime importance for any organization to innovate. There are major resources like man, materials, machines, money and time. All the innovations must have capacity to reduce the uses of resources and maximize the value for user and organization. Value could be efficiency, effectiveness, usability, more profit, social development etc.

But to innovate first one may needs some resources that includes everything that the organization has available to help work in the domain targeted for innovation (Alves et al., 2007). These resources includes wide range of components like sufficient time for producing novel work in the domain, people with necessary expertise, fund allocations to this work domain, materials resources, systems and processes for work in the domain, relevant information, technology and the availability of training (Amiable & Gryskiewicz, 1987). Supply of sufficient resource will promote and sustain the innovative activities at all levels in the organizations.

4. Challenges/Constraints for Innovations

All kinds of changes are not always welcomes by insider and outsiders of the organizations. There are always some groups in favor and against of innovations, but when organization at large evaluates the benefits and values to be generated through the innovations which decides the acceptability. There could be thousands of constraint/barriers to innovate but some of the broad barriers are important to know or at least to be aware of various possible constraint/barriers to innovation (Kolaskar, Anand, & Goswami, 2007; Manimala et al., 2006; Dess et al., 2003; Dougherty & Heller, 1994; Hostager et al., 1998; Klein & Sorra, 1996) in an organization are as below

- Lack of collaborations with other companies in the same area or related to the area of operations.
- Lack of collaborations with Universities, R & D labs, research (Social/Market) institutes.
- Inability to understand customer requirements and competitive environment.
- Shortage of requisite skills due to educational and training gaps.
- Availability of time for innovation and long time, to take innovation from company to market.
- Capital intensiveness or high investment for innovation, less budget for innovation, no funding for research and experimentations.
- Excessive government control, regulations and lack of government incentives for innovations.
- Insufficient competitive pressure to innovate.
- Price sensitiveness of market i.e. customer may not ready to pay extra price compare to competitor.
- Experience of failure in the past may force to act conservatively.
- Lack of patenting innovations.
- Absence of leadership to innovate and low involvement of employees to innovate and work together i.e. lack of team spirit.
- Inter-departmental conflict and poor communication.
- Inappropriate management policies, poor support and no motivation from top management.
- Insufficient infrastructure facilities (Ex- Labs, ICT- Software's and hardware's, Transportations, Support services etc.).
- Bureaucracy, red tapism and rigid organizational structure.
- Inadequate rewards, recognition and no link of promotions with innovations.
- Poor documentation, data, knowledge management and poor analysis systems to investigate failures.
- Size of the organization.

5. Conclusions

Innovation is necessary for all type of organizations irrespective of its categorization as business or non business organization. It's an essential tool to be competitive and cost effective in the market place. Today the market is very dynamic having so much of local as well as global economic environmental effect. To tackle this economic pressure innovation is the only tool. This will be helpful for leading to survival and growth. For initiation and sustenance of any kind of innovation top management's support is very important. The top management has an inevitable role throughout the innovation process from start until final evaluation of the innovation. This model shows the number factors leading to innovation. Each of these variables is studied/researched previously by many of the researchers and proved to be an essential for an innovation. This is the comprehensive model for innovation enhancement into the organization. No prior researches have considered these many variables together to describe innovation development. It is also important to note that many of these variables are interdependent like - use of technology and knowledge management, knowledge management and R & D, leadership and motivation in all variables, Training and HRM etc. to get the synergy effect out of this model

organization must have an expertise to choose its own mix of variables to maximize the innovations. It may also be possible to add some more variables which are not listed and explained in this study, to improve the innovation. This model may have the subjectivity while implementing and evaluating its effect but it will defiantly directives towards the innovation enhancement into the organization.

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The Role of Psychological Capital on Job Embeddedness and Organizational Cynicism: A Study on Menoufia University Hospitals

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Abstract

Purpose: The objective of this study was to provide empirical evidence on the relationships between Psychological Capital (PsyCap), Job Embeddedness (JE) and Organizational Cynicism (OC).

Research Design/Methodology: Using Luthans, 2006 of PsyCap, the study develops a number of hypotheses and tests them. Out of the 338 questionnaires that were distributed to employees at Menoufia University hospitals in Egypt, 315 usable questionnaires were returned, a response rate of 93%.

Findings: The results showed that PsyCap is significantly related to the JE and OC. In other words, self-efficacy, optimism, hope and resilience significantly correlated with JE and OC. The results also supported the hypothesized model. The results refer to a direct effect in the opposite direction between the PsyCap and OC of employees. The study findings support the view that the dimensions of PsyCap were positively related with JE.

Practical implications: The study suggests that Menoufia University hospitals in Egypt can improve JE by influencing its PsyCap, specifically, by developing self-efficacy, optimism, hope and resilience. The study provided that it is necessary to pay more attention to the dimensions of PsyCap as a key source for organizations to enhance the competitive advantage which is of prime significance for JE and OC.

Originality/value: Preliminary evidence of the psychometric properties of the PCQ-24, which measures the construct of PsyCap (hope, self-efficacy, resilience and optimism) on an Egyptian sample, was provided in this study.

Keywords: psychological capital, job embeddedness, organizational cynicism

1. Introduction

The new concept recently introduced by Luthans is derived from positive organizational behavior (POB) and it is the psychological capital (PsyCap), which can provide sustainable competitive advantage for organizations (Hodges, 2010).

The new kinds of capitals have arisen such as human, social and PsyCap (Irshad & Toor, 2008). PsyCap has less attention compared to other forms of capital, like human and social capital, research supports its development and management in organizations to increase organizational efficiency, productivity and the successful implementation of organizational change (Luthans et al., 2004).

PsyCap has explored its role in for-profit organizations and researchers should investigate the role of PsyCap in other organizational contexts, like non-profit organizations, hospitals, education institutions and government organizations (Youssef & Luthans, 2012).

PsyCap may enable individuals to cope with the complexity of careers in the dynamic working environment (Avey et al., 2010). PsyCap has been demonstrated conceptually and empirically to represent an individual's positive psychological state of development (Luthans et al., 2007).

Positive Organizational Scholarship (POS) refers to positively oriented human resource strengths and PsyCap that can be measured, developed, and effectively managed for performance in today's workplace (Luthans & Church, 2002). PsyCap is the core psychological factor of positivity in general, and POB criteria meeting states in particular, that go beyond human and social capital to gain a competitive advantage through investment/development of 'who you are' (Luthans & Youssef, 2004).

The benefits of higher order construct of PsyCap in contemporary organizational settings have been demonstrated in an emerging, yet growing body of research (Youssef & Luthans, 2010). PsyCap produces higher correlations with performance outcomes than any of its individual components by themselves (Luthans et al., 2005). PsyCap appears to have a synergistic effect, whereby the whole PsyCap may be greater than the sum of its parts (efficacy, hope, optimism and resiliency). PsyCap has been shown to be a developable resource with several empirical studies demonstrating the utility of PsyCap interventions (Luthans et al., 2007; 2008).

Employee attitudes (job satisfaction, organizational commitment and turnover intentions) and employee behaviours (organizational citizenship behaviour and job performance) have been found to be positively related with PsyCap (Avey et al., 2011).

PsyCap can be viewed as “who you are” and “what you can become in terms of positive development” (Avolio & Luthans, 2006) and is differentiated from human capital (“what you know”), social capital (“who you know”), and financial capital (“what you have”) (Luthans et al., 2004).

PsyCap has its roots in the optimistic psychology. The purpose of optimistic psychology is to use the scientific methods to discover the factors that lead to growth and progress of individuals, groups, organizations, and communities (Luthans, 2010). The capacities of the optimistic organizational behavior should include the contracts that are measurable and developable and depends on the work for its improvement (Nelson & Cooper, 2007). The capacities of optimistic organizational behavior include hopefulness, optimism, flexibility, and self-efficiency. All these factors represent the PsyCap (Luthans & Youssef, 2004).

PsyCap has considerable positive effects on the organizational desirable outcomes. PsyCap leads to increase in creativity and entrepreneurship; decrease in work absence; increase in performance, organizational commitment, job satisfaction, and organizational citizenship behavior. PsyCap includes actualization and development of the employees’ talent and potentials (Toor & Ofori, 2010). This also is educable and has favorite return on investment (Luthans et al., 2008; 2010).

PsyCap changes overtime, for instance, employees who demonstrated an increase (or decrease) in PsyCap showed an increase (or decrease) in performance (Peterson et al., 2011). Organizational commitment and job satisfaction have been found to be positively related with PsyCap (Cetin, 2011). PsyCap is one of the most influential means in attaining the desired organizational performance (Lewis, 2011). PsyCap positively relates to the level of trust in organization (Clapp-Smith et al., 2009). PsyCap helps overcome stress and facilitate positive organizational change (Avey et al., 2008). Organizational performance can be an outcome of developing and managing the PsyCap factors of hope, resilience, optimism and self-efficacy (Luthans et al., 2007).

In sum, PsyCap is presented here as an emerging higher order, core construct that organizations can invest in and develop in their workforce to achieve veritable, sustained growth and performance. PsyCap may help provide and contribute to the call for a new perspective and approach to managing for competitive advantage in the “flat world” environment. However, PsyCap cannot operate in vacuum and this is why we hope that a supportive organizational climate may play a role.

2. Literature Review

2.1 Psychological Capital

PsyCap is identified as personal traits contributing to individual productivity by psychologists (Gohel, 2012).

It is the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace (Luthans et al., 2007).

PsyCap is an individual's positive psychological state of development, characterized by (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks, (2) making a positive attribution (optimism) about succeeding now and in the future, (3) persevering towards goals and, when necessary, redirecting paths to goals (hope) to succeed, and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success” (Luthans & Youssef, 2007).

There are several important points of PsyCap. They are (1) it is dependant on positive psychology paradigm (strong aspects of human), (2) it involves psychological situations based on positive organizational behavior or positive organizational behavior criteria (unique, theory and research based, valid measure and state-like), (3) it goes beyond human capital (“what we know”) and social capital (for example, “who we know”) while expressing “who we are”, and (4) comprises investments and improvements that lead to performance development and competitive advantage (economical and financial capital) (Luthans et al., 2005).

PsyCap is seen as a resource that goes beyond human capital (experience, knowledge, skills and abilities) and social capital (relationships, networks). It deals with “who you are here and now”, and “who you can become” in the proximal future if your resources are developed and nurtured in the workplace (Luthans et al., 2004).

2.2 *The Basic Components of PsyCap*

There are four components into PsyCap. They are self-efficacy/confidence, hope, optimism, and resiliency (Luthans et al., 2008).

PsyCap refers to a person’s positive psychological state of development. (1) self efficacy: having confidence to take on and put in the necessary effort to succeed at challenging tasks; (2) optimism: making a positive attribution about succeeding now and in the future; (3) hope: persevering towards goals and, (4) resiliency: when beset by problems and adversity, sustaining and bouncing back and even beyond to attain success (Luthans et al., 2007).

Research showed that individuals with the positive psychological capacities report higher self-efficacy, have optimistic expectation, and set higher goals for themselves. These four positive psychological resources could help individual thrive and succeed at work (Lyubomirsky et al., 2005).

The four PsyCap dimensions are conceptually independent (Luthans et al., 2007) and empirically valid (Bryant & Cvengros, 2004).

2.2.1 Hope

The first construct of PsyCap is hope. It represents the motivational energy to identify the way to achieve career goals (Luthans et al., 2007). Individuals with greater hope, have more energy to pursue success (Snyder et al., 2000). Hope is a belief to determine significant purposes and a process by which individual overcomes obstacles (Çetin & Basım, 2011).

Hope is associated with academic and athletic performance, mental and physical health, and ability to cope with adversity (Snyder, 2000). High-hope individuals tend to be independent thinkers (Luthans et al., 2007). High hope individuals use agentic (goal directed) thinking to move along a pathway and continuing to progress along (Snyder et al., 1998).

Hopeful individuals tend to take risks and look for alternative pathways when old ones are blocked (Snyder, 2002). They seem more prone to work on creative ideas for solving problems and they look at problems and opportunities from different angles (Zhou & George, 2003). They tend to be creative and resourceful, even with tight budgets (Luthans et al., 2007).

Hope is a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal directed energy) and (2) pathways (planning to meet goals)” (Snyder et al., 1996). Hope is a motivational state whereby two elements, agency (goal-directed determination) and pathways (or planning to achieve those goals), interact. Hope makes it possible to put up with barriers during goal attainment with the strength of motivation (Snyder et al., 1991).

Hope possesses the willpower to perform creatively and explore multiple pathways to reach the goals (Larson & Luthans, 2006), thus, increasing the cognitive efforts towards goal attainment (Snyder, 1994).

Hope refers to the individual’s perceived capability to derive pathways to attain desired goals and to motivate oneself via agency thinking to use those pathways (Snyder et al., 2002). Hope consists of pathways thinking, agency thinking, and the union of these two pathways (Snyder et al., 2002). Pathway thinking refers to the perceived capability to conjure up plans or routes to reach a goal, and agency thinking refers to the ability to initiate and sustain action toward desired goal through motivation and determination (Snyder, 1994).

Hope is a multidimensional construct comprised of both an individual’s determination to set for and maintain effort toward goals and that individual’s ability to discern alternative courses of action to attain those goals (Snyder, 2000).

Hope is based on the interaction between three factors: goals, agency and pathways. People are driven to accomplish their goals by their sense of agency, which provides them with an internalized determination and willpower to invest the energy necessary to achieve their goals. Those with high hope are motivated by their sense of having the capability to develop ways to get the things they want, which provides them with the ability to generate alternative pathways towards the accomplishment of their goals if the original ones have been blocked. Although research on the positive impact of hope is well established in clinical, educational, and athletic applications, research on the relationship between hope and work outcomes is just emerging. However, results are promising (Luthans & Youssef, 2004).

2.2.2 Resilience

Resilience is the second construct of PsyCap. Facing the negative events, individual with higher levels of resilience could deal with setbacks smoothly (Tugade et al., 2004). Resilience helps the individual to overcome adversity and uncertainty to achieve success (Gooty et al., 2009; Luthans et al., 2006).

It refers to the capacity to bounce back from adversity, conflict, failure, or even positive events (Luthans et al., 2007).

Resilience helps individuals to become flexible and adapt themselves (Coutu, 2002). Resilient individuals tend to bounce back from setbacks and difficult situation (Tugade & Fredrickson, 2004).

It is the capacity to bounce back from adversity, uncertainty, failure, or even positive but seemingly overwhelming changes such as increased responsibility. The three components of resiliency are: a staunch acceptance of reality; a deep belief, often reinforced by strongly held values, that life is meaningful; and an uncanny ability to improvise and adapt to significant change (Luthans & Youssef, 2004).

Resilient belief that one has what it takes to succeed provides the necessary staying power in the face of repeated failures, setbacks, and skeptical or even critical social reactions that are inherently discouraging (Bandura & Locke, 2003).

It is an ability to settle and deal with the circumstances when facing negative situations, risk or important changes (Luthans, 2002).

Resilient individuals possess a staunch acceptance of reality, a deep belief, often buttressed by strongly held values, that life is meaningful and an uncanny ability to improvise (Coutu, 2002).

Resiliency is often characterized by positive coping and adaptation in the face of significant adversity or risk (Masten & Reed, 2002).

It is the positive PsyCap to rebound, to "bounce back" from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility (Luthans, 2002).

Resilient individuals have the ability to positively cope and adapt during risk and adversity (Masten, 2001).

Resilient individuals are optimistic, energetic towards life, curious, and open to new experiences (Klohn, 1996). These individuals are humorous (Masten, 1994), and use creative exploration (Cohler, 1987).

Resilient individuals elicit positive emotions in themselves as well as in others (Fredrickson, 2004) which may help them to create supportive environment that facilitates innovative behaviors. These individuals have to ability to positive adaptation and adjustment to change (Luthans et al., 2007).

Resilient leaders are likely to encourage themselves and even their subordinates to take risks and to exhibit innovative behaviors (Peterson et al., 2008).

2.2.3 Optimism

The third construct of PsyCap is optimism. With higher levels of optimism regarding the future and confidence in abilities to succeed in the current job will motivate individuals to take charge of their own career (Seligman, 1998).

It had a direct positive effect on creativity. Optimistic leaders pursue new and creative approaches towards problems solving (Peterson et al., 2008).

Optimism can easily facilitate adaptation to changing work context and past failures. Optimism as a facet of PsyCap is associated with a positive outlook but is not an unchecked process without realistic evaluation. Optimism is making an internal, relatively stable, and global attribution regarding positive events such as goal achievement, and an external, relatively unstable, and specific cause for negative events like a failed attempt at reaching a goal. Optimism is associated with a positive future outlook and a tendency to view positive events as within the control of self (Luthans et al., 2007).

It involves a positive explanatory style that attributes positive events to internal, permanent, and pervasive causes, and negative events to external, temporary, and situation specific ones. This allows individuals to take credit for favorable events in their lives, boosting their self-esteem and morale. Unlike hope, optimism has been applied not only to clinical applications, but also in organizational settings (Luthans & Youssef, 2004). Optimism has been associated with the improvement of performance (Martin et al., 2003).

It is depicted in positive psychology as both a positive future expectation open to development (Carver & Scheier, 2002).

Optimists are people who make internal and stable attributions regarding positive events and attribute negative events to external, temporary, and situation-specific factors (Seligman, 1998). It is not based on an unchecked process that has no realistic assessment (Peterson, 2000).

Optimism means positive expectations about the future (Peterson et al., 2011). Optimism is generalized expectations that individual hopes for the best and persistence for achieving the target (Synder et al., 1991).

It requires objective assessments that a person follows to succeed (Luthans et al., 2008). Compared to pessimists, optimists benefit from career opportunities at a high level and pursue their aims under tough conditions (Wrosch et al., 2003).

Optimistic individuals relate negative events as external (not my fault), unstable (occurred this time only), and specific (this event only), while pessimists interpret the same events as internal, stable, and global (Peterson, 2000). Optimism has been supported as a state-like, malleable construct that is open to development (Schneider, 2001).

It is associated with a variety of individuals outcomes including depression, and mental health (Seligman, 1998) burnout and (Chang et al., 2000). Optimists tend to maintain positive expectations about the results (Avey et al., 2008). Optimistic individuals appraise daily hassles in a positive way by expecting gain or growth from such events (Fry, 1995). These individuals have the ability to cope with stress (Strutton & Lumpkin, 1992). Optimists keep on working hard and coping actively with the problems they face while pursuing desirable outcomes. (Kluemper et al., 2009).

2.2.4 Self-Efficacy

Self-efficacy is one's confidence in his or her ability to mobilize the motivation, cognitive resources, and courses of action necessary to execute a specific course of action within a given context (Luthans & Youssef, 2004).

Individuals with high self efficacy choose challenging tasks, develop complicated ways to overcome the obstacles (Keleş, 2011), and become persistent and success-oriented in terms of difficulties (Shahnawaz & Jafri, 2009).

Self-efficacy represents individual confidences in one's ability to become successful (Gooty et al., 2009).

Efficacy has been shown to be related to the socialization and retention of new employees (Bauer et al., 2007) and the organizational commitment and turnover intentions of existing staff (Harris & Cameron, 2005).

Self-efficacy had a strong positive relationship with work-related performance (Bandura & Locke, 2003) even in the absence of feedback (Judge et al., 2007).

It was found to have a strong positive relationship with work-related performance (Bandura & Locke, 2003).

Self-efficacy beliefs help to persevere in the face of obstacles and cope with distressing and self-debilitating emotional states that hinder the execution of activities (Bandura & Locke, 2003). Efficacious individuals are inventive, resourceful (Bandura, 1986) as well as creative (Tierney & Farmer, 2002).

It plays a critical role in important human performance determinants such as goals, aspirations, and the perceived opportunities of a given project (Bandura, 2000).

Displaced employees with high self-efficacy are confident that they possess the right skills and abilities to perform well in their future jobs and are confident of being reemployed (Lim & Loo, 2003).

Self-efficacy is one's belief to perform the task successfully and fulfill motivational, cognitive and operational resources (Stajkovic & Luthans, 1998).

Several approaches have been found successful in developing efficacy, including mastery experiences, modeling, social persuasion, and physiological/psychological arousal (Bandura, 1997).

These four dimensions are considered to meet the criteria for POB in that they are each positive, unique, developable, measurable and performance-related (Luthans & Youssef, 2004). Confirmatory factor analyses have consistently demonstrated support for a core underlying factor whereby the shared variance or commonality between each facet comprises the higher order factor, PsyCap (Culbertson et al., 2010).

Individuals high on PsyCap are able to develop new path ways (hope) to attain their goals. These individuals possess the confidence (efficacy) necessary to arrive at desired goals through these alternative paths, have positive attribution and outlook for future (optimism) and are able to bounce back from setbacks (resilience) in case of any difficulty or failure that may arise due to implementing innovative ideas (Avey et al., 2008; Luthans et al., 2007).

On the surface and as used in everyday language, hope, resiliency, optimism, and efficacy seem very similar and interchangeable. However, the positive psychology literature (Snyder & Lopez, 2002) and POB (Luthans & Youssef, 2007) has clearly differentiated these positive capacities and empirically based analyses have found discriminant validity among them (Bryant & Cvengros, 2004; Luthans, 2007; Youssef & Luthans, 2007).

2.3 Job Embeddedness

JE is a new concept for how well a person was socially enmeshed within their organization (Granovetter, 1985). It is relatively a new concept and is under-researched in the hospitality management and marketing literature (Karatepe & Ngeche, 2011).

JE reflects employees' decisions to participate broadly and directly, and it moves scholarly attention beyond dissatisfaction-induced leaving. JE is a retention (or "antiwithdrawal") construct (Dong-Hwan & Jung-Min, 2012).

It has been conceptualized to consist of two dimensions: on-the-job (organizational) embeddedness and off-the-job (community) embeddedness. On-the-JE refers to the degree to which individuals are immersed in their organizations, while off-the-JE represents the degree to which individuals are immersed in their communities. On-the-JE better predicts employee job performance than does the off-the-JE. Furthermore, the On-the-JE better predicts employee retention than does the off-the-JE. Each embeddedness dimension is composed of three facets: fit, links, and sacrifice (Allen, 2006; Ng & Feldman, 2009).

JE encompasses the total forces on an individual that cause the person to remain at his/her current job. JE has been empirically demonstrated to impact work-related behaviors such as turnover, performance, absenteeism and citizenship behaviors (Lee et al., 2004; Ng & Feldman, 2009).

JE is constellation of influences which enmesh or embed people within organizations. Consequently, the embedded employee either finds it more difficult to leave or does not want to leave the organization to which they have become a part (Mitchell et al., 2001).

JE is the combined material, financial, and psychological factors that keep a person from leaving his or her job (Mitchell et al., 2001). It is an employee retention theory and evolved from the unfolding model voluntary employee turnover (Lee et al., 1996).

2.4 The Dimensions of Job Embeddedness

The three component dimensions of JE include links, fit and sacrifice (Mitchell et al., 2001).

2.4.1 Fit

Organizational fit is the degree of similarity or compatibility between the individual and organizational culture, overlap between the individual abilities and organizational demands, and match between individual interests and organizational rewards. Community fit is the degree of match, similarity, or compatibility between the individual and his or her community (Ng & Feldman, 2009).

Fit is the individual's perceived compatibility with the organization and with the community (Felps et al., 2009).

It refers to the match between an employee's goals and values and those of the organization; higher fit indicates higher embeddedness (Holtom et al., 2006).

A person who perceives person-organization fit would find it difficult to leave an organization. People take jobs for other fit reasons, including proximity to extended family, climate considerations, and culture (Valle, 2006).

Fit is an employee's perceived compatibility or comfort with an organization and with his or her environment. Ensuring that individuals fit well within the organization's environment is one way for managers to reduce early turnover (Snow, 2002).

Fit to an organization is the degree perceived in how compatible an employee feels to the job he/she is performing and the company he/she belongs to. The more the individual feels fitted to the job, colleagues and the business culture, the lower turnover is (Mitchell et al., 2001).

It is an employee's perceived compatibility with his or her organization. This construct has been further described as a composite of person-organization fit (Chatman, 1989) and person-job fit (Careless, 2005). Studies have shown that poor person-organization fit leads to turnover (Villanova et al., 1994).

2.4.2 Links

Links means that each individual is linked to other people, teams, and organizations officially or unofficially (Dong-Hwan & Jung-Min, 2011).

Links refers to the formal or informal connections of individuals with other people, projects, locations, activities, and groups in their organizations and communities (Ng & Feldman, 2009).

The more connected an individual and/or his or her family is with the organization and the community, the more difficult leaving is and the more embedded the person is (Felps et al., 2009).

The links aspect of embeddedness suggests that employees have formal and informal connections with other entities on the job and, as the number of those links increases, embeddedness is higher (Holtom et al., 2006).

Links are the formal or informal connections one has to other people in the organization, and includes non-work connections (Valle, 2006).

Links are characterized as formal or informal connections between a person, and institutions or other people (Lee et al., 2004). Links to the organization is how connected he/she is to other people, team or organizations. Links are the degree to which people have connections to other people and activities (Mitchell et al., 2001).

2.4.3 Sacrifice

Sacrifice refers to the ease with which the links can be broken upon quitting work or moving to another home or community (Ng & Feldman, 2009).

Sacrifice refers to the perceived costs associated with leaving. These costs may be physical or psychological. Community sacrifices are applicable only if the person will move to a new location (Felps et al., 2009).

Sacrifice concerns the perceived costs of leaving the organization, both financial and social. The higher the perceived costs, the greater the embeddedness (Holtom et al., 2006).

Sacrifice is the individual's perceived cost (in psychological and financial terms) of job change. The psychological costs may include those associated with leaving friends or family and job conditions which one desires. Financial costs may include relocation related expenses (Fields et al., 2005).

Sacrifice means the opportunity cost of turnover, which is the perceived cost of physical or psychological convenience sacrificed when leaving a current job (Park & Lee, 2004).

Sacrifice to the organization is the perceived cost of physical or psychological convenience sacrificed when leaving a current job. Sacrifice is the degree of difficulty it would require for a person to break the links; what they would forfeit if they left (Mitchell et al., 2001).

Sacrifice captures the perceived cost of material or psychological benefits that may be forfeited by leaving one's job (Taunton, 1997; Shaw et al., 1998).

2.5 Organizational Cynicism

There are different types of cynicism such as social cynicism, employee cynicism, civil servant cynicism, work cynicism and Organizational Cynicism (OC) (Dean et al., 1998).

General cynicism is an inborn and determined personality trait which reflects generally negative perceptions about human behavior. Cynicism is a defensive response, because it can shield employees against feeling strong emotions and prepare them for the next "inevitable failure" (Abraham, 2000).

Cynicism is an individual's having negative feelings, such as anger, disappointment, and hopelessness (Özler Ergun et al., 2010).

Cynicism is an evaluative judgment that stems from an individual's employment experiences (Bruch & Vogel, 2006).

Cynicism can be expressed both overtly, such as through direct statements questioning the integrity of the organization, and covertly through the use of sarcastic humor and nonverbal behaviors, such as "knowing I looks," "rolling eyes," and "smirks" (Dean et al., 1998).

Cynicism is a negative and is therefore a sensitive topic to managers and organizations (Andersson, 1996).

Cynics may feel embarrassment, hatred and even dishonor when they think about their organizations. Business ethics is a system, principles, codes or values, which provide guidelines for morally right behavior and honesty in specific situations (Lewis 1985).

OC is an individual negative feelings, such as disturbance, dissatisfaction and hopelessness about the staff and organization (Ozler et al., 2011).

It is an attitude that involves unfriendliness oneself from the organization due to a confidence that the organization lacks honesty and will always attempt to fool its employees (Nair & Kamalanabhan, 2010).

OC exist as a resistance against improvement of the organization and severely damaging the organization (Arabacı, 2010).

OC concept is the negative attitudes of individual in connection with his/her organization and thought of organization deprives honesty and integrity (Kalağan, 2009).

It arises when employees believe that their organization is deficient in honesty. This may especially result from the perception of which basic expectations related to morality, justice and honesty are despoiled. OC is not simply the feelings that ‘negative’ people bring into the organization, but that these attitudes are shaped by experiences in the work context” (Johnson & O’Leary-Kelly, 2003).

OC is an attitude, characterized by frustration and negatively valenced beliefs, resulting primarily from unmet expectations, which is capable of being directed towards an organization in general and/or more specific facets of the organizational environment (Brockway et al., 2002).

It refers to the lack, among workers, of the feelings of righteousness, confidence, fairness and sincerity towards the organization where they work (Abraham, 2000).

OC is a learned response rather than a personality-based predisposition (Wanous et al., 2000).

It is a negative attitude towards the organization where one works, which has cognitive, affective and behavioral dimensions (Dean et al., 1998).

OC was found to have negative relationships with organizational commitment, organizational citizenship behavior, and job satisfaction (Andersson & Bateman, 1997).

It is a negative attitude that develops as a result of perceived malfeasance of the agent or entity (Reicher et al., 1997). OC is a general and specific attitude characterized with anger, hopelessness, disappointment and a tendency to distrust individuals, groups, ideologies, social abilities or institutions (Andersson, 1996).

2.6 Organizational Cynicism Dimensions

OC is a negative attitude with three dimensions towards the organization where one works. These dimensions are (1) a **belief** that the organization lacks integrity; (2) negative **affect** toward the organization; and (3) tendencies to disparaging and critical **behaviors** toward the organization (Kutanic & Çetinel, 2009).

It is a complex process which culminates in a belief that the organization is not fair, in loss of confidence in the organization, and thus in an increase in negative behaviors towards the organization (Dean et al., 1998).

2.6.1 Cognitive Dimension

The first dimension of OC is the belief in the organization's lack of honesty. The cognitive (belief) dimension consists of the belief that the organization's practices are deficient in justice, honesty and sincerity (Dean et al., 1998). Cognitive dimension refers to employees’ disbelief in their organizations. They believe that the practices and behaviors in the organization lack certain values such as fairness and sincerity (Urbany, 2005). Due to these beliefs, they think that the organizational practices betray them (Dean et al., 1998).

2.6.2 Emotional Dimension

Emotional /sentimental reactions to the organization are the second dimension of OC. The sensitive/emotional dimension of OC consists of strong emotional reactions towards the organization. These strong reactions can be exemplified; cynics may feel disrespect and anger towards their organizations; or feel discomfort, hatred and even shame when they think about their organizations (Dean et al., 1998).

Emotional dimension consists of emotional reactions such as anxiety, shame, anger, disappointment (O’Leary, 2002) or rage/pessimism (Brandes, 1999). OCs of emotional dimension contains some powerful emotional reactions like disrespect, anger, boredom and shame (Abraham, 2000).

2.6.3 Behavioral Dimension

The last dimension refers to negative tendencies and mainly humiliating attitudes. Behavioral dimension, the last dimension of OC, consists of negative and frequently critical attitudes. The most prominent of behavioral tendencies is strong critical expressions towards the organization. These may occur in various forms. The most obvious one is the expressions about the organization asserting that it lacks critical notions like honesty and sincerity (Dean et al., 1998).

Behavioral dimension covers employees’ fierce criticisms of the organization such as condescension, denigration and belittlement (Turner & Valentine, 2001). In this dimension, the employee may get alienated from or sever her ties with the organization (O’Brien et al., 2004).

3. Research Model

The proposed comprehensive conceptual model is presented in Figure 1. The diagram below shows that there is one independent variable of PsyCap. There are two dependent variables of JE and OC. It shows the rational link among the variables. From the above discussion, the research model is as shown in Figure 1 below.

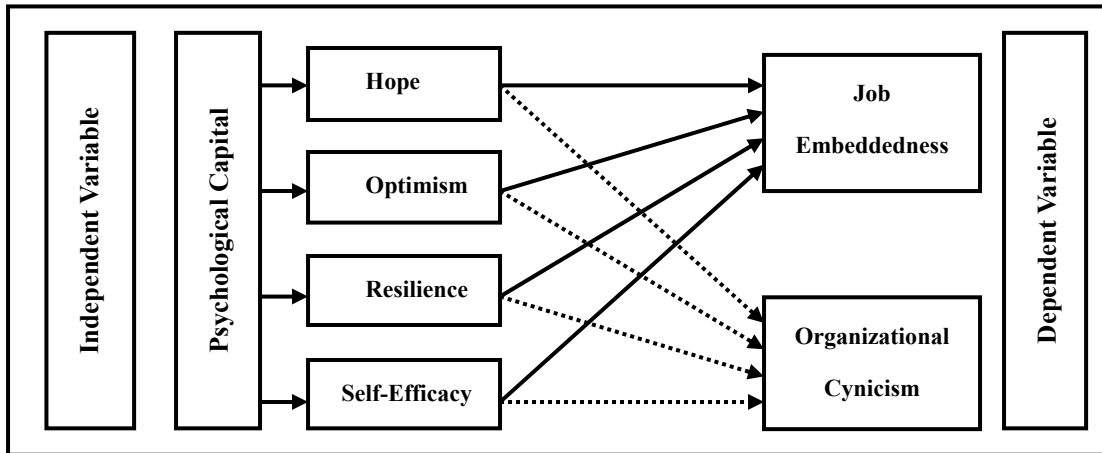


Figure 1. Proposed comprehensive conceptual model

The research framework suggests that PsyCap have an impact on JE and OC. PsyCap as measured consists of hope, optimism, resilience and self-efficacy (Luthans, 2006). JE is measured in terms of fit, links, and sacrifice (Nitchell et al., 2001). OC is measured in terms of belief, affect and behavior (Reichers & Wanous, 1997).

4. Research Questions and Hypotheses

The research process includes both questions and hypotheses. The research questions of this study are as follows:

- Q1: What is the nature and the extent of the relationship between PsyCap (Hope) and JE at Menoufia University Hospitals.
- Q2: What is the nature of the relationship between PsyCap (Optimism) and JE at Menoufia University Hospitals.
- Q3: What is the extent of the relationship between PsyCap (Resilience) and JE at Menoufia University Hospitals.
- Q4: What is the statistically significant relationship between PsyCap (Self-Efficacy) and JE at Menoufia University Hospitals.
- Q5: What is the nature and the extent of the relationship between PsyCap (Hope) and OC at Menoufia University Hospitals.
- Q6: What is the nature of the relationship between PsyCap (Optimism) and OC at Menoufia University Hospitals.
- Q7: What is the extent of the relationship between PsyCap (Resilience) and OC at Menoufia University Hospitals.
- Q8: What is the statistically significant relationship between PsyCap (Self-Efficacy) and OC at Menoufia University Hospitals.

The following hypotheses were developed to test if there is a significant correlation between PsyCap, JE and OC.

- H1: Employees' PsyCap (Hope) has no significant effect on JE at Menoufia University Hospitals.
- H2: Employees' PsyCap (Optimism) has no significant impact on JE at Menoufia University Hospitals.
- H3: Employees' PsyCap (Resiliency) has no significant influence on JE at Menoufia University Hospitals.
- H4: Employees' PsyCap (Self-Efficacy) has no relationship with JE at Menoufia University Hospitals.
- H5: Employees' PsyCap (Hope) has no significant effect on OC at Menoufia University Hospitals.
- H6: Employees' PsyCap (Optimism) has no significant impact on OC at Menoufia University Hospitals.
- H7: Employees' PsyCap (Resiliency) has no significant influence on OC at Menoufia University Hospitals.
- H8: Employees' PsyCap (Self-Efficacy) has no relationship with OC at Menoufia University Hospitals.

5. Research Methods

5.1 Population and Sample

The study subjects are employees at Menoufia University Hospitals in Egypt, including, physicians, nurses and administrative staff. The total population is 2839 employees. Determination of sample size was calculated using the formula (Daniel, 1999) as follows:

$$n = \frac{N \times (Z)^2 \times P(1-P)}{d^2(N-1) + (Z)^2 \times P(1-P)}$$

The number of samples obtained by 382 employees at Menoufia University Hospitals is presented in Table 1.

Table 1. Distribution of the sample size

Job Category	Number	Percentage	Size of Sample
Physicians	486	17.1%	338 X 17.1% = 134
Nurses	1675	59.0%	338 X 59.0% = 189
Administrative Staff	678	23.9%	338 X 23.9% = 34
Total	2839	100%	338 X 100% = 338

Source: Personnel Department at Menoufia University, 2014.

5.2 Method of Data Collection

The goal of this study was to examine the relationships between PsyCap, JE and OC at Menoufia University Hospitals. A survey research method was used to collect data in this study. The questionnaire included four questions, relating to PsyCap, JE, OC and biographical information of employees at Menoufia University Hospitals.

A total of 338 questionnaires were sent out in January, 2014 and collected in March 2014. Three hundred and twenty five effective questionnaires were collected (96% collection rate). Ten ineffective ones (with unanswered questions, duplicated entries and inappropriate marks) were excluded, and the number of effective ones was 315 (93% valid collection rate). The sample distribution is listed in Table 2.

Table 2. Characteristics of items of the sample

Variables		Number	Percentage
1- Job Title	Physicians	131	41.6%
	Nurses	160	50.8%
	Administrative Staff	24	7.6%
	Total	315	100%
2- Sex	Male	123	39.0%
	Female	192	61.0%
	Total	315	100%
3- Marital Status	Single	90	28.6%
	Married	225	71.4%
	Total	315	100%
4- Age	Under 30	128	40.6%
	From 30 to 45	127	40.3%
	Above 45	60	19.0%
	Total	315	100%
5- Educational Level	Secondary School	108	34.3%
	University	150	47.6%
	Post Graduate	57	18.1%
	Total	315	100%
6- Period of Experience	Less than 5 years	102	32.4%
	From 5 to 10	82	26.0%
	More than 10	131	41.6%
	Total	315	100%

5.3 Research Variables and Methods of Measuring

The 24-item scale PsyCap section is based on Luthans, 2006. There were six items measuring hope, six items measuring optimism, six items measuring resilience, and six items measuring self-efficacy.

The 18-item scale JE section is based on Nitchell et al., 2001. There were six items measuring fit, six items measuring links, and six items measuring sacrifice.

The 18-item scale OC section is based on Reichers & Wanous, 1997. There were six items measuring belief, six items measuring affect, and six items measuring behavior.

Responses to all items scales were anchored on a five (5) point Likert scale for each statement which ranges from (5) "full agreement," (4) for "agree," (3) for "neutral," (2) for "disagree," and (1) for "full disagreement."

5.4 Methods of Data Analysis and Testing Hypotheses

The researcher has employed the following methods: (1) The Alpha Correlation Coefficient (ACC), (2) Multiple Regression Analysis (MRA), and (3) the statistical testing of hypotheses which includes F- test and T-test. They are found in SPSS.

6. Hypotheses Testing

Before testing the hypotheses and research questions, descriptive statistics were performed to find out means and standard deviations of PsyCap, JE and OC.

Table 3. The mean and standard deviations of PsyCap, JE and OC

Variables	The Dimension	Mean	Standard Deviation
PsyCap	Hope	3.2995	1.16367
	Optimism	3.2323	1.01297
	Resilience	3.4429	0.98057
	Self-Efficacy	3.5979	0.97129
	Total Measurement	3.3931	0.98863
JE	Fit	3.7598	1.22639
	Links	3.6772	1.30858
	Sacrifice	3.6624	1.26643
	Total Measurement	2.7749	0.93506
OC	The Belief Dimension	3.5942	0.90349
	The Affective Dimension	3.4354	1.07193
	The Behavioral Dimension	3.5963	1.04705
	Total Measurement	2.6565	0.70821

Table 3 lists the mean and standard deviation among variables. The mean of each variable is more than 3, and this result indicates that the study subjects in general have a higher level of PsyCap, JE and OC.

The different facets of PsyCap (hope, optimism, resilience and self-efficacy) are examined. Most respondents identified the presence of self-efficacy (M=3.59, SD=0.971). This was followed by resilience (M=3.44, SD=0.980), hope (M=3.29, SD=1.163), and optimism (M=3.23, SD=1.012).

The different facets of JE (fit, links, and sacrifice) are examined. Most respondents identified the presence of fit (M=3.75, SD=1.226). This was followed by links (M=3.67, SD=1.308) and sacrifice (M=3.66, SD=1.266).

The different facets of OC (belief, affect and behavior) are examined. Most respondents identified the presence of behavioral dimension (M=3.596, SD=1.047). This was followed by belief dimension (M=3.594, SD=0.903), and affective dimension (M=3.43, SD=1.071).

6.1 Evaluating Reliability

ACC was used to evaluate the degree of internal consistency among the contents of the scale under testing. Table 4 shows the results of the reliability test for each variable of PsyCap, JE and OC.

ACC was decided to exclude variables that had a correlation coefficient of less than 0.30 when the acceptable limits of ACC range from 0.60 to 0.80, in accordance with levels of reliability analysis in social sciences (Nunnally & Bernstein, 1994).

Table 4. Reliability of PsyCap, JE and OC

Variables	The Dimension	Number of Statement	ACC
PsyCap	Hope	6	0.8877
	Optimism	6	0.7944
	Resilience	6	0.7966
	Self-Efficacy	6	0.7750
	Total Measurement	24	0.9530
JE	Fit	6	0.9698
	Links	6	0.9594
	Sacrifice	6	0.9613
	Total Measurement	18	0.9869
OC	The Belief Dimension	6	0.9054
	The Affective Dimension	6	0.9411
	The Behavioral Dimension	6	0.9080
	Total Measurement	18	0.9645

To assess the reliability of the data, Cronbach's alpha test was conducted. Table 4 shows the reliability results for PsyCap, JE and OC. All items had alphas above 0.60 and were therefore excellent, according to Langdrige's (2004) criteria.

The 24 items of PsyCap are reliable because the ACC is 0.9530. The six items of hope scales are reliable due to the fact that the ACC is 0.8877. The optimism, which consists of six items, is reliable since the ACC is 0.7944. The six items related to resilience are reliable as ACC is 0.7966. Furthermore, the self-efficacy, which consists of six items, is reliable due to the fact that the ACC is 0.7750.

The 18 items of JE are reliable due to the fact that the ACC is 0.9869. The fit, which consists of six items, is reliable since the ACC is 0.9698 while the six items related to links is reliable as the ACC is 0.9594. Furthermore, the sacrifice, which consists of six items, is reliable due to the fact that the ACC is 0.9613.

The 18 items of OC are reliable because the ACC is 0.9645. The six items of belief scales are reliable due to the fact that the ACC is 0.9054. The affect, which consists of six items, is reliable since the ACC is 0.9411. The six items related to behavior are reliable as ACC is 0.9080.

6.2 The Correlation among the Research Variables

Table 5. Descriptive statistics and correlation matrix for all variables

Variables	Mean	Std. Deviation	PsyCap	JE	OC
Psychological Capital	3.39	0.988	1.000		
Job Embeddedness	2.77	0.935	0.443 **	1.000	
Organizational Cynicism	2.65	0.708	-0.531 **	-0.390 **	1.000

Table 5 shows correlation coefficients between the research variables, and results indicate the presence of significant correlation between variables (PsyCap, JE, and OC).

The level of PsyCap of employees is average (Mean=3.39; SD=0.988), while JE is lower (Mean=2.77; SD 0.935) which led to cynicism toward the organization (Mean=2.65; SD. 0.708).

Table (5) reveals the existence of a positive correlation between PsyCap and JE ($R=0.443$; $P < 0.01$), which means that the high level of PsyCap leads to higher JE.

The table shows the existence of a reverse correlation between JE and OC ($R= - 0.390$; $P < 0.01$) and this shows that the high level of JE contributes to mitigation of feelings of OC of employees.

Finally, Table (5) refers to the existence of reverse correlation between the PsyCap and OC ($R= - 0.531$; $P < 0.01$) implying that the high level of PsyCap reduces feelings of OC of employees.

6.3 The Relationship between PsyCap (Hope) and JE

Table 6. MRA results for PsyCap (Hope) and JE

The Variables of PsyCap (Hope)	Beta	R	R ²
1. When I find myself under pressure, I think how to get out of this predicament.	0.169	0.337	0.113
2. I have a strong will to achieve my goals.	0.048	0.299	0.089
3. I have several alternatives to resolve any problem I may face.	0.286 **	0.228	0.052
4. I feel that I have achieved great success in my career.	0.293 **	0.322	0.103
5. I can think of more than one way to achieve my goals.	0.255 *	0.397	0.157
6. I have achieved most of goals I have perused.	0.028	0.384	0.147
▪ Multiple Correlation Coefficients (MCC)	0.461		
▪ Determination of Coefficient (DF)	0.212		
▪ The Value of Calculated F	13.842		
▪ Degree of Freedom	6, 308		
▪ The Value of Indexed F	2.80		
▪ Level of Significance	0.01		

* P < .05, ** P < .01

According to Table 6, the regression-coefficient between PsyCap (Hope) and JE is R= 0.461 and R²= 0.212. This means that the JE can be explained by the dimensions of PsyCap, for example, “I can think of more than one way to achieve my goals” ($\beta= 0.255$, R= 0.397, and R²= 0.157), “I have achieved most of goals I have perused” ($\beta= 0.028$, R= 0.384, and R²= 0.147), and “when I find myself under pressure, I think how to get out of this predicament.” ($\beta= 0.169$, R= 0.337, and R²= 0.113). Because of the calculated F (13.842) more than indexed F (2.80) at the statistical significance level of 0.01, the null hypothesis is rejected.

6.4 The Relationship between PsyCap (Optimism) and JE

Table 7. The relationship between PsyCap (Optimism) and JE

The Variables of PsyCap (Optimism)	Beta	R	R ²
1. When I'm not sure of something, usually I expect the best.	0.061	0.193	0.037
2. I can easily feel relaxed.	0.100	0.332	0.110
3. When I feel indignant on the performance of the work, I delay it for another time.	0.110	0.208	0.043
4. I am always optimistic about my future.	0.067	0.322	0.103
5. I expect events to ensure continuity in achieving my goals.	0.097	0.397	0.157
6. I expect pleasant events, rather than unpleasant events.	0.180	0.384	0.147
▪ Multiple Correlation Coefficients (MCC)	0.444		
▪ Determination of Coefficient (DF)	0.197		
▪ The Value of Calculated F	12.617		
▪ Degree of Freedom	6, 308		
▪ The Value of Indexed F	2.80		
▪ Level of Significance	0.01		

According to Table 7, the regression-coefficient between PsyCap (Optimism) and JE is R= 0.444 and R²= 0.197. This means that the JE can be explained by the dimensions of PsyCap, for example, “I expect events to ensure continuity in achieving my goals” ($\beta= 0.097$, R= 0.397, and R²= 0.157), “I expect pleasant events, rather than unpleasant events” ($\beta= 0.180$, R= 0.384, and R²= 0.147), and “I am always optimistic about my future” ($\beta= 0.067$, R= 0.322, and R²= 0.103). Thus, the null hypothesis is rejected because PsyCap (Optimism) and JE have a statistical relationship at the significance level of 0.01.

6.5 The Relationship between PsyCap (Resilience) and JE

According to Table 8, the regression-coefficient between PsyCap (Resilience) and JE is R= 0.444 and R²= 0.197. This means that the JE can be explained by the dimensions of PsyCap, for example, “I prefer work that is both new and challenging” ($\beta= 0.513$, R= 0.384, and R²= 0.147), “I enjoy dealing with new and unusual events” ($\beta= 0.101$, R= 0.324, and R²= 0.104), and “I prefer following more than one route to achieve goals” ($\beta= 0.115$, R= 0.322, and R²= 0.103). Therefore, there is enough empirical evidence to reject the null hypothesis.

Table 8. The relationship between PsyCap (Resilience) and JE

The Variables of PsyCap (Resilience)	Beta	R	R ²
1. I restore my normal mood quickly after unpleasant events.	0.199 **	0.175	0.030
2. I enjoy dealing with new and unusual events.	0.101	0.324	0.104
3. I usually succeed to form positive impression about others.	0.110 *	0.218	0.047
4. I prefer following more than one route to achieve goals.	0.115	0.322	0.103
5. I prefer work that is both new and challenging.	0.513 **	0.384	0.147
6. I overcome feelings of anger that may possess me toward a particular person.	0.182	0.302	0.091
▪ Multiple Correlation Coefficients (MCC)	0.444		
▪ Determination of Coefficient (DF)	0.197		
▪ The Value of Calculated F	12.577		
▪ Degree of Freedom	6, 308		
▪ The Value of Indexed F	2.80		
▪ Level of Significance	0.01		

* P < .05, ** P < .01

6.6 The Relationship between PsyCap (Self-Efficacy) and JE

Table 9. The relationship between PsyCap (Self-Efficacy) and JE

The Variables of PsyCap (Self-Efficacy)	Beta	R	R ²
1. I enjoy a great deal of self-confidence.	0.220 *	0.235	0.055
2. I'm in the best mood, when I'm actually in a situation of challenge.	0.114	0.217	0.047
3. I face many problems and I could solve them.	0.141 *	0.208	0.043
4. I prefer self-reliance to find a solution when things go wrong.	0.080	0.322	0.103
5. I think that I have a very good chance to realize my goals in life.	0.148	0.397	0.157
6. I finish my work on time and do not wait until the last minute.	0.171	0.384	0.147
▪ Multiple Correlation Coefficients (MCC)	0.454		
▪ Determination of Coefficient (DF)	0.206		
▪ The Value of Calculated F	13.350		
▪ Degree of Freedom	6, 308		
▪ The Value of Indexed F	2.80		
▪ Level of Significance	0.01		

* P < .05

According to Table 9, the regression-coefficient between PsyCap (Self-Efficacy) and JE is R= 0.454 and R²= 0.206. This means that the JE can be explained by the dimensions of PsyCap, for example, "I think that I have a very good chance to realize my goals in life" (β = 0.148, R= 0.397, and R²= 0.157), "I finish my work on time and do not wait until the last minute" (β = 0.171, R= 0.384, and R²= 0.147), and "I prefer self-reliance to find a solution when things go wrong" (β = 0.080, R= 0.322, and R²= 0.103). Thus, the null hypothesis is rejected because PsyCap (Self-Efficacy) and JE have a statistical relationship at the significance level of 0.01.

6.7 The Relationship between PsyCap (Hope) and OC

According to Table (10), the regression-coefficient between PsyCap (Hope) and OC is R= 0.669 and R²= 0.447. This means that the OC can be explained by the dimensions of PsyCap, for example, "I can think of more than one way to achieve my goals" (β = 0.563, R= 0.537, and R²= 0.288), "I feel that I have achieved great success in my career" (β = 0.406, R= 0.463, and R²= 0.214), and "I have achieved most of goals I have perused" (β = 0.146, R= 0.418, and R²= 0.174). Because of the calculated F (41.484) more than indexed F (2.80) at the statistical significance level of 0.01, the null hypothesis is rejected.

Table 10. MRA results for PsyCap (Hope) and OC

The Variables of PsyCap (Hope)	Beta	R	R ²
1. When I find myself under pressure, I think how to get out of this predicament.	0.791 **	- 0.123	0.015
2. I have a strong will to achieve my goals.	- 0.472 **	- 0.162	0.026
3. I have several alternatives to resolve any problem I may face.	- 0.092	- 0.413	0.170
4. I feel that I have achieved great success in my career.	- 0.406 **	- 0.463	0.214
5. I can think of more than one way to achieve my goals.	- 0.563 **	- 0.537	0.288
6. I have achieved most of goals I have perused.	0.146	- 0.418	0.174
▪ Multiple Correlation Coefficients (MCC)	0.669		
▪ Determination of Coefficient (DF)	0.447		
▪ The Value of Calculated F	41.484		
▪ Degree of Freedom	6, 308		
▪ The Value of Indexed F	2.80		
▪ Level of Significance	0.01		

* P < .05, ** P < .01

6.8 The Relationship between PsyCap (Optimism) and OC

Table 11. The relationship between PsyCap (Optimism) and OC

The Variables of PsyCap (Optimism)	Beta	R	R ²
1. When I'm not sure of something, usually I expect the best.	- 0.247 **	- 0.435	0.414
2. I can easily feel relaxed.	0.091	- 0.318	0.101
3. When I feel indignant on the performance of the work, I delay it for another time.	- 0.101 *	- 0.202	0.041
4. I am always optimistic about my future.	- 0.216 **	- 0.463	0.214
5. I expect events to ensure continuity in achieving my goals.	- 0.700**	- 0.537	0.288
6. I expect pleasant events, rather than unpleasant events.	0.384 **	- 0.418	0.174
▪ Multiple Correlation Coefficients (MCC)	0.644		
▪ Determination of Coefficient (DF)	0.415		
▪ The Value of Calculated F	36.428		
▪ Degree of Freedom	6, 308		
▪ The Value of Indexed F	2.80		
▪ Level of Significance	0.01		

* P < .05, ** P < .01

According to Table 11, the regression-coefficient between PsyCap (Optimism) and OC is R= 0.644 and R²= 0.415. This means that the OC can be explained by the dimensions of PsyCap, for example, “when I'm not sure of something, usually I expect the best” (β = 0.247, R= 0.435, and R²= 0.414), “I expect events to ensure continuity in achieving my goals” (β = 0.700, R= 0.537, and R²= 0.288), and “I am always optimistic about my future” (β = 0.216, R= 0.463, and R²= 0.214). Thus, the null hypothesis is rejected because PsyCap (Optimism) and OC have a statistical relationship at the significance level of 0.01.

6.9 The Relationship between PsyCap (Resilience) and OC

According to Table 12, the regression-coefficient between PsyCap (Resilience) and OC is R= 0.690 and R²= 0.476. This means that the OC can be explained by the dimensions of PsyCap, for example, “I prefer following more than one route to achieve goals” (β = 0.693, R= 0.487, and R²= 0.237), and “I restore my normal mood quickly after unpleasant events” (β = 0.195, R= 0.413, and R²= 0.170). Therefore, there is enough empirical evidence to reject the null hypothesis.

Table 12. The relationship between PsyCap (Resilience) and OC

The Variables of PsyCap (Resilience)		Beta	R	R ²
1.	I restore my normal mood quickly after unpleasant events.	- 0.195 **	- 0.413	0.170
2.	I enjoy dealing with new and unusual events.	- 0.557 **	- 0.310	0.096
3.	I usually succeed to form positive impression about others.	- 0.230 **	- 0.210	0.044
4.	I prefer following more than one route to achieve goals.	- 0.693 **	- 0.487	0.237
5.	I prefer work that is both new and challenging.	0.270 *	- 0.283	0.080
6.	I overcome feelings of anger that may possess me toward a particular person.	0.610 **	- 0.142	0.020
▪	Multiple Correlation Coefficients (MCC)	0.690		
▪	Determination of Coefficient (DF)	0.476		
▪	The Value of Calculated F	46.683		
▪	Degree of Freedom	6, 308		
▪	The Value of Indexed F	2.80		
▪	Level of Significance	0.01		

* P < .05, ** P < .01

6.10 The Relationship between PsyCap (Self-Efficacy) and OC

Table 13. The relationship between PsyCap (Self-Efficacy) and OC

The Variables of PsyCap (Self-Efficacy)		Beta	R	R ²
1.	I enjoy a great deal of self-confidence.	- 0.115	- 0.395	0.156
2.	I'm in the best mood, when I'm actually in a situation of challenge.	- 0.121	- 0.416	0.173
3.	I face many problems and I could solve them.	- 0.057	- 0.202	0.040
4.	I prefer self-reliance to find a solution when things go wrong.	- 0.174 **	- 0.463	0.214
5.	I think that I have a very good chance to realize my goals in life.	- 0.623 **	- 0.537	0.288
6.	I finish my work on time and do not wait until the last minute.	0.295 **	- 0.418	0.174
▪	Multiple Correlation Coefficients (MCC)	0.632		
▪	Determination of Coefficient (DF)	0.399		
▪	The Value of Calculated F	34.137		
▪	Degree of Freedom	6, 308		
▪	The Value of Indexed F	2.80		
▪	Level of Significance	0.01		

* P < .05, ** P < .01

According to Table 13, the regression-coefficient between PsyCap (Self-Efficacy) and OC is R= 0.632 and R²= 0.399. This means that the OC can be explained by the dimensions of PsyCap, for example, “I think that I have a very good chance to realize my goals in life” ($\beta= 0.623$, R= 0.537, and R²= 0.288), “I prefer self-reliance to find a solution when things go wrong” ($\beta= 0.174$, R= 0.463, and R²= 0.214), and “I finish my work on time and do not wait until the last minute” ($\beta= 0.295$, R= 0.418, and R²= 0.174). Thus, the null hypothesis is rejected because PsyCap (Self-Efficacy) and OC have a statistical relationship at the significance level of 0.01.

7. Research Finding

Our findings support the view that the dimensions of PsyCap (hope, optimism, resilience, and self-efficacy) were positively related with JE (fit, links, and sacrifice). More PsyCap are more effective in achieving JE. High PsyCap will be more likely to achieve high profit. The high PsyCap would lead to more team success, more collective efficacy, better group communication, and more satisfaction of the group members.

The results of this research refer to a direct exponential influence relationship between the PsyCap and the level of JE among employees, as the low level of PsyCap reduced their agreement with the organization. This agrees with the findings of Rego et al., (2012) that the availability of a higher level of PsyCap will improve the quality of the relationship that links employees and heads at work, leading to the improvement of the level of JE, and reduction of negative reactions in the work environment. This result is consistent with the findings of Hayek (2012) the PsyCap plays a positive role in influencing the concept of risk of owners of small projects and motivates them to continue to evaluate and implement their investment ideas.

Several meta analytic studies have found a negative relationship between PsyCap and OC. The findings reveal that PsyCap among employees negatively influences OC.

The results of this research refer to a relationship direct effect in the opposite direction between the PsyCap and OC of employees. These feelings of OC include (1) lower self-confidence, (2) the feeling that the management of the organization lacks integrity, and (3) the feeling that the management of the organization focuses primarily on its interests even if this conflicted with the interests of employees.

All of these beliefs negatively affected employees lowering the level of JS and spreading the spirit of apathy within the work environment. Add to this lack of attention to productivity. This confirms the findings of Neves (2012) that the phenomenon of cynicism has caused uneasiness for most organizations. Also, Apyadin (2012) pointed out that the high level of cynicism was the reason for the low level of the behavior of employees in the work environment.

8. Research Implications

8.1 Theoretical Implications

Despite its theoretical appeal and importance of PsyCap, we found no study that investigates the relationship between PsyCap, JE and OC in Egypt. The paper provides some extensions to the nascent theory of PsyCap by exploring its link with JE and OC.

8.2 Practical Implications

This study has some implications for managers. Managers can help their employees, through training interventions, to develop their PsyCap. It will help the employees to foster new ways of doing completing their assignments and tasks. High PsyCap individuals, due to their positive psychological resources, may appear as a competitive advantage to their organizations. Managers should be careful in assigning relatively stressful tasks to those who are low on PsyCap as these individuals are more likely to report job stress.

The practical implications include manager attention to building and strengthening the PsyCap of their workers. There are specific guidelines and numerous successful applications in the positive psychology literature for enhancing hope, optimism, resiliency, and self-efficacy.

Leadership can enhance the PsyCap in one's organization to improve performance and competitive advantage. Leaders can provide opportunities to build their own PsyCap and that of their associates through successful practice and performance.

Managers can invest in PsyCap through encouraging learning among employees. The more developed employees' positive psychological states become, the higher their PsyCap to draw from in dealing with the increasing demands and pressures of today's organizations.

PsyCap positively impact the JE of employees and contribute to an organization's competitive advantage. It is not enough just to provide a positive organizational climate to get optimal impact on JE. It may be important to recognize that the level of an employees' PsyCap may play a role in leveraging what a positive organizational climate can contribute to JE.

PsyCap can be a meaningful source of positive employee outcomes based on alignment with the supervisor; regardless of the absolute value of PsyCap. Managers may look for employees who are high in terms of PsyCap. Not only has PsyCap been shown to be directly related to higher levels of performance and job satisfaction, but it is also logical that employees who are more hopeful, resilient, optimistic, and confident can provide higher value to an organization than can employees lower in these psychological capacities.

Additionally, it would seem beneficial for managers to take measures to increase employees' identification with their organization, such as striving for a higher organizational purpose. In turn, this might enhance employees' feeling they are working for a higher good and higher moral standards, which can create feelings the organization is a worthy place to work. Organizations could reduce turnover by developing ways to increase the PsyCap similarity between a leader and his employees, organizations would garner the benefits of employees feeling more satisfied and fitting into the organizational culture.

PsyCap is an extension of human and social capital. An organization can increase its competitive advantage by developing and managing PsyCap amongst its employees.

9. Recommendation

1. The need to invest in PsyCap as a modern strategy for retention of employees and increasing the level of JE.
2. The need to focus on the four dimensions of PsyCap and using them to reduce the feelings of OC among employees.

- a. Hope, it is found out, affects the attitudes of employees and then influences the feelings of cynicism they have, where high levels of hope make employees contribute to the reduction of cynicism.
 - b. As for resilience, we find out that after an individual's ability to adapt and be flexible may affect the level of cynicism about the organization. Individuals who have a high capacity and flexibility to cope with stressful circumstances might have lower feelings of organizational cynicism.
 - c. As for optimism, we find that the level of an individual affects the level of his ability to deal with adverse events in the work environment and then controls the feelings of cynicism towards the organization.
 - d. As for the last dimension of self-efficacy, we find that the decline in self-efficacy makes an individual contribute significantly to the increase of cynicism towards the organization. On the contrary, we find that the higher self-efficacy is, the lower the feelings of OC.
3. The need to train leaders and managers on how to develop the four dimensions of PsyCap through training courses targeting the spread of the spirit of hope and optimism among managers, and equipping them with skills to deal with different situations in order to ensure the achievement of positive feedback in the work environment.
 4. Menoufia University hospitals managers and leaders must attend development of the PsyCap as competitive advantage that can actualize very important goals such as reinforcement of meaning in work, organizational citizenship behavior, commitment, and performance.
 5. Managing and increasing the level of PsyCap in Menoufia University hospitals requires deliberate interventions. For example, organisations can increase the level of PsyCap by using short training sessions of one to three hour micro interventions in which they measure PsyCap before and after the interventions.
 6. Menoufia University hospitals can increase PsyCap through Strengths, Opportunities, Aspirations and Results (SOAR) a strategic thinking framework that integrates whole system and strengths-based perspectives to create a strategic transformation process with a focus on creating sustainable value to achieve desired performance results.
 7. Menoufia University hospitals SOAR encourages their employees to work together to create a shared understanding of the status of the organisations and construct their futures through dialogue and commitment to action. Research confirms that using strengths-based interventions creates positive emotions with upward spirals toward optimal individual and organizational performance. SOAR is an example of a newer organization development practice that builds on the premise that organisations can use shared dialogue about systems' strengths and opportunities to shape preferred futures that allow for positive changes in strategies, structures, business models, systems and processes.

10. Limitations of the Study

There are some limitations of the study. Firstly, using a cross-sectional design limits the inference of causal relationships. Specifically, by not using experimental manipulation, random assignment or longitudinal analysis, the author could not infer causal effects between PsyCap, JE, and OC.

A second limitation concerns the theorized relationship between PsyCap, JE, and OC. Specifically, the study did not address other variables that may affect the relationship between PsyCap, JE, and OC.

The study examined the effects of PsyCap on JE and OC in the context of only one organization, and a limitation concerns generalizing results to other organisations. For example, in a comparative study that explored the role of PsyCap in Egypt public and private organisations,

A final limitation is common source bias. The researchers use the same sample to gather data on both independent and dependent variables. This method of obtaining data may result in common source bias and lead to inflated relationships. The author did not use these methods because of resource constraints about the ability to issue several surveys and use several observers.

11. Future Research Directions

Future research should incorporate other related measures to provide a more comprehensive understanding of the link between positive psychological resources and creativity or innovation related criterion variables.

Future research can be helpful by comparing the predictive ability of PsyCap with other creativity related personality characteristics to give an insight of the relative strengths of these dispositions.

Future research should continue to use qualitative data, like data from focus groups, to investigate areas of organizational change at the team or business-unit level.

A longitudinal study would yield this information. For example, a longitudinal study could measure the ability of PsyCap to predict OCB before, during and after a significant change event. Longitudinal research designs are very critical to our understanding of the directions of influence between PsyCap and job outcomes. Finally, future research in the area of PsyCap would benefit from longitudinal studies in which researchers observe levels of PsyCap and OCB over time in the context of organizational change.

12. Conclusion

The results of this study not only suggest the seeming value of PsyCap at all levels within organizations, but also the benefits that may result from organizations providing positive, supportive climates.

Since PsyCap is “state-like” and there is at least preliminary evidence that it can be developed (Luthans et al., 2006), investing in and developing PsyCap may be an example of the new thinking and new approaches that are needed for the “flat world” environment facing today’s organizations and their leaders.

The theoretical foundation was POS and the author measured positive resource strengths and capacities in the form of PsyCap. The study examined the effect of PsyCap on JE and OC. As an empirical analysis of PsyCap in a government organization that was undergoing a holistic change intervention, this study provides new information that organizations can use to increase positive outcomes. In addition to its practical applications, the study adds to the growing body of knowledge about POB in two ways. First, the author found a positive relationship between PsyCap and JE. Organization leaders should increase POB by managing PsyCap and its four positive PsyCap (hope, optimism, self-efficacy and resilience). Secondly, the author found a negative relationship between PsyCap and OC. Organization managers can reduce the OC by using the dimension of PsyCap.

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Sustainability Aspects of Facilities Management Companies

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Abstract

Purpose: In a fiercely competitive post-recession business climate facilities management companies have to do more than deliver sustainable services to clients, they also have to stay in business and prosper. There is a need for relevant business sustainability aspects to be identified and documented. This paper meets that need.

A literature review, followed by an online survey was used. FM practitioners within the Gulf Cooperation Council region were asked about their companies' adoption of sustainability related practices.

The research has enabled the identification of key sustainability aspects that should be considered by FM leadership teams. Primary research reveals that within the GCC FM community business leaders are failing to identify risk to their businesses while useful guidance in the form of published standards is largely ignored. Sustainability maturity among these companies is generally low. A taxonomy of sustainability aspects is introduced which may be used to guide and support FM companies towards sustainability maturity and also provide the foundation for year-on-year performance improvement.

Primary research was only conducted within the Gulf Cooperation Council region. Future research should consider the wider FM community. A suite of performance indicators for the identified sustainability aspects should be developed.

Keywords: facilities management, facility management, sustainability, corporate responsibility, fm, risk

1. Introduction: The Call to Sustainability Action

The recent global financial crisis and resulting recession left many businesses facing a crisis. At the end of March 2009 for instance, US companies had faced the worst rolling 10-year period since 1834 (Staton & Staton, 2010). In the Gulf Cooperation Council (GCC) countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), the financial turmoil also left many businesses facing serious issues, particularly in the construction industry.

The UAE's growth rate in the years before the global financial crisis was shown to be unsustainable, fuelled as it was by construction projects and rising real estate prices (BMI, 2012).

The employment regulations in GCC countries require expatriate employees to be on a company visa to be able to live and work in the Gulf Countries (PRS, 2011). If an individual is made redundant the person will then have to either find another employer or leave the country.

As construction projects were delayed or cancelled, many expatriates lost their jobs and, consequently, their residence visas, forcing large numbers of workers to return to their homelands. One outcome of the recession was therefore an oversupply of property (BMI, 2012). While the UAE was perhaps the worst affected of the GCC countries, the other GCC member states also have large expatriate populations.

The sudden reduction in construction activity led to a significant reduction in the number of new properties entering the real estate market and this had a knock-on effect on service industries such as facilities management.

An oversupply of buildings, down-sized pool of skilled labour, along with falling rents and associated facility service charges, all challenged the sustainability of FM provider business models, as facility owners and end-users demanded more for less.

FM providers routinely strive to reduce facility operating costs for their clients in order to support the clients' business demands. There is therefore a considerable focus on delivering sustainable services and solutions.

The most recent FM growth years in the GCC were fuelled by the construction boom in Dubai, United Arab Emirates. With the introduction of regulations allowing freehold ownership of properties by expatriates in Dubai, issues of jointly owned properties (JOPs) were dealt with by the Dubai Real Estate Regulatory Authority (RERA). RERA mandated that JOPs be managed by owners' associations (RERA, 2012). This mandate generated a market for owners' association management companies which are bound to provide the best value for the associations they serve. As a result, price has become a more heavily weighted criterion in the FM contract award process which is driving the commoditization of FM. The commoditization process in turn puts pressure on the profits of FM providers and makes the consideration of sustainable business practises more urgent.

The post-recession situation finds FM companies competing in an increasingly competitive market.

2. Research Aims

The aim of this research is to identify aspects of sustainability important to FM companies and to develop a taxonomy of those aspects.

The taxonomy will provide a basis for the creation of a single sustainability index.

FM companies may then develop performance indicators as inputs to the index to both monitor and drive sustainability maturity.

3. Literature Review

Delivering customer satisfaction is essential for the survival of an FM company (Sweeney, 1996).

The need for the delivery of sustainable FM is recognized by Langston and Ding (2001). The focus of Langston and Ding's work is however on achieving sustainability within the built environment. The authors devote a final chapter to facilities management and FM-related sustainability considerations but, while the chapter sub-topics may be relevant to sustaining the internal business, they do not directly focus attention on the sustainability of the actual FM provider company. Langston and Ding do discuss the measurement of sustainability and propose a sustainability index that may be used to assess projects in the built environment.

New tools are needed to enable FM to develop sustainably (Hudson, 2004). Hudson also notes the concept of the "Triple Bottom Line" approach of economic, social and environmental bottom lines, developed specifically for businesses as an alternative to the use of sustainability indicators. The author also warns that any tools used for FM should be used with conviction rather than just to pay lip-service to sustainability.

Barrett and Baldry (2003) focus their efforts on the delivery of FM services. These authors also include topics that may be relevant to the sustainability of FM businesses, such as improving FM performance, procurement and managing people. The information provided is geared very much to service delivery rather than to business administration.

Dehning and Stratopoulos (2003) found that successful implementers of IT who gain peer recognition may establish a competitive advantage but that the advantage may be short-lived unless supported by management expertise and protected from the competition. Calder and Watkins (2004) inform us that all organizations own information that is either business-critical or sensitive. Loss of such data could have serious implications for the sustainability of an FM company. Implementation of an information management security system (ISMS) by FM companies would therefore support the sustainability of any competitive advantage obtained through the innovative use of ICT systems.

Shah (2007) goes much further than Langston and Ding. The author dedicates one of the four sections of his work to sustainable business management. Shah identifies fourteen sustainability categories for consideration by facility managers and also introduces what he describes as "the 'ideal' position for business functions to support sustainable development". Shah's ideal position includes a sales and marketing business function but this function is not explored or expanded upon throughout the book. Shah also places emphasis on "greening" the supply chain and lists several benefits of doing so, including reputation and brand equity. Shah (2007) leans heavily on the concept of corporate responsibility to deliver business benefits and includes a corporate responsibility roadmap matrix which can be used as an assessment tool. He does not include a method for assessing the sustainability of a business. Matrix models such as that introduced by Shah and the Sustainable Development Maturity Matrix included in BSI (2006) are open to considerable interpretation.

Referring to green marketing, Grant (2008) suggests three levels of "greening"; Green, Greener and Greenest, with Greenest "making new ways of life and new business models normal and acceptable". Belz and Peattie (2009) also positively promote strategic sustainable marketing. The authors argue that this discipline provides the tools needed to convert sustainability marketing values into commercially beneficial results.

Booty (2009) includes a section on “managing your business effectively” and includes valuable information on topics such as finance, risk management, costs, information security and business continuity. The author provides a section on sustainable property but does not provide any system or recommendation for monitoring the performance of an FM company from a sustainability perspective. Similarly, Payant and Lewis (2007) discuss business continuity, under the banner of emergency preparedness, along with capital investment and lifecycle costing but they do not turn their focus to internal business sustainability.

Therault (2010) introduces eleven core FM competencies as identified by the International Facility Management Association (IFMA). These include Environmental Stewardship and Sustainability, Finance and Business and Human Factors, all of which can impact the sustainability of an FM business.

The planning of FM service provision should be linked to the organization’s strategic plan (Teicholz, 2001). Teicholz describes the relationship of FM to the corporate business strategy but does not suggest a method of quantifying a company’s performance or progress toward sustainability.

Wiggins (2010), in her list of factors influencing the development of FM, includes sustainable development and, like Shah (2007), corporate responsibility. The author also notes that FM will develop as a result of pressure from environmentalists and legislation, suggesting that FM is a reactive discipline rather than one that seeks to lead the way to sustainability. Wiggins does not suggest the use of any sustainability metric or index to assess and report the sustainability of FM companies. In a similar manner to Teicholz (2001), Wiggins discusses several aspects of FM that may affect the sustainability of FM providers but does not explore the subject directly.

O’Neill (2010) advocates the development of a “Green IT” policy as a component of sustainable business practice. The author promotes the use of information technology (IT) in facilities to help conserve energy, a particular focus of many FM companies. O’Neill also discusses waste management, another key FM service, under Green IT.

A strategy for sustainability is essential for the survival of a business (Werbach, 2009). Werbach also warns that if a company has no sustainability strategy, its existing strategy is already outdated.

3.1 Performance Measurement

BSI (2006) provides a sustainability maturity matrix as a tool to allow companies to establish their current sustainability position and chart a path to greater maturity. The matrix however introduces a considerable level of subjective interpretation into an assessment of maturity, referring to criteria such as “some dialogue with immediate stakeholders”, “compliance to (one or more) public codes” and “selective to determined ends”. The authors do however recommend that an organization identifies its sustainability objectives and then identify key indicators that directly support those objectives. Methods should then be defined to enable these indicators to be used to assess performance.

Hitchcock and Willard (2009) promote the development of a sustainability management system to support a company’s drive for sustainability. The authors introduce the SCORE system, using a matrix in similar fashion to BSI (2006) and then invite the reader to allocate points to each line of the matrix. Individual line scores are then totalled and averaged to obtain a final sustainability score. A key is provided to interpret the resulting score. The range of scores permitted also invites a level of subjectivity while some of the suggested parameters for assessing a service company, such as offering incentives to contractors and customers to reduce fossil fuel use, may have adverse impacts on the FM company’s financial bottom line if not mitigated.

Simply offering incentives for others to reduce fossil fuel use does not automatically translate to increased sustainability of the company providing the incentives. The authors also include achieving LEED® (Leadership in Energy and Environmental Design) certification for the company’s facilities. LEED® is a green building rating system but achieving LEED® certification of a facility does not necessarily mean that a company is operating sustainably. Further, obtaining LEED® certification of a facility is no guarantee that the facility will be operated sustainably (Roudman, 2013).

In similar fashion, an FM company having an environmental policy does not automatically mean that environmental and sustainability practices are implemented internally (Price & Pitt, 2011). Price and Pitt also confirm that there is a minimal amount of research in the area of FM company sustainability policies and that the existence of a sustainability policy does not mean that the organization is communicating sustainability related information throughout the company.

More recently, Meng and Minogue (2011) conducted a comparative study of performance measurement models in FM, focusing on organizations in the UK and Ireland. The authors concluded that the Balanced Scorecard (BSC), Business Excellence Model (BEM) and Key Performance Indicators (KPI) are more widely used and accepted than other systems.

The authors note the shortcomings of BSC when applied to FM and inform us that the BSC model has been extended beyond its four core perspectives of finance, customer, internal business process and learning growth. This extension has however focused externally, with application on the performance of government facilities rather than on core FM business sustainability.

BEM is based on nine criteria and describes a relationship between business enablers and outcomes (Meng & Minogue, 2011). These nine criteria may be considered as categories, which fall considerably short of the 14 categories identified by (Shah, 2007).

KPI's are in common use throughout FM, most commonly as indicators of service provided rather than indicators of internal business performance. Meng and Minogue (2011) note that KPI's are more commonly used by FM exponents than other methods. KPI's are discrete measures of performance rather than an overall measure and may therefore provide useful input into a more comprehensive sustainability performance metric or index. Meng and Minogue do note in their conclusion the merging of various client satisfaction indicators into a single indicator. This suggests that combining individual indicators or drivers to produce a single sustainability metric that can be used to assess an FM company's sustainability potential and drive continuous improvement is possible.

Reineck et al. (2011) introduce a suite of FM key performance indicators (KPIs) for management processes which the authors recommend for quantifying sustainability in FM through their Return on Sustainability Systems (RoSS) application. The authors have grouped the KPIs into the following dimensions of the Triple Bottom Line:

- Economic
- Environmental
- Social

Reineck et al. (2011) have not considered risk to the very existence of the company and have therefore overlooked the essential sustainability aspects of business continuity planning and risk management. This leaves leadership teams at risk of focusing on business acquisition and service delivery while exposing their organizations to risk of serious disruption or worse due to ICT systems failure, natural disaster etc.

The authors also note that every FM process can be divided into sales, establishment, execution and termination phases and state that sustainability criteria for each phase have been developed. They do not elaborate on these criteria.

3.2 Business Disruption

A business may face a serious threat to its operations every four years and many companies will fail within two years of a crisis due to lack of continuity planning (Wiggins, 2010).

Figure 1 shows the reasons for reported business disruption for the period August 2011 to March 2012 (Risk Centric, 2012).

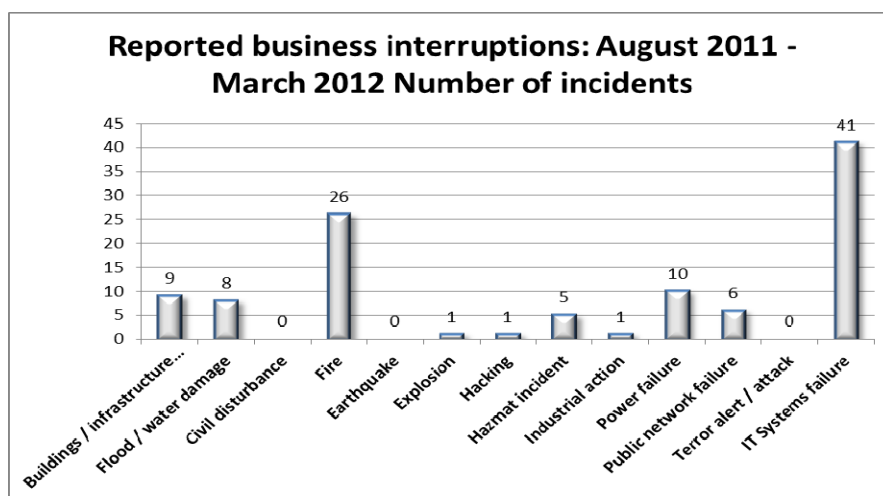


Figure 1. Reported business interruptions (August 2011–March 2012)

It is evident from Figure 1 that information and communication technology (ICT) issues are a major cause of business disruption. Riskcentric gathers and presents data on global business disruption incidents which makes it clear that fire, power outages and ICT present significant risk to business continuity. Calder and Watkins (2004) note that all companies have critical and sensitive data. Figure 1 graphically represents the risk to the availability, security and integrity of that data.

3.3 Taxonomy of FM Company Sustainability Issues

Much has been written on the topics of sustainable development, business continuity and facilities management but the literature does not cover the sustainability of facilities management companies specifically to any great depth. The literature reveals several aspects that may be considered as inputs when developing a sustainability model for FM companies and these inputs form the basis for a taxonomy of FM company sustainability issues.

The main sustainability aspects are:

- Fire – (RiskCentric, 2012)
- Power – (RiskCentric, 2012)
- ICT – (RiskCentric, 2012; O'Neill, 2010)
- Emissions to air and water – (Shah, 2007)
- Energy management – (Shah, 2007)
- Waste management – (Shah, 2007)
- Land contamination – (Shah, 2007)
- Environmental & Community – (Shah, 2007; Theriault, 2010)
- Workforce – (Shah, 2007)
- Lifecycle of products & services – (Shah, 2007)
- Market place – (Shah, 2007)
- Human rights – (Shah, 2007) / Human factors (Theriault, 2010)
- Biodiversity – (Shah, 2007)
- Transport – (Shah, 2007)
- Corporate responsibility – (Shah, 2007; Wiggins, 2010)
- Risk – (Booty, 2009; (Wiggins, 2010)
- Business continuity – (Payant and Lewis, 2007)
- Sustainability strategy – (Werbach, 2009)
- Health, safety and quality – (Shah, 2007; Reineck et al., 2011)
- Business operations / customer relationship (Reineck et al., 2011)
- Workforce composition / employee retention (Reineck et al., 2011)

These issues are presented as a taxonomy of FM company sustainability issues in Figure 2.

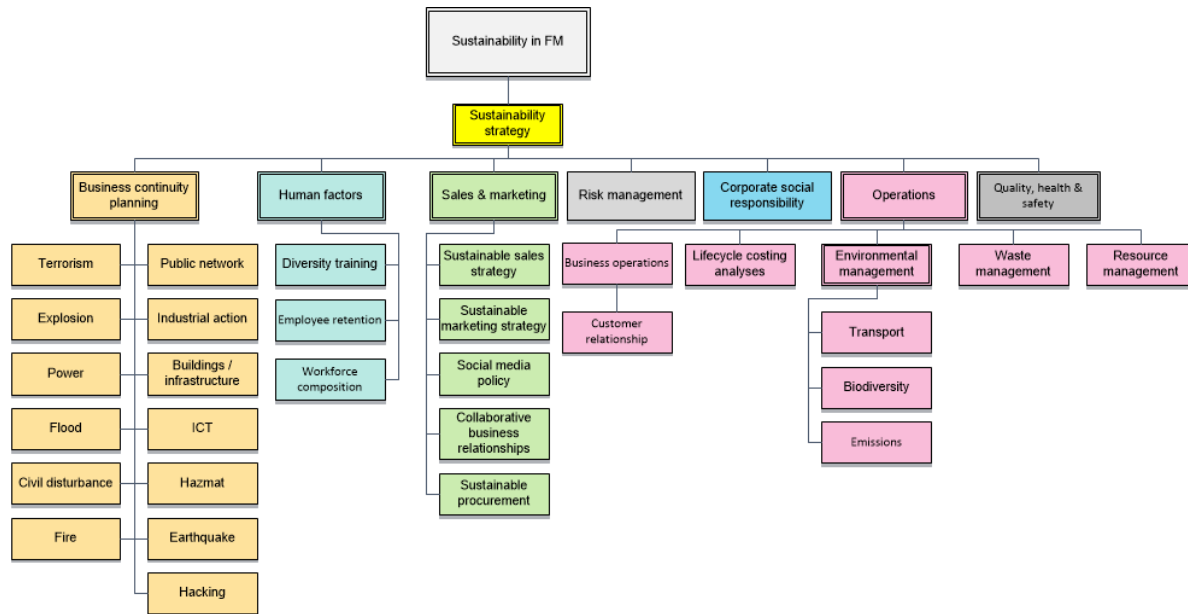


Figure 2. Taxonomy of sustainability aspects

4. Primary Research

An online survey was used to gather information related to the sustainability of FM companies within the GCC region. The survey was completed by 57 FM practitioners, however 22 of the responses were considered invalid for one or more of the following reasons:

- Responses were only partial
- Participants did not submit their company name
- Participants provided responses that failed to stand up to simple verification checks
- Participants were from companies that did not operate within the GCC region

Valid responses were received from 35 participants representing 26 FM-related companies within the GCC. It was found that participants from the same company responded to differently to certain questions. These questions asked participants whether their companies trained everyone in the contents of the business continuity plan and social media policy.

The conflicting results suggest either a lack of knowledge, lack of communication or lack of training within the organization concerned.

4.1 Sustainability Metrics

7 participants indicated that their companies used a single, numerical sustainability index. Simple verification checks confirmed that 6 of these responses were incorrect. This supports the findings of Price and Pitt (2011), who found that survey participants responded to sustainability questions in a manner that was not reflected at their companies. This type of socially acceptable answering has also been identified by (Bradburn et al., 2004).

One participant response was found to be credible on the use of a numerical sustainability index. The company website supports the participant's comments on all points except the use of a numerical sustainability metric. The respondent indicated that an audited numerical scale was used based on the following parameters:

- Community impact
- Environmental
- Climate change & energy
- Production and consumption

This company is referred to as "Company X" throughout the remainder of this paper.

A graphical representation of inputs to Company X's sustainability metric, based on the participant's response and information available on the company's web site, is shown in Figure 3.

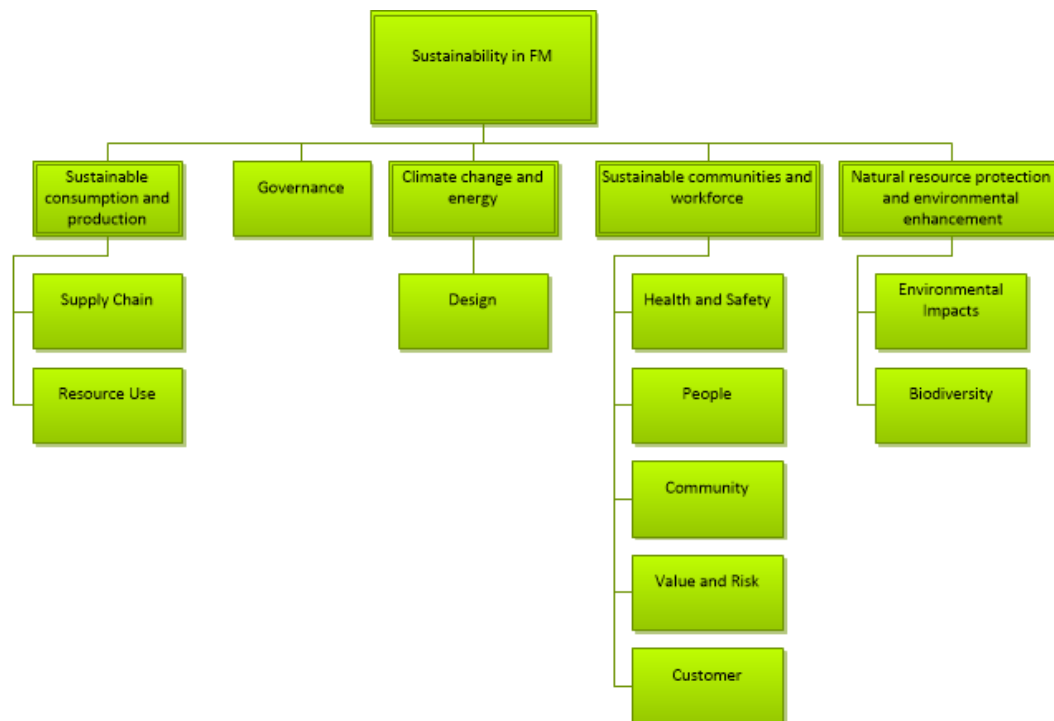


Figure 3. Company X sustainability aspects

Figure 3 reveals 5 main categories of sustainability driver for Company X's sustainability metric while the taxonomy of sustainability drivers developed as a result of this research shows 7 main categories supporting an overarching sustainability strategy.

Company X has not incorporated the sales and marketing functions identified by Shah (2007) as one of the key components to support sustainable development.

Company X has also failed to identify the key sustainability aspect of information and communication technology (ICT). RiskCentric (2012), Wiggins (2010) and Panagopoulos and Avlonitis (2010) all highlight the impact of ICT systems on the sustainability of a business. In the taxonomy developed through this research, ICT is categorized as an input to business continuity planning. Only 2 out of 3 Company X participants stated that their company had a business continuity plan (BCP) with the other not knowing. This inconsistency suggests that Company X's business continuity planning is not yet fully developed or optimized.

Company X uses 10 inputs to its 5 sustainability categories while the taxonomy shown in Figure 2 has 30 inputs to 7 categories.

While Company X has included people as a sustainability aspect, it has not identified diversity as a specific issue. This is supported by 2 out of 3 participants from this company who responded that Company X does not provide diversity training. The third participant, who was not the same person who provided details of the company's sustainability metric, answered that the company does provide diversity training.

4.2 Sustainability Strategies

Werbach (2009) notes that a sustainability strategy is necessary if a company hopes to survive while Panagopoulos and Avlonitis (2010) confirm that a sales strategy developed at the corporate level can have a positive impact on the sales force and company performance. Belz and Peattie (2009) highlight the benefits of sustainable marketing strategies.

Participants from 9 different companies, 6 FM service providers and 3 FM consumers, confirm that their companies have a strategy for sustainability.

4.3 Collaborative Business Relationships

Only 3 participants indicated that their companies followed the guidance BSI (2010) to establish collaborative business relationships.

4.4 Information Security

Of the 26 companies represented, only 6, 3 FM service providers and 3 FM consumers implement a standards-based information management security system.

4.5 Following Guidance to Manage Sustainability

Only 2 participants, representing 1 FM consumer and 1 FM consultancy, responded that their companies do follow the guidance of BSI (2006), Guidance for managing sustainable development.

A second participant from the same FM consultancy responded that his company did not follow the guidance of BS8900:2006. This lack of consistency implies that the standards-based guidance is not being followed fully within the FM consultancy.

Four of the 26 companies represented in the survey, 2 FM service providers, 1 FM consultancy and 1 FM consumer, responded that their companies follow the guidance of BS 8903:2010-Principles and framework for procuring sustainably.

4.6 Revised Taxonomy

As a result of the primary research a revised taxonomy of sustainability aspects for FM companies is introduced as Figure 4 with 2 training aspects added.

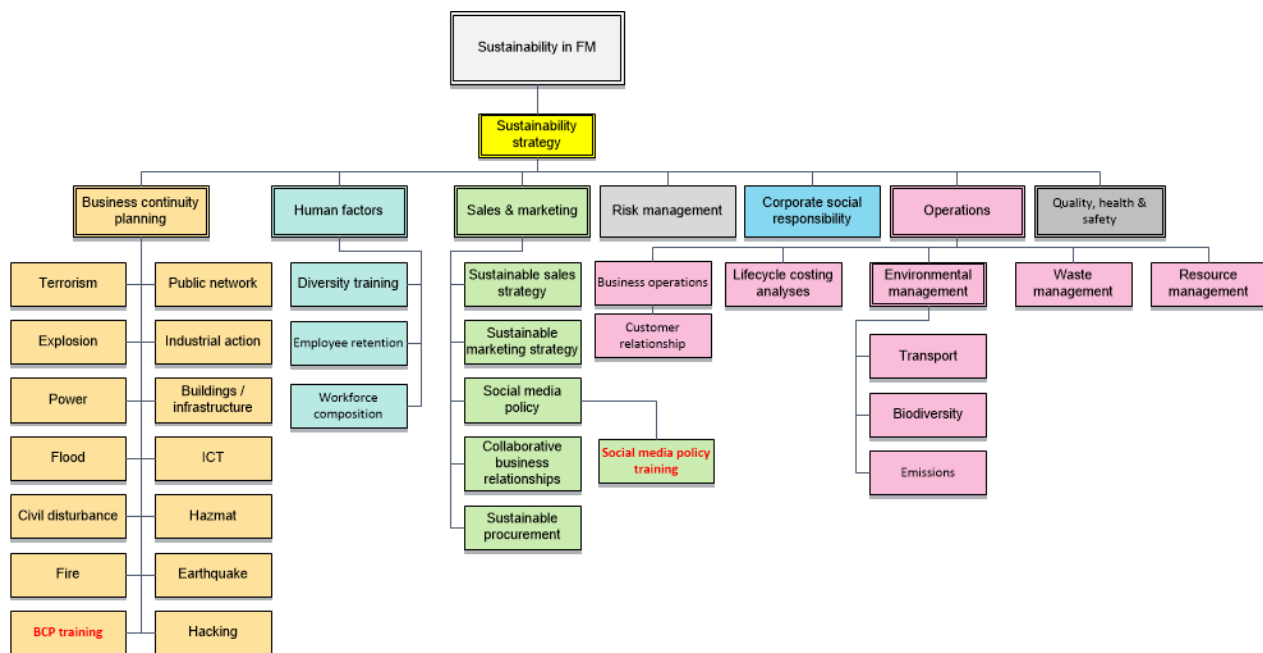


Figure 4. Revised taxonomy of sustainability aspects

FM companies can use this taxonomy to establish relevant performance indicators to monitor and drive sustainability maturity.

5. Conclusions

The primary research reflects that of Price and Pitt (2011), who found that some of the answers provided to their survey questions were not representative of actual conditions when they visited companies. This situation led to several survey responses being rejected from further consideration for this research.

Survey responses reveal a lack of consistency from participants of the same organization. This suggests either a lack of knowledge, lack of communication or lack of training within the organization concerned, none of which is good from a sustainable business perspective. There is also the possibility that some of the responses were what participants deemed to be socially acceptable, resulting in inconsistencies.

The research has revealed a lack of appreciation for the implications of diversity within a multicultural workforce. With the GCC countries relying heavily on expatriate labour from around the world an appreciation of diversity

can enable a company to reap performance benefits (Robbins & Judge, 2011). Diversity training would therefore introduce the opportunity to unlock and exploit the potential within an FM organization.

Company X has taken a significant step towards supporting its own sustainability by implementing its audited, numerical sustainability indicator. The indicator can, however, be considerably strengthened to provide a much more comprehensive assessment of the company's sustainability maturity. The taxonomy of key FM sustainability drivers developed as a result of this research provides a foundation for developing this stronger sustainability indicator.

The research indicates that FM companies in the GCC region are failing to exploit the opportunities for business sustainability that can be gained from sustainable sales and marketing strategies that the literature confirms exist.

Rackham et al. (1996) note that beyond transactional relationships, an intimacy develops between partnering companies which leads to "a tremendous source of sustainable competitive advantage". This research reveals that many FM companies in the GCC should therefore be seeking to establish much stronger, more intimate relationships with clients and their supply chain partners to improve performance and support business sustainability. Rackham *et al.* confirm that collaborative business relationships support sustainable business and also tell us that partnering benefits companies that can move beyond traditional relationships and punishes those that cannot.

The research also reveals that at the GCC regional level, FM companies do not appear to place importance or priority on managing sustainable development and sustainable procurement in a structured, standards-based way and are largely overlooking the significant risk to business presented by the growing reliance on information technology systems.

There is clear room for improvement in the GCC FM profession from a strategic sustainability perspective and the potential for improvement in the sustainability maturity of these FM companies is therefore considerable.

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Organizational Commitment in Nigerian Banks: The Influence of Age, Tenure and Education

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Abstract

This study aimed to examine the influence of age, tenure and education on organizational commitment in a developing country context. Focusing on Nigeria's dynamic banking sector, participants' age, tenure and level of education were measured against the three components of organizational commitment – affective, continuance and normative – in selected commercial banks to determine their relationship. The sample consisted of 303 full-time managerial and non-managerial employees from eight commercial banks located in the South-Western part of Nigeria. The study concludes that older, longer-tenured and more highly educated employees did not report a higher level of commitment than their younger, shorter-tenured and less educated counterparts with regard to affective, continuance and normative commitment. The practical implications of this result and direction for future research with regards to developing countries are discussed.

Keywords: organizational commitment, age, tenure, education, commercial banks

1. Introduction

Age, tenure and education data are often used by employers to make series of decisions in matters relating to recruitment and selection, salaries and compensation, retrenchment and retirement, etc. In recent times, the Nigerian banking sector has been undergoing series of reforms which have led to restructuring, mergers and acquisitions, downsizing and liquidation. Organizations' management tend to hold the view that the younger the employee the higher the level of commitment and productivity, hence, the preference for the younger to the older employees in acquisition and retention of workforce. Job advertisements do emphasize conditions such as minimum age and educational level not only for entry-level jobs but also for other types of positions. Most job advertisements also specify the added advantage of years of experience. This practice is not unconnected with the general belief that age, tenure and level of education have attitudinal, behavioral and productivity consequences which are critical to organizations' overall performance and sustainability.

The current study examines the role of employee's age, tenure (length of service) and educational levels on the three components of commitment – affective, normative and continuance commitment – in the service industry, Nigeria's banking sector. The study, therefore, is expected to empirically examine the possible influence of employees' demographic factors such as age, tenure and education level influence their affective, normative and continuance commitment. The paper is divided into the following sections: Introduction, Background, Methodology, Result and Discussion, Implications and Future Research.

2. Background

2.1 What is Organizational Commitment?

The Oxford English Dictionary (1969) defines commitment as "... engagement which restricts freedom from action." Commitment is a person's belief in a cause and pursuing that course willingly, intentionally, voluntarily, actively, passionately and relentlessly. Genuine individual commitment to a cause cannot be enforced or imposed, it is volitional. It is usually the outcome of an individuals' decision-making process during which the particular cause is weighed against interest, desired outcome, perceived cost and/or benefit. Kanter (1968) succinctly describes commitment as "the willingness of social actors to give their energy and loyalty to social systems, the

attachment of personality systems to social relations, which are seen as self expressive” (p. 500). However, once this binding to a cause has occurred, it could be enhanced and sustained through extrinsic motivational strategies. It is also possible for commitment to wane especially if the initial basis for commitment is not sustained or improved upon according to a person’s perception and understanding.

Organizational commitment has been defined in various ways. Broadly defined by Meyer and Herscovitch (2001), it is an incentive that sustains a course of action towards one or more objectives. It is “an attitude or an orientation toward the organization, which links or attaches the identity of the person to the organization” (Sheldon, 1971, p. 143). Viewed as an individual’s identification and involvement with an organization, organizational commitment connotes an individual’s strong belief in and acceptance of organizational goals and values; readiness to exert considerable effort on behalf of the organization; and a strong desire to remain with the organization (Hart & Willower, 2001).

This construct is also generally defined in terms of employees’ interest in an organization and their connection to it (Meyer & Allen, 1997; Mowday et al., 1979; Hunt et al., 1989). It connotes identification and involvement with an organization and it has attracted so much attention among contemporary scholars, researchers and practitioners. This growing interest is not unconnected with the construct’s well established relationship with other employees’ work-related behaviors and attitudes, such as, absenteeism, actual turnover, job satisfaction, extra-role behavior, job involvement and leader-subordinate relations (Arnolds & Boshoff, 2004; Bagraim, 2003; Buck & Watson, 2002; Eby et al., 1999; Farrell & Stamm, 1988; Lance, 1991; Mathieu & Zajac, 1990; Michaels & Spector, 1982; Tett & Meyer, 1993; Wasti, 2003). Organizational commitment has also been found to contribute to employee productivity and organizational performance (Mowday et al., 1982; Allen & Meyer, 1990; Hackett et al., 1994; Yousef, 2000; Herscovitch & Meyer, 2002; Shaw et al., 2003).

The survival, success and sustainability of organizations lie in the strong and unalloyed commitment of both internal and external customers. The commitment of the internal customers (i.e., employees) could determine the commitment of organizations’ external customers. Fostering internal customers’ commitment is, therefore, essential in the unrelenting effort to cope with the competitive pressures generated by rapidly changing business environment. If the culture of commitment is not embeded in organizations’ core values the outcome is potentially detrimental. Therefore, modeling and fostering employee commitment should be one of the top priorities of organizations’ leadership.

2.2 A Model of Organizational Commitment

A three-dimensional model of commitment incorporating affective, continuance and normative commitment was developed by Meyer and Allen (1997, p. 106) to explain different components of organizational commitment and their possible impacts.

2.2.1 Affective Commitment

Affective commitment is “the employee’s emotional attachment to, identification with, and involvement in the organization” (Meyer & Allen, p. 11). According to them, an employee who is driven by affective commitment continues to work for the organization because he wants to (Meyer & Allen, 1991).

2.2.2 Continuance Commitment

Continuance commitment is defined as “awareness of the costs associated with leaving the organization” (Meyer & Allen, 1997, p. 11). It is different from affective commitment dimension in the sense that “employees whose primary link to the organization is based on continuance commitment remain because they need to do so” (Meyer & Allen, 1991, p. 67). This form of commitment is said to “be the strongest when availability of alternatives are few and the number of investments are high” (Best, 1994, p. 71). Meyer et al. (1990, p. 715) state that “accrued investment and poor employment alternatives tend to force individuals to maintain their line of action and are responsible for these individuals being committed because they need to.” Usually, the “need to” stay is based on factors such as employee’s age, expectations from personal investment, employer’s conditional contractual obligations, like, promotion and pension based on length of service with the organization.

2.2.3 Normative Commitment

The third dimension in the model is normative commitment. It is defined as “a feeling of obligation to continue employment” (Meyer & Allen, 1997, p. 11). In this type of commitment, employees “feel that they ought to remain with the organization” (Meyer & Allen, 1991, p. 67). Normative commitment has also been described as “the work behavior of individuals, guided by a sense of duty, obligation and loyalty towards the organization” (Wiener and Vardi, 1980, p. 86). Possible causes of this kind feeling may result from an employee’s perception of organization’s investment in people from which employee has benefitted immensely.

Reichers (1985), in his classification of commitment, suggest that affective commitment indicates a higher level of commitment while the normative and continuance dimensions of commitment are tantamount to moderate and low levels of commitment respectively.

2.3 Personal Characteristics and Organizational Commitment

Empirical studies show the influence of personal characteristics such as age, tenure and education level on employee commitment although there are mixed findings regarding these degrees of influence. For instance, Mathieu and Zajac (1990) reported a low positive correlation between position tenure and OC, medium positive correlation between age and OC and a low negative correlation between education level and OC. However, OC was found to be positively related to age (Steers, 1977; Morris & Sherman, 1981; Angle & Perry, 1981; Meyer & Allen, 1984; Ogba, 2008). Commitment was also found to be positively related to tenure (Buchanan, 1974; Meyer & Allen, 1984; Mottaz, 1988). Chui et al. (2007) in their survey of 300 ICT professionals in Hong Kong reported that age and tenure do not show any correlation with employee commitment. Sa Abreu et al. (2013) studied the effects of personal characteristics on organizational commitment in Brazil's oil and gas industry. They found that service time and education level are the most significant contributors to continuance commitment. In view of these mixed findings, further empirical investigations are necessary to examine the relationship between personal characteristics on employee commitment, hence, the need for this study.

3. Methodology

3.1 Participants

The respondents in this study comprise full-time junior and senior employees in the Nigeria banking industry with a diverse distribution in different geographical locations in Nigeria. Self administered questionnaires (with assistance from some managers/officers) numbering 600 were administered with 52% response rate. Data analysis for this study is based on 303 usable questionnaires out of 310 which were returned by surveyed participants from purposively selected commercial banks.

3.2 Research Instrument

The three-component Organizational Commitment (OC) scale of Allen and Meyer's (1993) organizational commitment instrument was used. Sample items of Affective Commitment (AC) sub-scale included "I enjoy discussing my organization with people outside of it" and "This organization has a great deal of personal meaning for me." The Normative Commitment sub-scale consists of items such as: "I do not feel any obligation to remain with my current employer"; "Even if it were to my advantage I do not feel it would be right to leave my organization now", and "This organization deserves my loyalty". The sub-scale of Continuance Commitment (CC) comprise such items as: "I am afraid of what might happen if I quit my job without having another one lined up"; "It would be very hard for me to leave my organization right now, even if I wanted to". Possible responses were arrayed on a five-point Likert scale comprising "strongly disagree" (5), "disagree" (4), "neutral" (3), "agree" (2), and "strongly agree" (1). Test of internal consistency (Cronbach's alpha) was conducted to assess the reliability of the three components of organizational commitment used in this study. The closer the reliabilities coefficient gets to 1.0, the better. Results indicate that these three components showed adequate levels of internal consistency reliability at 0.87, 0.77 and 0.84 for affective, normative and continuance commitments respectively.

3.3 Data Analysis

Data analysis was carried out by using Statistical Package for Social Scientists (SPSS) for Windows. To test the hypotheses, the mean, variance, standard deviation and Pearson Product Moment Correlation Coefficient of all variables were calculated. A one-way ANOVA is used to investigate the differences between means of age, tenure and education level and the three components of the organizational commitment (Garson 1998). A cut-off point of $p < 0.05$ was considered to indicate whether the relationship between the two factors is of statistical significance.

3.4 Research Model

Based on the purpose of this study, i. e. examining the influence of Employee characteristics such as age, tenure and education on organizational (Affective, Normative and Continuance) Commitment, a research model (Figure 1) was developed.

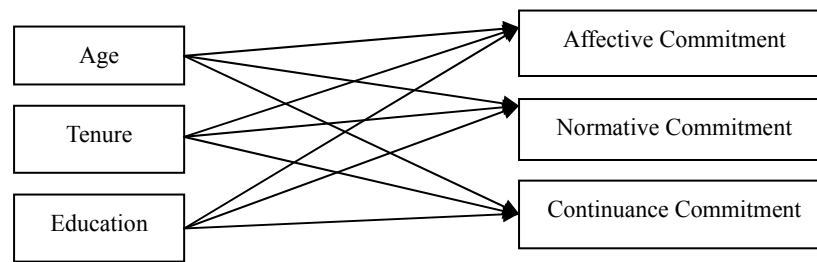


Figure 1. Research model

3.5 Research Hypotheses

The study aims to statistically test the following hypotheses:

Hypothesis 1: Older employees will report a higher level of affective, normative and continuance organizational commitment than will employees who are younger.

Hypothesis 2: Longer-tenure employees will score a higher level of affective, normative and continuance organizational commitment than will short-tenure employees.

Hypothesis 3: Employees with higher level of education will report a higher level of affective, normative and continuance organizational commitment than will employees with a lower level of education.

4. Results and Discussion

The focus of this study is on organizational commitment as influenced by employees' age, length of service and level of education in Nigerian commercial banks. Findings from this study are stated and discussed as follows:

4.1 Age and Employee Commitment

The following findings and discussions relate to the perceived influence of age on employee commitment based on responses from participants. Table 1 shows the age distribution of participants.

Table 1. Age distribution of respondents

Age (in years)	Frequency	Percentage
below 30	94	30.3
31-35	93	30.0
36-39	43	13.9
40-45	38	12.3
46-49	16	5.5
50-55	12	3.9
56-59	5	1.6
60 above	2	0.7
Total	303	100

In the table 1 above, 230 (76%) employees are between <30 years and 39 years; those between 40 and 55 years are 67 (22%) and those between 56 and >60 years are seven (2.3%). Younger employees are dominant in term of numbers.

The descriptive analysis in Table 2 shows the influence of age on the commitment of employees to their organizations.

Table 2. Descriptive analysis of respondents' age and commitment

Dimensions of OC	Age (in years)	N	Mean	SD	SE	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
AC	< 30 yrs	85	18.7882	4.6447	.5038	17.7864	19.7901	8.00	32.00
	31-35	87	20.5517	6.5588	.7032	19.1539	21.9496	9.00	38.00
	36-39	37	20.3514	7.2126	1.1869	17.9442	22.7585	11.00	36.00
	40-45	33	21.9697	7.4351	1.2943	19.3333	24.6061	10.00	37.00
	46-49	16	25.0000	7.0143	1.7536	21.2624	28.7376	16.00	38.00
	50-55	12	19.0000	7.7811	2.2462	14.0561	23.9439	12.00	40.00
	56-60	5	20.4000	6.2290	2.7857	2.7857	28.1343	15.00	31.00
	> 60	2	17.0000	1.4142	1.0000	4.2938	29.0744	16.00	18.00
	Total	277	20.3141	6.4284	.3862	19.5537	21.0744	8.00	40.00
CC	< 30 yrs	84	25.8690	6.5063	.7099	24.4571	27.2810	9.00	41.00
	31-35	88	26.8977	6.7262	.7170	25.4726	28.3229	13.00	43.00
	36-39	42	28.5000	7.5716	1.1683	26.1405	30.8595	14.00	44.00
	40-45	35	26.4571	8.0123	1.3543	23.7048	29.2095	14.00	42.00
	46-49	17	31.824	6.2338	1.5119	28.6772	35.0875	17.00	41.00
	50-55	11	26.3636	6.7716	2.0417	21.8144	30.9129	13.00	39.00
	56-60	5	19.6000	5.1284	2.2935	13.2323	25.9677	13.00	26.00
	> 60	2	19.5000	.7071	.5000	13.1469	25.8531	19.00	20.00
	Total	284	6.8732	7.0769	.4199	26.0466	27.6998	9.00	44.00
NC	< 30 yrs	87	15.9195	3.8796	.4159	15.0927	16.7464	6.00	25.00
	31-35	89	16.7191	4.6490	.4928	15.7398	17.6884	9.00	27.00
	36-39	39	17.2308	5.2489	.8405	15.5293	18.9323	6.00	28.00
	40-45	33	17.7273	5.6804	.9888	15.7131	19.7415	9.00	30.00
	46-49	17	19.4706	5.4327	1.3176	16.6773	22.2638	8.00	29.00
	50-55	12	17.3333	4.5594	1.3162	14.4364	20.2302	10.00	25.00
	56-60	5	15.0000	2.4495	1.0954	11.9586	18.0414	12.00	18.00
	> 60	2	12.5000	2.1213	1.5000	-6.5593	31.5593	11.00	14.00
	Total	284	16.7923	4.7132	.2797	16.2417	17.3428	6.00	30.00

Note. OC: Organizational Commitment; AC: Affective Commitment; CC: Continuance Commitment; NC: Normative Commitment; N: Number of respondents; SD: Standard Deviation; SE: Standard Error.

According to the statistical results in Table 2, the three levels of commitment is shown to highest among employees within the age bracket 46 – 49 years as these employees scored the highest mean scores for each component of commitment (Affective – 16.0000; Continuance – 31.8824 and Normative – 19.4706). It should be noted, however, that this category of employees account for only 5.5% of the participants. This disproportionate number, compared to participants in the age group between <30 and 45 years (see table 1) calls for caution in the interpretation of statistical results. Apart from the statistical result that attributes a higher level of commitment to employees within the age bracket 46 – 49 years, it is clear that there is hardly any significant difference in the levels of commitment between the younger and older categories of employees (as shown in table 2 above). It could also be explained that the few employees that are within the age brackets of 46 – 49 years are, for one reason or the other reach the peak of their commitment to the organization, after which commitment level drops (with increase in age).

Investigating further on the impact of age on commitment, a further statistical analysis was done in which participants were divided into age groups (Table 3). This reports a low significance evidence of statistical significant levels (at $p < 0.5$) in relationship. For instance, affective commitment, continuance commitment and normative commitment were .018, .005 and .078 respectively. Based on this result, it is clear that older employees do not show a higher level of commitment than the younger employees.

Table 3. One-way ANOVA of employee commitment on age analysis

Dimensions of OC		Sum of Squares	df	Mean Square	F	Sig.
AC	Between Groups	687.367	7	98.195	2.464	.018
	Within Groups	10718.308	269	39.845		
	Total	11405.675	276			
CC	Between Groups	1004.602	7	143.515	3.008	.005
	Within Groups	13168.835	276	47.713		
	Total	14173.437	283			
NC	Between Groups	281.458	7	40.208	1.848	.078
	Within Groups	6005.285	276	21.758		
	Total	6286.743	283			

Note. OC: Organizational Commitment; AC: Affective Commitment; CC: Continuance Commitment; NC: Normative Commitment; df: Degree of Freedom; Sig.: Level of Significance.

Thus, hypothesis one is rejected. This is an indication that there are, probably, other factors associated with employee commitment within the investigated Nigerian banking sector rather than the age factor. Some other studies have investigated the influence of age on commitment. A meta-analytic study by Mathieu and Zajac (1990) yielded a medium positive correlation of 0.201 between age and commitment. Others have also reported a positive relationship between commitment and age (Angle and Perry, 1981; Meyer and Allen, 1984; Morris and Sherman, 1981; Steers, 1977; Martin and Roodt, 2008). Zaitouni, et al., (2011) found an insignificant statistical correlation between age and organizational commitment among banks' employees in Kuwait (see Alshitri, 2013). Ogba (2008) found that older employees are less committed compared to their younger counterparts. Salami (2008) investigated the influence of demographic factors in predicting the commitment of Industrial workers in Nigeria. He reported that age significantly correlated with organizational commitment. In a study examining the influence of age on organizational commitment among public servants in Ghana, Adul-Nasiru, et al. (2014) found age to be positively associated with employee commitment.

Past researches have sought to give insight into various findings relating to age and commitment. Rhodes (1983) found age to be associated with inter-related group of effects that influence work attitude and behavior. To explain the reason for the often weak relations between organizational commitment and age Meyer and Allen (1984) argued that younger employees may be more committed because they face fewer job opportunities due to their often less work experience. In the case of the Nigerian banking sector, more empirical studies need to be conducted to justify generalisation of findings.

4.2 Employees' Tenure and Commitment

Respondents were grouped into six job tenure categories of < 5 years (39.1%), 5-10 years (30.8%), 11-15 years (10%), 16-20 years (14.7%), 21 - 25 years (4.3%) and > 26 years (1.1%). It is observed that with less than five years of tenure form the majority of the respondents while those above 26 years are the least. The more the number of years of work experience the lower the number of employees which is an indication of voluntary or involuntary turnover of more experienced employees within the Nigerian banking sector. It is also a probable indication of job mobility among more experienced bank workers.

Table 4. Tenure distribution of respondents

Tenure of Respondents (in Years)	No. of Responses	Percentage
< 5 years	109	39.1
5 - 10 years	86	30.8
11 - 15 years	28	10
16 - 20 years	41	14.7
21 - 25 years	12	4.3
>26 years	3	1.1
Total	279	100

Results (in table 5) clearly indicate that employees within the 16-20 years of work experience recorded a higher mean score for the affective (28.5128) and normative (19.2821). The continuance commitment component mean score for this category (28.3559) is virtually the same as for 5-10 years category (28.3951). The category that

recorded the lowest mean scores for the three components of commitment is 26 - above years (affective: 18.0000; continuance: 19.3333; and normative: 12.3333). It is therefore evident that a low level of commitment is observable among longer-tenured employees than shorter-tenured employees. It should, however be noted that the number of samples in the category of >26 years (3) is the least among all the sample categories.

Table 5. Descriptive analysis of respondents' tenure and organizational commitment

Dimensions of OC	Tenure (in years)	N	Mean	SD	SE	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
AC	< 5	97	19.5876	5.2495	.5330	18.526	20.6456	8.00	3800
	5-10	77	20.1299	6.9800	.7954	18.5456	21.7141	9.00	36.00
	11-15	25	21.4400	6.7211	1.3442	18.6657	24.2143	11.00	35.00
	16-20	39	22.5128	8.6811	1.3901	19.6987	25.3269	10.00	40.00
	21-25	12	20.3333	5.1405	1.4839	17.0672	23.5994	11.00	30.00
	26+	3	18.0000	2.6458	1.5275	11.4276	24.5724	15.00	20.00
	Total	253	20.4032	6.5734	.4133	19.5893	21.2171	8.00	40.00
CC	< 5	100	25.3500	6.2529	.6253	24.1093	26.5907	13.00	41.00
	5-10	81	28.3951	7.2692	.8077	26.7877	30.0024	14.00	44.00
	11-15	25	27.6000	6.3246	1.2649	24.9894	30.2106	15.00	42.00
	16-20	41	28.3659	8.1356	1.2706	25.7979	30.9338	13.00	4.00
	21-25	12	25.3333	6.0050	1.7335	21.5179	29.1488	19.00	35.00
	26+	3	19.3333	8.5049	4.9103	-1.7940	40.4607	13.00	29.00
	Total	262	26.9084	7.0493	.4355	26.0508	27.7660	1300	44.00
NC	< 5	100	15.8600	4.0101	.4010	15.0643	16.6557	6.00	26.00
	5-10	83	17.3735	4.6740	.5130	16.3529	18.3941	6.00	27.00
	11-15	22	17.3182	5.1213	1.0919	15.0475	19.5888	10.00	28.00
	16-20	39	19.2821	5.3898	.8631	17.5349	21.0292	9.00	30.00
	21-25	12	17.1667	4.2605	1.2299	14.4597	19.8736	11.00	25.00
	26+	3	12.3333	2.5166	1.4530	6.0817	18.5849	10.00	15.00
	Total	259	17.0039	4.6850	.2911	16.4306	17.5771	6.00	30.00

Note. OC: Organizational Commitment; AC: Affective Commitment; CC: Continuance Commitment; NC: Normative Commitment; N: Number of respondents; SD: Standard Deviation; SE: Standard Error.

To further statistically test the second hypothesis, a one-way ANOVA is carried out (Table 6). Results show a low significance evidence for all the three components of commitment, leading to the rejection of the second hypothesis. Supporting this outcome Chughtai and Zafar (2006) and Kura et al. (2012) reported that there was no significant relationship existed between tenure and organizational commitment.

Table 6. One-way ANOVA of employee commitment on tenure analysis

Dimensions of OC		Sum of Squares	df	Mean Square	F	Sig.
AC	Between Groups	288.101	5	57.620	1.343	.247
	Within Groups	10600.777	247	42.918		
	Total	10888.877	252			
CC	Between Groups	722.848	5	144.570	3.022	.011
	Within Groups	12246.954	256	47.840		
	Total	12969.802	261			
NC	Between Groups	412.531	5	82.506	3.976	.002
	Within Groups	5250.465	253	20.753		
	Total	5662.996	258			

Note. OC: Organizational Commitment; AC: Affective Commitment; CC: Continuance Commitment; NC: Normative Commitment; df: Degree of Freedom; Sig.: Level of Significance.

The influence of employee tenure or length of service has also been researched extensively over the years with varying degree and often inconsistent results. Tenure could lead to contemplative commitment because of senior employees' attempt to justify their longer years of working with the organization (Meyer et al., 2002). Cohen (1993) reported a stronger correlation between commitment and length of service among senior employees who have served for nine years or longer. In another study of lower management Reddy and Ravikumar (1980) length of service was found to be positively related to job involvement which is most likely to be the same with commitment. While Mathieu and Zajac, (1990) reported a low positive correlation with commitment, others such as Buchanan (1974), Singhal and Sood (1981), Mottaz (1988), Morris and Sherman (1981) found commitment to be positively related to tenure. Santos and Not-Land (in Salami 2008) and Sepahvand, et al., (2012) also found job tenure to be significantly related to organizational commitment. In contrast, however, Boon et al. (2006) reported a significant negative relationship between commitment and tenured employees.

As dynamic and robust as the Nigerian banking sector is currently, there happens to be very few empirical studies with attitudinal and behavioral focus especially on commitment. Further empirical studies are still required to firmly establish the relationship between different tenure categories and job involvement, especially commitment in the banking sector.

4.3 Level of Education and Commitment

Participants were categorized into four different groups of educational levels (Table 7). First (Bachelors) degree (or equivalent) holders account for about two-third (71%) of the entire respondents. This is followed by Masters' degree (or equivalent) holders and Ordinary National Diploma (or equivalent) holders with 20.5% and 7.9% respectively. This shows that the banking sector employs more of Bachelors' degree holders than other categories.

Table 7. Educational levels of respondents

Educational Levels	No. of Respondents	Percentage
Ordinary National Diploma	24	7.9
First (Bachelors') Degree	215	71
Masters' Degree	62	20.5
Others	2	0.7
Total	303	100

A possible relationship between employees' level of education and organizational commitment was statistically examined (Table 8). Results from this table show that first degree holders or equivalent who form the majority of the sample and most likely to be on their first job and in their first organization indicate a higher level of commitment to work in the three components of commitment (affective: 21.3065; continuance: 27.4363 and normative: 17.5050). A low level of commitment is shown by employees with the lowest level of education while those with Masters' degree show a moderate level of commitment.

Table 8. Descriptive analysis of respondents' education level and commitment

Dimensions of OC	Educational Qualifications	N	Mean	SD	SE	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
AC	National Diploma	23	17.8261	4.8491	1.0111	15.7292	19.9230	9.00	25.00
	Bachelor's Degree	199	21.3065	6.7787	.4805	20.3589	22.2541	8.00	40.00
	Masters Degree	57	17.7193	4.5855	.6074	16.5026	18.9360	11.00	30.00
	Other	2	19.0000	.0000	.0000	19.0000	19.0000	19.00	19.00
	Qualifications Total	281	20.2776	6.4138	.3826	19.5244	21.0307	8.00	40.00
CC	National Diploma	23	23.8261	5.3907	1.1240	21.4950	26.1572	9.00	35.00
	Bachelor's Degree	204	27.4363	7.2974	.5109	26.4289	28.4437	13.00	43.00
	Masters Degree	59	26.1525	6.6250	.8625	24.4261	27.8790	14.00	44.00
	Other	1	13.0000					13.00	13.00
	Qualifications Total	287	26.8228	7.1194	.4202	26.0056	27.6599	9.00	44.00

	National Diploma	24	14.6250	4.1788	.8530	12.8605	16.3895	6.00	22.00
	Bachelor's Degree	200	17.5050	4.9062	.3469	16.8209	18.1891	6.00	30.00
NC	Masters Degree	61	15.3934	3.6436	.4665	14.4603	16.3266	6.00	23.00
	Other	2	15.5000	7.7782	5.5000	-54.3841	85.3841	10.00	21.00
	Qualifications								
	Total	287	16.8014	4.7252	.2789	16.2524	17.3504	6.00	30.00

Note. OC: Organizational Commitment; AC: Affective Commitment; CC: Continuance Commitment; NC: Normative Commitment; N: Number of respondents; SD: Standard Deviation; SE: Standard Error.

In Table 9 below, a strong evidence of statistical significances (at < 0.05) level exist in this relationship. The significance level for each component of commitment was (affective (0.000), continuance (0.19) and normative (.002)). This still lends credence to the earlier assertion that those with higher level of education such as the Masters degree are not as committed as employees with lower level of education, i.e. first (or bachelors) degree. Accordingly, this study rejects the third hypothesis that employees with higher level of education will report a higher level of commitment. This result corresponds with that of Martin and Roodt (2008) which found a significant relationship between commitment and academic qualification stating that organizational commitment decreased as education level increased. Yew (2008) also indicated a negative relationship between education level and affective commitment and Zaitouni et al. (2011) reported that there was no obvious relationship. Education was found to have a little effect on organizational commitment by Mottaz (1988). However, Adenuga, et al., (2013) in his survey of 600 participants from private universities in Ogun State, Nigeria found educational qualifications to be the most potent factor predicting organizational commitment.

Table 9. One-way ANOVA of employee commitment on education analysis

Dimensions of		Sum of Squares	df	Mean Square	F	Sig.
OC						
AC	Between Groups	725.234	3	241.745	6.204	.000
	Within Groups	10793.115	277	38.964		
	Total	11518.349	280			
CC	Between Groups	500.869	3	166.956	3.376	.019
	Within Groups	13995.103	283	49.453		
	Total	14495.972	286			
NC	Between Groups	337.002	3	122.334	5.256	.002
	Within Groups	6048.677	283	21.373		
	Total	6385.679	286			

Note. OC: Organizational Commitment; AC: Affective Commitment; CC: Continuance Commitment; NC: Normative Commitment; df: Degree of Freedom; Sig.: Level of Significance.

Grusky (1966) used the factors of rewards and costs to explain the link between level of education and commitment. He suggested that these two factors - rewards and costs – influence a person's strength of attachment to an organization. He found female and less educated managers to be more committed to the organization as they overcame bigger hurdles (costs) to achieve the career mobility (rewards) than did the male and the managers possessing more formal education (see He, 2008). In his own study, focusing on staff in assisted living, Sikorska-Simmons (2004) found education to be one of the strong predictors of commitment.

5. Implications of Result and Suggestions for Future Research

This study has implications for human resource management as well as for researchers. In the 21st century highly competitive business environment people hold the key to sustainable competitive advantage. The use of age and experience as promotion and selection criteria should be applied with caution. A flexible instead of a rigid approach could help organizations to hire candidates and promote highly productive employees regardless of their age and length of service. Reward for performance is more likely to enhance productivity than seniority-based promotion. Winning the commitment of employees is a task that should be deliberately, carefully and painstakingly approached. Instead of a 'one cap fits all' or generalized approach, each employee's peculiar needs should be identified and given proper attention.

For researchers, consultants and academics, a further empirical study of the role of employee personal

characteristics and their influence on job involvement especially organizational commitment is suggested. Results from further empirical studies could make generalizations possible since very few studies, with inconsistent results, are currently available in the context of financial institutions and Nigeria as a country.

It is also pertinent to note that culture-sensitive non-Western scales are essential to critically examine the attitudinal and behavioral tendencies of non-Western and developing country subjects. The current study employed a Western originated valid and reliable instrument which may not be totally applicable to other (especially African) cultures. It is therefore suggested that organizations take the role of culture into consideration when developing and implementing people management strategies, policies and practices that are aimed at fostering employee commitment.

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FM Service Delivery and Quality Service Measurement in Public High Rise Residential Buildings in Nigeria: The Use of SERVQUAL and Satisfaction Index

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Abstract

This research assessed and compared the delivery of facilities management services in public high rise residential buildings in Lagos, Nigeria. The objectives include the examination of service delivery method, assessment of the quality of service and determination of resident's satisfaction of the FM services. The methodology adopted is quantitative research and data were collected with use of questionnaire. The response options to the questions were ranked using the 5-point Likert scale. A total of 111 questionnaires were served in the two case studies. However, only 84 were retrieved, 57 from Eko Court and 27 from Boyle Street. Cumulatively 75.67% of the questionnaires were filled and returned. The study finds that most of the services expected in high rise buildings are available in the case studies and the services are outsourced. The residents of the estates are relatively satisfied with the quality of service they are being provided with. However, the Eko Court residents exhibited a higher level of satisfaction. This infers that the quality of services provided in Eko Court is relatively better than what is obtainable in Boyle Street. The difference in level of satisfaction between the two estates is attributed to location and social class of people residing in the estates. The expectation of the residents with regards to each service is also a factor. The study recommends improved standardization of services, customized services and management of customer's expectation as ways of improving service delivery.

Keywords: FM., quality service, SERVQUAL, user satisfaction

1. Introduction

A residential high-rise building can be defined as vertical construction on an area of land comprising modern buildings of similar types, built together in a planned way, developed for residential purposes and owned by individuals or organisations—public or private. Assessment of its performance should therefore be an inevitable exercise for the facility managers in order to maximise the benefits of dwelling houses and create added value to the occupants. A quality service delivery in high rise building contributes in no small measure to the success of the project and the level of service quality can be assessed through feedback from the occupants of the building with the application of performance evaluation techniques to the buildings being studied. Measuring performance involves establishing the level at which set goals are met, it is a measure of quality service, satisfaction of users/customers or the difference in income and cost (Kotler, 1984; Slack, 1991; Neely, 1994; Lee et al., 2005). Performance measurement contributes more to efficient and effective service delivery in property management and maintenance to meet the expectation of occupants/users (Jeffres & Dobos, 1995). Different methods of measuring performance were analysed by past authors and an attempt was made to group them in line with their functions (Giese & Cote, 2002; Johnston & Clark, 2005; Kincaid, 1994). Furthermore, quality residential high-rise buildings, like any other product or service, is adjudged by the extent to which the building meets consumer's needs and expectations—physically, socially and psychologically. Such quality of dwelling provided either by public or private organisation for rental or outright purchase, can be assessed

through occupants' perception. Moreover, the construction industry (and indeed the housing sector) has recognised quality and client's satisfaction as major factors for business growth. However, it is still unknown how well the industry/sector is meeting the satisfaction of occupiers who may or may not be the direct client (Torbika & Stroh, 1989). Hence, this research is concerned with post-occupancy assessment as it relates to occupiers' satisfaction on quality of performance of residential buildings. The feedback of the occupiers with regard to their satisfaction was used to assess the quality of the selected high-rise buildings and the results go towards developing a benchmark or yardstick for service quality improvement in residential high-rise buildings. It will help both the public and private developers to provide better residential buildings for users/occupiers and assist in providing healthy, productive and comfortable in/outdoor environment and long-term benefits to occupants. Moreover, in order to assess satisfaction, performance must first be measured (Francescato, Weidemann, & Anderson, 1989). Since there are multiple aspects of performance, the use of the object of evaluation determines, to a large extent, the aspects of performance that need to be measured.

1.1 Statement of Problem

FM service providers are under pressure to provide a user/customer driven services and constant improvement in building performances. However, with the meager financial resource constraints, FM service organizations strive harder to manage the building, its facilities and provide services to meet the expectation of the occupants. It has become inevitable that residents' expectations are understood and measured in FM service provision. The increased demand for service apartment (flats) by foreigners, expatriates and the high income group of the Nigerian society in areas like Victoria Island and Ikoyi in Lagos not minding the high rental values made this researcher to believe that some user expectations are met by the owners/developers of service apartments. Most of these service flats are high rise blocks of flats developed by private and public developers. The choice of residential satisfaction as a criterion is governed by a number of considerations, one of which stresses the point of view of the inhabitants themselves. This emphasis is based on the effect of past neglects of the users' point of view in FM service provision which have resulted in inefficient service delivery in Nigeria. In addition, residential satisfaction reflects the inhabitants' feelings of achieving their housing objective. This is based on the Expectancy-Value Model of Attitude proposed by Robathan (1996) in which evaluations were seen as strongly dependent upon people's expectations or beliefs. Also Francescato et al. (1989) affirmed that it is a measure of the degree to which a housing (quality) performance is meeting the occupants expectation in terms of benefits and needs.

1.1.1 Research Question

- What are the strategies and processes of performance measurement?
- Does service quality gap reflect occupier's perception of quality service delivery in high rise buildings?

1.2 Study aim and Objectives

The primary purpose of the study is to identify users' satisfaction level relative to the FM service dimension and their indicators as identified by Parasuraman, Zeithaml, and Berry (1990), with particular reference to the selected properties. The objectives towards achieving this aim include the following.

- 1) To examine FM service delivery method adopted in the case studies.
- 2) To assess the service quality provision from the view of the occupiers of the selected buildings
- 3) To assess through ranking, the degree of importance of quality performance criteria to occupiers' satisfaction or otherwise.
- 4) To identify the gap(s) in the expectation and perception of service quality of the residents.

1.3 Importance of the Study

A high-rise building is a multi-storey/multi-floors development, taller than the maximum height people can walk up on staircases (RICS Foundation, 2009). Access to upper floors therefore requires mechanical vertical transportation. These include a variety of real properties used as residential apartments, hotels and offices, retail shops and educational facilities. The general lack of adequate land for housing development in Lagos metropolis has encouraged the vertical method of construction of residential buildings, hitherto peculiar to commercial needs and economic value. The cost implication of maintenance in terms of repair work, service provision and delivery relative to the satisfaction of the users, policy formulation, implementation and their impacts on the aggregate economy justifies this study.

2. Literature Review

2.1 The Integrated Gap Approach

The integrated gap approach of Parasuraman, Zeithaml, and Berry (1998) was developed for the purpose of analyses of the source of problems relating to service quality which will help FM managers in rendering an improved service. The model illustrates the ‘how; and ‘where’ problems in quality service delivery arises (fig. 1). While the customer related problems are described with the upper part, the lower part of the model specifies providers related problems in service delivery. The expectation of the customer/users related to their past experiences, communication/information and personal need. Perception on the other end relied on the effectiveness of decision and relevant actions towards quality service delivery. The management of the FM service provider is therefore expected to identify the customers’ expectation for a good decision on quality specification of services (Amaratunga & Baldry, 2003; Ling & Chong, 2005). In most cases, it is the customer who feels the service rendered by a provider, thus communication is expected to make customer perceive service as satisfactory and this must be integrated into the steps of planning and analyses of service quality (Amaratunga & Baldry, 2003). The gap between customers’ expectation and perception of a service determines the satisfaction level of a rendered service and could be a function of some other gaps or deficiencies in the process (Ibem, 2012) as summarized in figure 1.

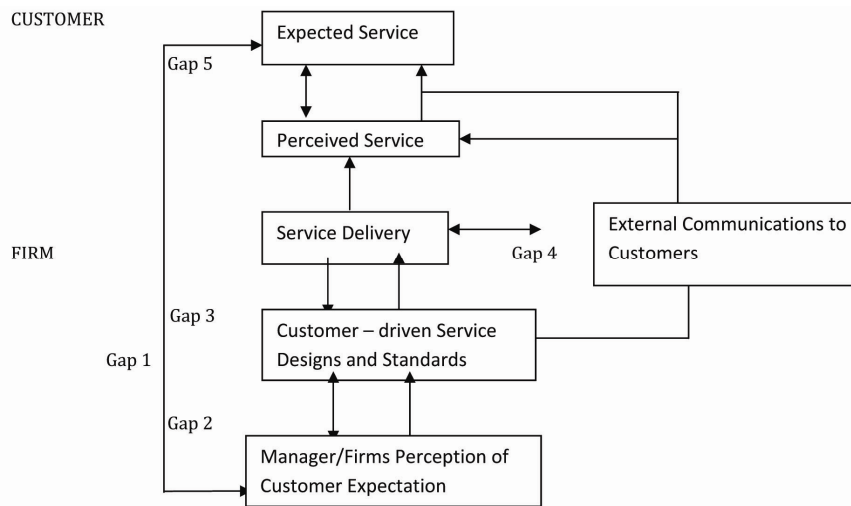


Figure 1. Gaps model of service quality (adapted from Zeithaml, 2003)

Notes. Gap 1 -The Management Perception Gap; this gap means that management perceives the quality expectations inaccurately.

Gap 2- The Quality Specification Gap; this gap assumes that service quality specifications are not consistent with management perceptions of quality expectations.

Gap 3- The Service Delivery Gap; this gap means that quality specifications are not met by performance in the service production and delivery process.

Gap 4- The marketing Communication Gap; this gap means that promises given by market communication activities are not consistent with the service delivered.

Gap 5- The perceived service quality gap; this gap means that the perceived or experienced service is not consistent with the expected service.

The gap model is expected to guide providers in identifying the source of service quality inadequacy and design solution to reduce them (if not total removal) of the gap. This is a way of identifying difference between a service provider and consumer’s perception of service delivery. A solution or system that addresses the source of service gaps will go a long way to equate expectation to perception (Amaratunga & Baldry, 2003).

2.2 Indicators of Customer/User Satisfaction in High-Rise Buildings

Ukoha and Beamish (1997) asserted that simple provision of dwelling units or apartment towers does not guarantee successful housing programme in any country, the ability of the living environment to meet and sustain the residents’ requirement is the key determinant of the success of housing provision/project. Ukoha and Beamish (1997) found that management and maintenance of the housing units could be a source of

dissatisfaction to occupiers. Liu (1999) advised on the important of understanding the things that make a building occupant satisfied and/or unsatisfied as this plays a vital role in the formulation of housing policies. The identified indicators that dictate level of satisfaction of housing delivery to tenants include but not limited to repair procedure, timely response to effect repairs, expertise of maintenance staff and quality of repair, and the overall maintenance of the house (Ibem, 2012).

Further examination of the service delivery system based on the indicators allows a wholistic assessment of tenant satisfaction. Earlier study (Satsangi & Keams, 1992) criticized the effectiveness of tenant survey in housing delivery. The problem is whether tenant satisfaction survey is a good measure for maintenance management performance. The authors argued that conventional tenant satisfaction surveyors often ended in measuring factors outside the control of providers. They suggested a 'reliable' method of tenant's satisfaction that considers among others, that the consumers are not interested in perfect information, there is variance in the degree of satisfaction of different individuals in different situations or circumstances, that housing services lack absolute criteria for satisfaction judgement and there is subjectivity in judgement of service quality depending on culture and social status (Ibem, 2012; Mohit, Ibrahim, & Rashid, 2010). Despite these criticisms, there has been no satisfactory alternative to tenant satisfaction surveys. Even Satsangi and Keams (1992) recognized some of its merits but suggested modifications. The general consensus is that degree of user satisfaction is an indication of the efficient building maintenance and FM service delivery (Ngo, 1990; Amole, 2009; Fatoye, 2005).

FM services can be provided in-house or outsourced. Where provided in-house, a property/facilities maintenance manager is employed by an organization to co-ordinate the property facilities management activities. In outsourcing, FM services are contracted out to another firm who is responsible to source for the contracted services and its prompt and satisfactory delivery. Outsourcing can be likened to contracting out some specialized services to be provided by the professionals/specialists to enable an organization focus on its primary goal. The axillaries services that are required for effective efficient performance of an organization towards achieving its goal are contracted out to experts, thereby making the organization to focus on its core business. Outsourcing reduces overheads, facilitates saving and ensures better service delivery and promotes clients satisfaction. Today, a number of organisations focused more on cost in the sight of reduced emphases on quality as their reason to outsource FM services as a way of reducing total operational cost (Ibem, 2012). However, there has been rapid dynamic and collaborative relationship by providers with the aim of creating value rather than cutting costs. The trend is leading to the transformation toward value creation for both owners and occupiers of buildings. An unacceptable service quality is costly to both the client and the provider (Ibem, 2012; Mohit et al., 2010; Tenner and Detoro, 1992). Therefore a quality delivery in service provision will turn out to be an all win strategy with benefits to all stakeholders. Cost can be saved when inspection time is reduced, and work is not redone. Heskett, Sasser, and Schlesinger (1999) posited that value is created when the cost of the product/service is far less than the quality of service derived using the Customer Value Equation.

$$Value = \frac{\text{Results produced for the client} + \text{Process quality}}{\text{Price to the client} + \text{Costs of acquiring the service}}$$

Value addition result when the denominator is reduced and/or numerator improved/increased.

2.3 Measurement of Service Quality

The main objectives of quality service measurement are to achieve improvement in service delivery and meet client's satisfaction. Tenner and DeToro (1992) emphasized ensuring customer satisfaction requires assessment of quality at three different levels of process, output and outcome. They argued against the process and output delivery alone and that it is also good to know what the customer makes of the output. Does the output meet the need and expectation of the users? Tenner and DeToro (1992) concluded that, it is not only output and outcome that remain the final benefit, the process also generates products which are of benefits to other stakeholders in the form of financial return to shareholders, employee's job satisfaction and sustenance of the community in form of social benefit. Therefore, quality measurement system needs to address due effects on all that are concerned.

An understanding of outsourcing in FM service delivery requires a good knowledge of quality service measurement and performance assessment once a provision is in place (Heavisides & Price, 2001). The long delay in FM service delivery process often results in variation in quality, thus the greater need to measure and or check performance. Measurement fulfills different purposes for both the FM provider and the customer. Kincaid

(1994) opined that measurement of performance will lead to better understanding of the tasks by FM service providers and give a benchmark of performance assessment among facilities managers. It also reveal any need for change in delivery processes as well as a convincing prove to clients of the standard of what is being done. Finally, service quality measurement fosters a good and harmonious contractual relationship with value addition.

Improving services call for an assurance of meeting the customers' expectation. Amstrong and Baron (1998) emphasized that quality service measurement answers two questions of the worthiness of doing something and how well the thing is done. Quality measurement assesses past achievement and help in decision making and planning for improvement (Harris & Mongiello, 2001). The importance of service quality measurement becomes obvious and notable when a proactive role of the manager is expected in other to

- (i) Ensure meeting customer requirement,
- (ii) Provide a benchmark for an industry
- (iii) Set standard for comparison
- (iv) Justify resource allocation
- (v) Give feed back

2.4 Methods of Measurement of Service Quality

For service quality measurement, there are various methods or tools that can be adopted. These methods vary in suitability and approaches as well as what they measure. The frequently used method for quality service measurement include a simple approach of asking customers direct questions, identifying their wants, needs and complaints, and maintaining a proactive response system to service delivery that meet the users need (Ismail, Othman, & Amat, 2010; Kang & Fredin, 2012; Vladimir & Marinkovic, 2013). Baggs and Kleiner (1996) stated that such measures could constitute an output performance indicator for quality control and create a basis of the appropriateness of service level from the user's point of view. Asking clients and users questions could rarely give unanimous quality control. To achieve reliability in measurement, both qualitative and quantitative data are to be considered with regard to actual service and the service environment (Kincaid, 1994). The fact that FM services are tangible elements affirmed that the product quality as well as service delivery quality and satisfaction derivable will be better assessed qualitatively. The Service Quality (SERVQUAL) as a quality measurement instrument has been predominantly used to measure consumers' perceptions in customer satisfaction studies (Parasuraman et al., 1990). It has five generic dimensions that include the followings:

- a. *Tangibility*—in terms of physical facilities, equipment and personnel
- b. *Reliability*—relating to the service accuracy
- c. *Responsiveness*—prompt service delivery
- d. *Assurance*—competence, courtesy, and credibility
- e. *Empathy*—access, communication, understanding the customer.

Fatoye (2005) stated that from a best value perspective, the measurement of service quality must take into account customer expectations and perceptions of service. Robinson (1999) concludes that there is little or no consensus on the best way to measure service quality. Therefore a balance of qualitative and quantitative measurement of service quality is inevitable. The more adopted methods of service quality measurement are discussed in the following sections.

2.4.1 Expectation Compared to Perception (Gap Score)

Gronroos (1990) support the notion that service quality, as perceived by customers, stems from a comparison of what they feel service firms should offer with their perceptions of the services provided. Service quality gap is therefore identified as the discrepancy between consumers' expectation and perception of services/products and this indicate satisfaction level.

$$\text{Service Quality Score} = \text{Mean score of expectations} - \text{Mean score of perceptions}$$

The term "expectation" is used differently in quality and satisfaction literatures. Expectation in satisfaction refers to predictions made by consumers about what is likely to happen in a transaction while it is viewed as desire of consumers in service quality. The consensus is that expectations are consumer-defined probabilities of the occurrence of positive and negative events of a behavior (Vladimir & Marinkovic, 2013).

2.4.2 Benchmarking

Varcoe (1993) suggested the integration of benchmarking and performance measurement in the strategy of quality service delivery. The comparison of performance against established comparable or set yardstick is referred to as Benchmarking. This means the performance of identified comparable is a benchmark/yardstick to measure and judge the performance of a subject. Benchmarking is seen as a means of identifying improvement opportunities as well as monitoring the performance of competitors (Young, 1993). Camp (1989) defines benchmarking as “the continuous process of measuring products, services and practices against the toughest competitor or those companies recognized as industry leaders, it is a search for industry best practices that leads to superior performance”. Benchmarking, as a term, was originally used by Land Surveyors to compare elevations (Kouzman, Loffler, Klages, & Korac-Kakabadse, 1999). Horvath and Herter (1992) in same line with Camp (1989) defined benchmarking as a continuous systematic process of measuring products, services and practices against organizations regarded to be superior with the aim of rectifying any performance gaps. It aims at identifying competitive targets and establishes means of improvement. It is of great value, to adopt consistent measurement procedure across a service in order to indicate reliable areas of strengths and weaknesses (Ennew, Read & Binks, 1993).

2.4.3 Performance Evaluation

This call for the evaluation of the services of the facilities manager as well as the facility itself, it is the performance evaluation of building facility from any perspective. It is more dispassionate than scientific. It study economics of maintenance and evaluate the design, construction and materials. Building performance evaluation can be achieved through the use of ‘Balanced Score Card (BSC) (Kang & Fredin, 2012) or Key Performance Index (KPI)

2.4.4 Satisfaction Index

The Satisfaction Index was also employed to really establish the satisfaction level using the four-point Likert scale system to ascribe value to qualitative variables of satisfaction level

$$\text{Satisfaction index (S.I)} = \frac{\text{sum total of actual score by respondents}}{\text{Maximum possible score by respondents}} \times 100$$

$$\text{Thus, } S.I = \frac{v_1r_1 + v_2r_2 + v_3r_3 + \dots + v_n r_n}{v_h N}$$

Where $v_1, v_2, v_3, \dots, v_n$ are the values representing satisfaction level variables on the Likert scale, $r_1, r_2, r_3, \dots, r_n$ are number of respondents that chooses the corresponding values of satisfaction level variable, v_h is the highest value of the satisfaction level variables expected and N represent the sample (respondents). The satisfaction index was calculated for both estates and for each service.

3. Methodology

Purposive sampling was adopted to select the estates that have enough facilities relevant to this studies and where FM is practiced. This is because some of the public estates are not provided with the adequate facilities. Two case studies were used for the study and they are Eko Court Complex and Boyle Street Estate. Eko Court is located in Victoria Island, while Boyle Street Estate is located in Lagos Island both in Lagos state. Occupants of 73 flats out of 156 were selected randomly in Eko Court while the entire occupants of Boyle street estate (38) flats were studied. Combinations of closed and open-ended questionnaire were administered to the resident of the estates. This study adopted the Service Quality (Gap) Score and Satisfaction Index methods in measuring residents (customer satisfaction)

The use of 4 point Likert Scale was adopted to rank the degree of importance and satisfaction. The highest value of 4 point was ascribed to highest level of importance and satisfaction, while the least level of no importance/satisfaction was ascribed 1 point. The conditions for service quality were listed in table 3 under five criteria of quality measurement which includes Tangibility, Reliability, Responsiveness, Assurance and Empathy (Feehi, Adjei, & Osarenkhoe, 2013; Parasuraman, Zeithaml, & Berry, 1991; Young, 2004). Satisfaction index and mean item score were calculated to find the difference in expectation and perception of service delivery. Descriptive statistics of frequency distribution and measure of central tendency were used to analyse the responses. The service score gap and satisfaction index were ranked to identify the level of satisfaction derived in respect of each item of consideration.

4. Data Analysis and Discussion

The study revealed that some FM services were outsourced (cleaning, security and refuse disposal and lift operation), others that are being managed in-house falls within the managerial capacity of the property managers of the case studies and where core competence is required, recourse is made back to the professionals. The deduction is that in as much as outsourcing is a welcome and well thought of option in contemporary property/facility management, there are still some services in the case study that are provided in-house (Table 1). The outsourced FM services in the case study is in line with the trend of adoption of outsourcing of FM services in Nigeria. This finding agree with Ibem (2012) that organizations are focusing more on their core goal and competencies. It will also lead to acceptable quality service delivery (Mohil et al., 2010; Tenner & DeToro, 1992). The finding answers the objective 1 of the study with respect to FM service delivery method.

The study further shows that residents of the case studies feel satisfied with the level of quality of service they are being provided. However, those in Eko Court exhibited more satisfaction with general quality of services and their level of satisfaction is higher than that of those in Boyle Street in terms of percentage. This infers that the quality of services provided in Eko Court is relatively higher than what is obtainable in Boyle Street.

Table 1. Identification of outsourced services/facilities in the estates

Services	Eko Court		Boyle's Street Flats	
	Frequency	Percentage	Frequency	Percentage
A Water				
Owner/Developer	15	26.3	17	63
Residents	14	24.6	0	0
Manager	11	19.3	5	18.5
Outsourced to Service Provider	16	28.1	0	0
Total	56	98.2	22	81.5
B Electricity				
Owner/Developer	21	36.8	12	44.4
Residents	8	14	5	18.5
Manager	10	17.5	5	18.5
Outsourced to Service Provider	18	31.6	0	0
Total	57	100	22	81.5
C Lift/Elevator				
Owner/Developer	14	24.6	13	48.1
Residents	7	12.3	0	0
Manager	18	31.6	5	18.5
Outsourced to Service Provider	18	31.6	9	33.3
Total	57	100	27	100
D Cleaning/Pest Control				
Owner/Developer	21	36.8	13	48.1
Residents	7	12.3	0	0
Manager	11	19.3	5	18.5
Outsourced to Service Provider	18	31.6	9	33.3
Total	57	100	27	100
E Refuse Disposal				
Owner/Developer	19	33.3	8	29.6
Residents	2	3	0	0
Manager	18	31.6	10	37
Outsourced to Service Provider	18	31.6	9	33.3
Total	57	100	27	100
F Security				
Owner/Developer	13	22.8	4	14.8
Residents	14	24.6	9	33.3
Manager	11	19.3	5	18.5
Outsourced to Service Provider	19	33.3	9	33.3
Total	57	100	27	100
G General Repairs				
Owner/Developer	9	15.8	9	33.3
Residents	17	29.8	0	0
Manager	11	19.3	4	14.8
Outsourced to Service Provider	20	35.1	14	59.9
Total	57	100	27	100

Source: Field Survey 2012.

The difference in level of satisfaction between the two estates is attributed to the differences in location of the two estates and the social class. The residents of Eko Court Complex are predominantly high income class occupants. The expectation of the residents with regards to each service is therefore a factor. This finding agrees with Fatoye (2009) that income level and social status dictates quality in housing provision with the assertion that there is corresponding increase in housing quality from low income to the high income estates. The findings also agree with Liu (1999) that difference in the level of satisfaction that is reflected from perception is a function of social status of the subjects. Furthermore, the residents through their responses are satisfied with service provided though there is room for improvement. The residents are unanimous in their level of satisfaction both in respect of each service and the general aggregate satisfaction level. Moderate level of satisfaction is derived from the facilities and support services. This finding agreed with Mohd-Tawil, Ramly, Che-Ani, Ismar, and Zain (2005); and Mohit et al., (2010) that high percentage of occupants of public estate are moderately satisfied with the quality of FM service they enjoyed more than the physical features of their dwelling units and the environment. The level of expectation met by the service providers was also sought in both case studies, the results also show that a higher percentage was recorded in Eko Court when compared with Boyle Street; hence further authenticating the fact that resident of Eko Court enjoys a better service provision than those in Boyle Street. The level of expectation and the perception of the residents with respect to quality of services from the providers were assessed for both case studies. There were differences in the expectation and perception of service quality of services in the estates, the overall analysis suggest that the service provision is satisfactory, though there are areas for improvement.

On an informal discussion with some residents and the staff of FM firms, the researcher found that performance measurement is being done through benchmarking where both the residents and facilities manager compare the service provisions with their neighbouring properties. The Facilities Managers try to compete in providing what they considered as quality service in comparison with other buildings they serve and other buildings serviced by other firms. The resident on the other hand compares what they benefit with what occupants of adjoining properties enjoy in term of FM service delivery and uses it to demand for better service from or praise their provider. This approach does not really consider the initial or present expectation of residents. The study suggests that service quality measurement in FM should have consideration for consumer expectations and perceptions of service. This agrees with Fatoye and Odusami (2009) that, to different criterion is attached different level of satisfaction by occupiers of residential houses. Therefore the customers expectation of each criterion or indicator of satisfaction be identified and facility managers are to strive to meet such expectation. This study found that the current service delivery in the selected properties in term of quality did not fully meet with the users' expectations (expectation is higher than perception of actual service delivered). Nevertheless, the quality is satisfactory and acceptable as shown by the satisfaction index of 75% and above for all services and in both estates (Table 2).

Table 2. Satisfaction index for each of the services

Services	Eko Court	Rank	Boyle's street	Rank
Water	0.824	4	0.852	2
Electricity	0.715	7	0.75	7
Lift/Elevator	0.851	1	0.889	1
Cleaning/Pest Control	0.825	2	0.796	4
Refuse Disposal	0.825	3	0.806	3
Security	0.789	5	0.769	6
General Repairs	0.754	6	0.796	5

Source: Field Survey 2012.

26 indicators were used to assess performance of service provider across five dimensions using a four (4) point Likert Scale of ranking for both customer expectations and perceptions. The service quality score which is the difference between weighted score of expectation and weighted score of perception were calculated for all the 26 indicators. The value is greater than zero (0) for all attributes. This answers objective 2 suggesting that FM service firms do not meet users' expectation at 100% in any of the 26 items. Service quality score for seven (7) indicators out of the 26 quality indicators were rated below average with the gap score ≥ 2 (table 3) ranking 20 - 26. There is need for the service providers to improve in such areas to be able to meet the clients' satisfactory level/requirements.

Table 3. The mean value of the expectation and perception of the service quality

S/N	Evaluation Indicator	Mean (Expectation)	Mean (Perception)	Gap (Me-Mp)	Rank
1	A5 - All kinds of promotion/advertisement materials should be fashionable and of excellent quality	3.375	1.125	2.625	26
2	B4- All the promises given to the residents should be executed on time	3.375	1	2.375	25
3	A3 - All the supporting equipment with which to provide the service should be in good condition	3.75	1.5	2.25	24
4	A1- The facilities management company should maintain all facilities in good condition	3.875	1.625	2.25	23
5	B1- All the services should be delivered in time to residents in the estates	3.25	1.125	2.125	22
6	B5- Services should be delivered effectively	3.25	1.25	2	21
7	B2- All kinds of financial data and information of residents should be recorded correctly	3.375	1.375	2	20
8	B3- All kinds of fees should be reasonable, the account statement should be correct	3	1.125	1.875	19
9	E3- Should provide the personalized/customized service	3.125	1.375	1.75	18
10	A2 - All the staff should be neat in appearance and have proper behavior	4	2.25	1.75	17
11	E4- The facilities management staff should consult with the residents before they set the regulations for management of the estate	3.375	1.75	1.625	16
12	E1- Should provide the 24-hour service	3.375	1.75	1.625	15
13	E2- Understand the resident needs	3.5	2	1.5	14
14	C3- The facilities management staffs should respond to the residents request no matter how busy they are	3	1.5	1.5	13
15	C1- Prompt response to the residents request	3.375	1.875	1.5	12
16	D3- All the documents and services provided are correct	3	1.625	1.375	11
17	C4- The communication channels between staffs and the residents should be kept open (e.g webpage, e-mail, telephone etc)	2.875	1.5	1.375	10
18	A4 - The administrative and public activity area should be kept clean, aesthetic and excellent at all the time	3	1.625	1.375	9
19	E6- The management staff should inform the resident when the data on residents is found irregular	3.375	2.25	1.125	8
20	D4- The privacy of the resident are protected	3.125	2	1.125	7
21	C5- Should handle all the complaints effectively	2.875	1.875	1	6
22	D5- All the residents fully understand the content of the service, method of delivery, fee charged and service standard	2.875	2	0.875	5
23	D2- The operation of the company should be transparent	2.875	2	0.875	4
24	C2 - The facilities management staffs should understand the residents attitude and act accordingly	2.75	1.875	0.875	3
25	D1- Managerial staff and supporting staff should have adequate technical knowledge	2.875	2.125	0.75	2
26	E5 - Should record the residents' complaint and make effort for improvement and conduct regular visits	3.125	2.5	0.625	1

Source: Field Survey 2012.

In agreement with Amaratunga and Baldry (2003), FM providers should identify the expectation of users and communicate with users on quality service delivery. This finding answers objective 3 and 4.

In other to address the important areas of deficiency, FM providers should understand user's point of view and identify where to concentrate so as to improve quality towards meeting the consumer satisfaction requirement and at the same time avoiding allocation of resources to providing services that are least expected and which may not pay off. Improving dissatisfying indicators becomes a priority for the facilities managers to devote more attention. Service recovery is another way of reducing dissatisfaction.

5. Conclusion

The study identified that services are outsourced and the ones that were not outsourced are under the management of the consultant property manager who takes responsibility for the provision of such services from the service charge account for the estates. This in a way could be likened to outsourcing since the property manager will not provide the services himself but rather look for technicians where necessary or contract the work out to other professionals. From the study, the residents do receive satisfactory Facilities Management services. The main finding of this study reveal that customer's expectations of service quality is higher and the service delivery by the service providers is below customers' expectations. Hence, need to improve in the area of quality service significantly. On the basis of the findings of the study, the followings were recommended for quality service delivery; improve standardization of services; customize services; strengthen service recovery and reliability and manage service commitment effectively. FM Service providers should identify the most expected service(s) and understand the psyche of the users in order to meet the customers' required satisfaction rather than devoting resources to least expected services.

6. Limitation

The study examines user satisfaction in residential high-rise buildings; it identifies the procedure and problems as well as unique constraints of housing maintenance and management, which affect user satisfaction. The study was aimed at determining satisfaction level and quality of service delivery from the perspective of the residents/occupants of the public residential estates in terms of the facilities provided and services being provided for these estates. The purpose of the study was also to examine if the resident of high rise buildings received satisfactory service performance from the FM service provider. The case studies are the Eko Court Complex at Victoria Island and the 38 flats residential estate on Boyle Street Onikan, both developed by the Lagos State Development and property Corporation, an organ of Lagos State Government. The findings may therefore not reflect totally the situation in private residential towers in Lagos.

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Positivist and Non-Positivist Paradigm in Social Science Research: Conflicting Paradigms or Perfect Partners?

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Abstract

The idea of a paradigm or worldview as an overarching framework which organizes our entire approach to being in the globe has become usual since Kuhn published *The Structure of Scientific Revolutions* in 1962. This paper therefore critically examined the positivist and a non positivist research paradigm in social science research. It was revealed that the two paradigms are opposing each other. The findings show that positivist and a non positivist research are conflicting paradigms and a researcher needs to critically evaluate each and every paradigm before employing it in his research activities. Conclusion was eventually drawn based on the literature findings.

Keywords: constructivist, epistemology, non positivist, ontology, positivist and research paradigms

1. Introduction

The idea of a paradigm or worldview as an overarching framework which put in order our entire approach to being in the globe has become usual since Kuhn published *The Structure of Scientific Revolutions* in 1962. In distinction to the view that a paradigm is, by its very nature, beyond description and the understanding of the human intellect, it is believed that the intellect, by its extremely nature, is more general than any world perception on which it takes its existing cognitive carriage. Hence it is likely and necessary to enlarge individual awareness to eloquent any essential way that individual frame his world, for dissimilarity of epistemology, methodology, as well as supporting perspective are more often than not based on model supposition. While paradigms could be drawing out in straightforward cognitive terms, their natural world is far better-off: as Ogilvy (2006) reveals out, they are more concerned with models, mythology, frame of mind and descriptions (Venkatesh, 2007).

Guba and Lincoln (1996) have disclosed an incredibly helpful contribution to articulating and distinguishing opposing paradigms of investigation. They recognize and explain critical theory, constructivism, positivism and post-positivism as the key paradigms that surround research. In this article, it has been argued that the positivist and constructivist paradigm, as they express it, is uncertain about the association between created realities and the unique givenness of the universe, and that a world perception based on partaking and participative realism is more obliging and fulfilling. The study starts from and expands the Guba and Lincoln's structure and framework to eloquent a contributory paradigm. This study argues that an essential quality of the participative world notion, which it shares with Guba and Lincoln's constructivism paradigm, is that it is self-reflexive.

The participative intellect which Tugendhat (2006) further coined as post-conceptual intelligence articulates realism within a paradigm, brings together the paradigm itself, and can in standard get to the wider framework of that worldview to reframe it. A fundamental predicament of positivist paradigm is that it cannot recognize the framing paradigm it has fashioned. It puzzles the given universe with the world perception it has created to shape the given worldview. It cannot perceive that the position, on which it stands to structure its globe, is its own conception. It therefore, tends toward bigheadedness, prejudice and the repression of scientism. The most severe rejection of positivism is to facilitate form of post-structuralism and postmodern which is being gotten from the deconstruction of Suppe (2007). He holds the view that, at hand, there is no rise above grounds for reality

outside the transcript. Its fundamental predicament is that it rejects any ground as convincing merely because there is an additional ground or background beyond it.

It mixes up virtual reality with nihilistic disbelief: it believes that since no ground is concluding, no opinion has any assert to reality (Weber, 2004). It consequently, moves in the direction of a restless disorder of raw and meaningless power. The notion for a participative world perception has underpinned researcher's work on supportive investigation and supplementary participative outline of action research more than the past two decades and above. This research has articulated this viewpoint as a political and epistemological belief just recently (Reason & Rowan, 2001; Schwandt, 2004). In contrast to this, other scholars and researchers have come up with constructive arguments which comprise a participative point of view (Schwandt, 2004; Neurath, 2003; Olaison, 2001), whereas Skolimowski (2003) has invented and developed the standpoint which he regards as the participatory intellect. A predominantly graceful clarification of participatory observation and language and its insinuation for natural thoughts can be found in Phillips (2007).

This structure of fundamental empiricism is not to be baffled with behaviourism, that has on no account been experimental enough, given that it preconceives and draw up the boundaries of experience in regards to its positivist paradigm. On the other hand, the research's empiricism is the fundamental kind long in view of the fact that it has been commended by phenomenologists: a perfect relationship with occurrences untainted by presumptions (Patton, 2002). It is unobstructed knowledge of the "lived-through world" that Putman (2006) maintains that is altered and vague by the limiting standards of the "objective thought" of positivist discipline and "dogmatic ordinary sense" (Polgar & Thomas, 2005; Popper, 2008; Putman, 2006). This research deems it is important to regain the idea of empiricism from positivist mistreatment and reinstate it to more productive use in terms of this sort of unconventional experience (Flew, 2001). The experimental is based on understanding, and it stops to be empirical when knowledge is controlled by a restricting explanation.

2. The Extent and Nature of Research Paradigms

Guba and Lincoln (1996) revealed that investigation paradigms may be seen as lay down of fundamental viewpoints about the natural world of realism and how it might be identified; and with the intention that these ideas are put into respite by three basic and interconnected questions. There is, however, the ontological question, "What is the structure and type of truth and, consequently, what is at hand that can be recognized and known about it?"; the epistemological inquiry and question is: "What is the connection amid the knower or could-be knower and what could be known"; and the procedural and methodological question and issue is: "How could the investigator and inquirer set out regarding discovering whatsoever he or she deemed could be known in relation to?" Guba and Lincoln start by recognizing the answers and responses advocates of the four diverse paradigms could build on the three questions highlighted above.

These answers and responses are presented in Table 1, the first five discourses and columns are directly taken from Guba and Lincoln. The last "Participatory" column is the study's contribution. The study has also included a fourth line or row known as "Axiology", which is not there and missing from the Guba and Lincoln explanation, and which the study believe is an indispensable crucial feature and quality of an investigation and inquiry paradigm, beside and alongside methodology, epistemology and ontology. The axiological inquiry or question asks what is essentially valuable and precious in individual life, in a more precise way, what kind of information and knowledge, if any, is fundamentally and inherently valuable and important. This is explained in a later part and segment below.

Table 1. The nature and extent of research paradigms

Issue	Positivism	Post positivism	Critical Theory et al.	Constructivism	Participatory
Ontology	Naive realism - "real" reality but apprehendable	critical realism - "real" reality but only imperfectly and probabilistically apprehendable	historical realism - virtual reality shaped by social, political, cultural, economic, ethnic and gender values crystallized over time	relativism - local and specific constructed realities	participative reality - subjective-objective reality, co-created by mind and given cosmos
Epistemology	dualist/objectivist: findings true	modified dualist/objectivist; critical tradition/community; findings probably true	transactional/subjectivist; value mediated findings	transactional/subjectivist; created findings	critical subjectivity in participatory transaction with cosmos; extended epistemology of experiential, propositional and practical knowing; cocreated findings
Methodology	experimental/manipulative; verification of hypotheses; chiefly quantitative methods	modified experimental/manipulative; critical multiplism; falsification of hypotheses; may include qualitative methods	dialogic/dialectical	hermeneutic/dialectical	political participation in collaborative action inquiry; primacy of the practical; use of language grounded in shared experiential context
Axiology	propositional knowing about the world is an end in itself, is intrinsically valuable	propositional knowing about the world is an end in itself, is intrinsically valuable	propositional, transactional knowing is instrumentally valuable as a means to social emancipation, which is an end in itself, is intrinsically valuable	propositional, transactional knowing is instrumentally valuable as a means to social emancipation, which is an end in itself, is intrinsically valuable	practical knowing how to flourish with a balance of autonomy, co-operation and hierarchy in a culture is an end in itself, is intrinsically valuable

Source: Neuman, (2007).

3. Positivism

This study argues that positivism could be regarded as a research strategy and approach that is rooted on the ontological principle and doctrine that truth and reality is free and independent of the viewer and observer. A good number researchers and intellectuals who are concerned with the viewpoint and philosophy of investigation and research concur with this explanation and definition. The self-governing, independent and objective existence of truth can be seen as a definition and meaning of positivism in a number of write-ups (Goetz & LeCompte, 2004; Gough, 2005; Griffin, 2006; Hollis, 2004; Lee, 2000a; Mouton & Marais, 2003; Polgar & Thomas, 2005; Reason & Rowan, 2001; Ryan, 2006; Ryan & Julia, 2007; Scheffler, 2007; Schwandt, 2006; Spiegelberg, 1960; Strauss & Corbin, 2007; Urquhart, 2008; Venkatesh, 2007). Some writers employ diverse terms to indicate this ontological standpoint, for example "realism" or "objectivism" (Neuman, 2006; Polgar & Thomas, 2005; Rorty, 2007; Shafer, 2004; Weber, 2004). These scholars classically view positivism as encompassing epistemological (Neurath, 2003; Olaison, 2001; Popper, 2008), methodological (Patton, 2002; Weber, 2009), and occasionally other idealistic and philosophical features, such as principles, morals and ethics (Putman, 2006).

A positivist investigator has an idea or notion that the universe or world conforms to permanent and unchanging laws and rules of causation and happenings; that there exist an intricacy and complexity that could be overcome by reductionism; and with the intention of asserting an importance and emphasis on impartiality, measurement,

objectivity and repeatability. These scholars have equally a realist and an independent and objective analysis and view of the universe. The methodologies frequently used by positivist investigators and researchers comprise: confirmatory analysis, nomothetic experiments, quantitative analysis, laboratory experiments and deduction (Olesen, 2004; Ryan & Julia, 2007). An interpretivist inquirer or researcher advocates that there is no worldwide and universal truth. This type of investigator understands, comprehends and interprets from his/her own outline of orientation and reference. He or She holds the view that uncommitted and indifferent impartiality is impracticable and realism or practicality of framework and background is imperative. These writers have equally a relativist and a biased or subjective conception or view of the globe or world. The methodologies in most cases used by interpretivist scholars and researchers consist of: field experiments, exploratory analysis, idiographic experiments induction and qualitative analysis (Ogilvy, 2006; Tugendhat, 2006).

Much of the compilation of diverse idealistic facets within the notion “positivism” is comprehensible for numerous undertones and a number of these features could be further explained in the later part of this article. The distinction amid positivism and non-positivism is so profound in such a way that the awfully idea “positivism” has go a long way in depicting a derogatory connotation for non advocates of positivist (Burrell & Morgan, 1979; Lee, 2001). Therefore, it appears to be employed largely by adversary of the thought, while advocates of this idea have a preference for the adjective “positive” rather than “positivist” (Friedman, 1994). The objectivist or realist ontology upon which positivism is rooted, that is to say that the certainty and assurance that truth or realism prevail independent and sovereign of the viewer or observer, is a residue of the thriving ontology of the so called mechanistic natural or ordinary sciences of the explanation and illumination era. It is up till today predominant in parts of ordinary, natural and technological sciences. The study’s present use the word is fashioned by the effort to bring in this scientific ontology into social sciences and humanities with the affirmed intend of replicating the achievement of the ordinary or natural sciences (Habermas, 1974).

It is worthy to note that, it does not form the basis of this article to explain the weaknesses of positivism. Academic and scholarly sincerity requires, however, that a number of the key critics alongside positivism are critical analyzed and reviewed. This could go along way in helping the person who reads understand the thrust and shove of the argument. Positivism, particularly the complex set of ideas and notions coined by the Vienna Circle termed “rational positivism”, has mainly been dishonored in the viewpoint of sciences. It on the other hand persists to be a viable and strong “logic or judgement in use” (Landry & Banville, 1992) or “ontology in use” (Lee, 2004) in the world of social sciences. The perhaps most essential evaluation and\ critique of positivism in social sciences world is that the notion of an independent realism and the resulting unbiased observation and study of this realism does not guide to a sufficient comprehension of the happening in question (Adam, 2001). This frequently entails a difference between natural ordinary and social reality.

Positivism appears to be a weak or lacking foundation for research and investigation in any case in the concluding realm (Nissen, 1985; Orlikowski & Baroudi, 1991). Further points of critique and analysis address the epistemological troubles ensuing from positivist ontology. There are a number of problems of induction or initiation and general applicability (Pettigrew, 1985; Lee & Baskerville, 2003). Philosophy has not established a persuasive and believable clarification on how the intellect can sufficiently symbolize a mind-independent truth or reality (Khlentzos, 2004). Subsequently, there exists the claim that positivism is self-contradictory due to the fact that it is not by itself a natural happening independent of the viewer or observer and associated problems of the ultimate underpinning of positivism (Quine, 1980). Consequently from this, it could be established that positivism is organizationally globular and that in spite of its suspected impartiality, it could simply look into happenings or occurrence that are formed by the researcher (Stahl, 2003).

3.1 Development and Concept of Positivist Paradigm

According to Kaboub (2008), the idea of positivism came into being as a truth-seeking paradigm in the later part of the 19th century through Auguste Comte’s denunciation of metaphysics and his contention that barely only technical and scientific facts can disclose the reality concerning truth. It was afterward officially recognized as the leading scientific and technical approach in the beginning of the 20th century by constituents of the Vienna Circle, with Karl Menger, Otto Neurath, Rudolf Carnap, Gustav Bergmann, Philipp Frank, Herbert Feigl, and Moritz Schlick. The Vienna Circle required building a combined scientific and technical world-idea that discards the employment of philosophy as an avenue of erudition regarding the factual and natural world of realism. Unluckily, it unsuccessfully falls short as a logical and rational philosophy of discipline due to a critical discrepancy amid its assumption of “reality” and its hypothesis of “knowledge”.

Positivism incorporated David Hume’s presumption of the natural world of reality (i.e., idealistic ontology). Hume alleged that truth or reality comprises of atomistic (micro-level) and self-determining or independent

events. He established that in the employment of the senses to create facts in relation to reality (i.e., scientific technique). He deliberated that thoughtful and rational way of thinking may perhaps eventually pave way to researcher to “see” non obtainable relations among happenings taking place concurrently. On the other hand, positivism in addition employed Rene Descartes’s epistemology (i.e., hypothesis and theory of knowledge reasoning). Descartes was of the view that rationale is the most excellent approach to create and generate knowledge and information concerning truth and realism. His deductive technique and approach means that happenings are prearranged and interrelated, and for that reason realism and truth are structured and deducible. This inner discrepancy ultimately damaged the soundness, strength and validity of positivism.

The positivist paradigm emphasizes that genuine, real and factual happenings could be studied and observed scientifically and empirically and could as well be elucidated by way of lucid and rational investigation and analysis. The decisive factor for assessing and appraising the soundness and validity of a systematic scientific and logical theory is whether a researcher’s facts view point (i.e., theory-based on guesses and hunches) are reliable consistent and dependable by means of the knowledge researchers are capable to achieve by means of their senses. Positivist research approach and methodology (methodological uniqueness) highlights micro-level testing and experimentation in a lab like setting that do away with the intricacy of the outside globe (e.g., societal, psychosomatic, and financial connections among joblessness, and offense or suicide). Strategies are then arranged based on winding up gotten through the “scientific and logical method” (e.g., career training and teaching for the jobless, antidepressants those in the depths of despair, and prison or jail time for the hoodlums or criminal). Psychologists just of recent understand that this yields outcomes that contain internal or inner validity (i.e., the associations observed and studied in the test and experiment are valid contained by these background, background and circumstances).

Despite the fact that the results and outcomes gotten by means of experimental and scientific methods approaches give important insights and knowledge into the natural world of realism and truth, those outcomes or results may perhaps be short of external or outside validity. That is to say, the associations studied and observed in the experimental room or laboratory may possibly not be similar in the additional complex external or outside world wherever a much larger number of elements or factors act together. A positivist who handles multifaceted social problems, for instance joblessness and offense could be concerned through their noticeable expression (i.e., the jobless person or criminal who could be perceived or sensed) rather than with the fundamental underlying machinery that are imperceptible to individuals. For this reason, positivist recommendations or prescriptions tend to treat and handle the symptoms sooner than the original source of the predicament. Positivism put forth a significant influence on technical and scientific practice in the humanities, social sciences and art for decades in the beginning of 20th century.

Furthermore, this was particularly factual in the natural or ordinary sciences wherever laboratory tests and experiments could nearly approximate the true or real world setting, as a result permit for precise and truthful forecast. In the humanities and social sciences, on the other hand, human wish and doubt make the room or laboratory experiment not much dependable and reliable. Eventually, its internal or inner discrepancy and inconsistency culminated in the desertion of positivism in support of scientific and technological approaches for example critical multiplism, that is based on the idea that no one method is constantly enough or adequate for developing and innovating a valid comprehension of an occurrence. The relevance of critical decision in studying numerous research questions employing several samples, measures, analyses and designs are essential to allow a meeting on a valid perception of an occurrence.

4. Non-Positivism

In a situation whereby positivism is merely not the ontological point, then the problem occurs which options to positivism at hand are. In view of the above explanation on positivism, the options are those ontological standpoints that do not rely on a reality or truth independent or free of the observer. The historical background of philosophy presents a number of diverse non-positivist ontological points of view. In view of the fact that the observer contributes a greater part in the establishment of reality and is more often than not believed to do this by means of his or her intellect, a number of writers are of the view that the opposite of positivist research paradigm is rationalism (Goles & Hirschheim, 2006). Nevertheless the field or area of rationalism is broad and has many diverse theories. One of which is the doctrine or notion that the observer or researcher constructs truth or reality and that, at the end, all of realism is just a fabrication of the individual’s thoughts. This solipsist supposition is reflected in the concept or doctrine of radical or fundamental constructivism (Feyerabend, 2000; Flew, 2001; Gephart, 2008; Lee, 2001b).

A further non-positivist tributary of reflection that was enormously powerful in the philosophy and thinking of the later part of 19th as well as 20th century is romanticism, idealism, or more exclusively German idealism or optimism. It is connected with the given name of Fichte, Schelling, Hegel and others who established the preeminence of the psyche or spirit above any outside reality. In modern research however, these ontological viewpoints do not in any way play a significant role. They can be viewed, on the other hand, as the foundation of a number of the ontological options to positivism which are common today (Eisenhardt, 2002). The two most significant notions contrasting to positivism are interpretivism and constructionism. Constructionism (or social constructivism) holds the view that reality or truth is constructed or formed by the observer or researcher, however, in resistance to earlier (radical) constructivism, it opines that reality or truth is a combined construction. It gives more regards to the role of contact and communication in the course of constructing or forming reality (Bailey, 2006). Its academic and scholarly biography could be referred back to the earlier part of idealism (Denzin & Lincoln, 2007). Researchers and investigators who succumb to the ideas of constructionist ontology classically call themselves interpretivists relatively than constructionists.

The distinction between interpretivism and constructionism emerges to be that the constructionists are more fundamental and radical and they broaden their ontological observations to all facets of reality or truth while interpretivists restrict it to social truth reality (Creswell, 2002). In view of the fact that researchers and investigators are more often than not concerned with aspects of technology that are having to do amid social happenings, they could typically abstain from protecting the more controversial claims of the constructionism and thereby focus on those facets of reality or truth that are straightforwardly recognizable as generally constituted. In present research or study, interpretivism is perhaps the most significant substitute to positivism. This article establishes that this is likely because the spirit of the interpretivist viewpoint is an ontological point of view which looks at reality or truth as a social formation or construct of the mind's inner feeling.

Furthermore, the constructionist ontology within the context and framework of interpretivism could be seen in several texts on interpretivism (Coffey & Atkinson, 2006; Glaser & Strauss, 2001; Glesne, 2007; Goles & Hirschheim, 2006). The notion of interpretivism has to compete with a number of the similar problems because positivism in that regard is frequently refers to as epistemological (Arksey & Knight, 2006; Creswell, 2004; Descartes, 2008; Goles & Hirschheim, 2006) and methodological (Bloor, 2007; Lee, 2001) aspects of research concurrently. The word "interpretivism" is frequently not piercingly defined. Moreover, "interpretivism" is a word that is quite new, however, simultaneously everywhere in the midst of non-positivist researchers and scholars.

A concise contrast of the make use of "interpretivism" and "positivism" may throw some light with regard to this. If one evaluates the book of proceedings of the IFIP WG 8.2 conferences in 1984 (Bless & Higson-Smith, 2008) and 2002 (Creswell, 2002) subsequently, one might discover a noticeable distinction among employment and acceptance of such terms. In 1984 the key thrust and theme of the conference and symposium was to shatter the seeming throttlehold of positivism on investigation and research. As a result, expressions beginning with "positivi..." were employed more than 158 times in just 9 of the 18 papers presented. On the other hand, "Interpretiv" was used no more than 15 times in the conference, more often than not with references to the work of Burrell and Morgan (1979). "Interpretivism" or "interpretivists", as the case may be, were not employed or used in any way. In the beginning of 2002, when non-positivist social and collective research was resolutely recognized, "interpretive" was employed and used more than 30 times in just 10 out of 30 article presented, while "positivi..." was only used two times, one of which, by way of example, was just a reference. This points out that the great effort in opposition to positivism gives the impression to have been unbeaten and successful and, therefore, interpretivism is considered as a terminology or term in research investigation.

5. Disagreement and Inconsistency among Positivism and Non-Positivism

This article has to this point been set up to streamline the disagreement and incongruity amid positivism and non-positivism. It has regarded positivism as thus, the ontological assertion that reality or truth is independent and free of the viewer or observer and also that non-positivism is the logically and rationally opposing and conflicting view that reality or truth depends on the viewer or observer. The benefit of this explanation is that it permits the application and use of a basic and logical saying or axiom, that is to say, the proposition of the barred third. This proposition was originated by the famous philosopher called Aristotle in his writing on metaphysics. It suggests that an expression or sentence ought to be true or false. In the details of propositional common sense or logic, it could be represented tersely: $\neg (p \rightarrow \neg p)$

The biography and history of reasoning or logic has paved way to a number of efforts to demonstrate that this adage or axiom is not adequate and that rational or logical states do not contain to be bivalent. Instances of such

non-bivalent reasonings or logics are modal way of thinking or logic and fuzzy logic (Creswell, 2004) or deontic logic (Gephart, 2008). The suggestion or proposition is all the same generally conventional and becomes one of the fundamental doctrines of individual's scientific and technical system. An example could effortlessly indicate the strength of the saying or axiom. If A is the plan or proposition "X is a dog", then $\neg A$ is the plan or proposition that conveys the fact that "X is not a dog". This notifies a researcher that it is impracticable that A and $\neg A$ are correct and true, and therefore, that X could not be a dog as well as not a dog (or a non-dog: \neg dog) simultaneously.

As it could be seen, if the assumption or proposition A means: "truth or reality is independent or free of the observer or viewer" then $\neg A$ could be interpreted as "truth or reality is not free or independent of (therefore rely or dependent on) the observer or viewer". As revealed through *tertium non datur*, both of them cannot be factual concurrently. This proclamation is the thrust of this article. The incompatible opposition among positivism and non-positivism is basically based on a rational axiom or maxim and the ontological source of the words or terms. This, in any way, does not answer the entire ontological problems in investigation or research but rather it permits for a great deal and further concise arguments of numerous issues. It can be established, for example, that, had it been interpretivism is a type or form of non-positivism (as was critically discussed earlier in this article), then an investigator or researcher cannot adopt a positivist and an interpretivist research strategy or approach simultaneously. However, that does not, in any way, mean that every researchers or scholars must belong to the school of thought of either positivists or interpretivists. Equally, if a cat could be termed as a non-dog then X cannot, in either way, be a dog as well as a cat. X does not, therefore, have to be a cat or simply a dog, nevertheless, given that X could be, say for example, a fish.

An analogue or immature conclusion is to say that a researcher could prefer a non-positivist ontology which is not interpretivist. This standpoint must not be equated with a number of the theories about the association among positivism and its substitutes seen as paradigms, for example, supremacism (Klein, Hirschheim, & Nissen, 1991), paradigm incommensurability (Brooke, 2002; Mingers, 2001) or purism (Petter & Gallivan, 2004). It merely depicts that the ontological postulations of positivism and non-positivism are not, in any way, commensurable. What this statement means for investigative or research methodology and epistemology would be explained further in the subsequent sections.

6. Constructivist Ideology

It has been understood from Guba and Lincoln's (1996) assertion that the real or factual is a mind construct of persons and these constructs "do not live or exist external of the individuals who generate and grasp them". Consequently, there might be a lot of such constructed or structured realities; and they might be contradictory and mismatched. Constructions are not relatively "true", but to a certain extent; they are relatively complicated and conversant. As Berger and Samuel (1966) have concluded: There is an instant complexity with the thought that reality or truth is a construction inside an individual psyche. It heaves the predicament of solipsism, which is a sarcastic problem for a humanities and science of the other. In support of the fact that reality is merely nothing but rather an internal mind construct, no merit can be given for assuming that the other public being investigated really exist, let alone for assuming that the researcher's point of view of them sufficiently stands for their own view point of their circumstances and situations.

On the other hand, Guba and Lincoln are vague in their explanation on constructivism. They, in addition, articulate that the mind constructions are connected to "physical or tangible entities", which could, as a result, emerge to contain some truth or reality free or independent of the constructions (Bailey, 2006). Consequently their unambiguous or explicit idealist position seems to respite on an understood implied realism, and, thereby, leaves the paradigm in a condition of shake (Ayer, 1999). Constructivist assertions or views are liable to be lacking in any such acknowledgement of empirical understanding that is, grasping by acquaintance, by gathering, by experienced participation in the attendance of what is present. Gephart (2008) thinks that researchers could not by any means be acquainted with a "real" world, and could not, in any way, even visualize it, due to the fact that individuals cannot imagine or envisage something existing with no notions of freedom and time, which are individual's own constructs (Gephart, 2008). This is the Kantian point of view that space and times are *a priori* structures that the psyche imposes on truth or reality. It has nothing to do with truth or reality itself.

Empirical understanding is subjective-objective and consequently relative to the inquirer or knower. It is as well relative to the known universe, but rather with greater nearness, lesser arbitration, than planned or propositional perception. Empirical knowing is, hence, an opinion, although not an absolute opinion, for the representative frameworks of theoretical, hypothesized or propositional knowing. Constructivists notably Guba and Lincoln admit, as the quote above highlights, that intangible constructs are connected to "tangible entities" and therefore

emerge to believe “tangible” or empirical knowing. However, they do not articulate and coordinate the nature of empirical knowing and do not consider it as given any type of merit for the valid employment of theoretical and conceptual constructs.

7. Epistemology

Based on the Oxford English Dictionary, (2004), epistemology is the “an established fact, theory, discipline or science of the technique process or foundation of knowledge, facts or information”. As far as an investigation or research desires to come up with knowledge and fact then subsequently, it has to depend on an understood (implicit) or open (explicit) epistemology. Nevertheless, this article will pursue and follow the doctrine of Chua (1986) in differentiating amid methodology and epistemology where the latter refers to the main beliefs and principles of facts or knowledge, the former refers to different means of getting it. Epistemology is directly connected to ontology. A person would only be able to get knowledge about things or entities that live. In response, an individual ought to have a mean of acquiring knowledge so as to to make generalizations whether there something existing. Although the correct association among known epistemologies and ontologies is not at all times straightforward, it is significant to bear in mind that each epistemology needs a matching ontology (Livari et al., 1998).

It is worthy to mention that there exists no ontology that is free from epistemology (Feyerabend, 1980). In a situation whereby epistemology is the truth-seeking area of specialization or discipline that takes into cognizance with knowledge then it requires definition of what knowledge is. The famous definition from time to time employed by thinkers, philosophers and logician is that knowledge or fact is “true, acceptable beliefs” (Steup, 2001). This is useful for the reason that it permits a researcher to differentiate the question as soon as a statement or declaration is true or factual from the inquiry or question when a researchers or investigators are convinced in accepting a statement of fact to be accurate or true. Whereas the last question is adequately discussed in scientific research, the previous, debatably more significant one is frequently unnoticed.

Amongst the various ways of getting knowledge and protecting the assertion for reality, the most famous one is perhaps empiricism. Empiricism could be regarded as the “principle that knowledge instead of rationale is the foundation of individual knowledge of the globe” (Goles & Hirschheim, 2006). Empiricism could also be regarded as the conventional epistemology of the natural and innate sciences (Hollis, 2004) wherever their supporters more often than not investigate for fundamental associations. Empiricists attempt to find out the rules guiding reality or truth and employ a hypothetic deductive approach in solving problems (Henning, Van Rensburg, & Smit 2004). Empiricists develop hypotheses or hunches which they afterward then attempt to confirm or falsify it (Kvale, 2006).

As a matter of fact, the eventual goal of empiricist investigate is, therefore, to make logical forecasting (Hammond, Howarth, & Keat, 2007). Empiricism is directly connected with numerous suppositions concerning the nature of logical and scientific investigation. First and foremost, it advocates that examination or observation is objective or truth (Klein & Myers, 1999) and is value-free as well (Walsham, 1995). It is, in addition, viewed as a generally reliable, valid and suitable approach and strategy to knowledge or fact which discloses that it is frequently linked with advancements for a agreement and unity of science or logic which might comprises the natural logics, sciences in addition to humanities, social sciences and arts. Impartiality, neutrality, objectivity and independence could be guaranteed via or through an observer or viewer who is separated from the item or object of study or observation along with who does not obstruct (Introna, 1997; Yin, 2003). An essential component and element to this way of thinking or approach to scholarly and academic research or inquiry is a convinced type of disconnected and detached wisdom which is concerned with associations without being closely mixed up in them (Wilson, 2003).

As a response to the apparent limitation and shortcomings of empiricism, which comprises the difficulty of the likelihood of objectivity or truth in social science and humanities, the problem of suitability of experimental observation or study of individuals, the so-called uniformity of empiricism, the intricacies of the concept of causality and relationship, a confrontation to the fundamental logic or wisdom, and further problems, additional epistemological strategies or approaches have been emerged and developed. The most commonly cited option to empiricism in thinking and logic is rationalism, which is the concept or idea of reasoning or logic, as an alternative to feeling or consciousness, is the underpinning basis of knowledge and fact (Gough, 2005).

7.1 Positivist and Non-Positivist Epistemology

As asserted by Griffin (2006), hermeneutics, phenomenology and empiricism are the mainly significant epistemologies in modern and existing research. Within the background of this article, it is appealing to inquire what their connection to positivism and its option or alternative is. There are possibilities that connect ontologies

along with epistemologies. Conversely, Goetz and LeCompte (2004) are of the view that positivism normally moves hand in hand with empiricism, while non-positivist strategies or approaches, for example, interpretivism are likely to employ phenomenology or hermeneutics as avenues to get knowledge and information. The problem however is whether these postulations are essential or dependent relationships or associations. This article argues that these associations are not essential but rather a modification in the distinctive relationship needs re-thinking the connotation of notions (Goles & Hirschheim, 2006).

Looking at another perspective, McCarthy (2002) revealed that there is, for instance, no justification why a positivist ought not to employ hermeneutics. The historical background of hermeneutics is in fact originated from a positivist perceptive where one existing and real God place His opinions to paper (by means of human devices or instruments) and these assertions had one correct connotation. Hermeneutics can be employed as an instrument to discover what this exact connotation of a divine wording is. This denotation of "hermeneutics" is dissimilar from the current post- Heideggerian hermeneutics explained above. On the other hand, an interpretivist could employ an empiricist strategy and approach to research or investigation and attempt to study truth or reality and discover objective reality or truth (Hammond, Howarth, & Keat, 2007).

In this regard, nevertheless, "objective reality or truth" will depict something unlikely from the positivist make use of the word. It could not be a right explanation of a free and independent reality or truth but rather must be something unusual, for instance a validity assertion that is not doubtful (Henning, Van Rensburg, & Smit 2004). Although these questions or problems are argued repeatedly in research, mainly in connection to approach or methodology, an evenly significant but usually not argued problem or question is that of the association of ontology with reality presumption. This is imperative since the hypothesized reality or fact theory will decide what can add up as valid investigation or research outcomes.

Bloor (2007) in his analysis revealed that the line of difference between positivism and non-positivism is reflected more obviously with regards to truth or reality theories. A connection theory of reality or truth is simply valid if let say there exist a disconnected reality or truth which a researcher can explain properly. In the same way, a compromise or consensus assumption of reality is extremely sufficient to constructionist ontological perspective but rather carries no intrinsic worth in an unbiased and objective world of reality. Nonetheless, Gephart (2008) restated that the consistency and rationality theory will take major a role in the numerical and mathematical modeling, which is once more best matched to positivism. Realistic truth or fact theories, lastly, could be suitable for diverse ontologies but their connotation, the inquiry what works; can reproduce the ontology in dissimilar ways. As for the positivist, a suggestion or proposition is unbeaten as it explained the human world sufficiently. However, as for the constructionists, it is because it completes the decisive factor of being effectively formulated or constructed (Eisenhardt, 2002).

8. Research Inferences and Implications in Positivists and Non-Positivists Perspective

As a matter of fact, there is no any algorithmic means of conducting research in accordance with to researcher's ontological point of view. This article does not hold up the theory of the inappropriateness of diverse methods (qualitative versus quantitative). The major lesson to be learned is thus, the combination or mixture of diverse ontologies, epistemologies and methodologies has to be verified and justified in each and every single situation. Thus, it might be entirely suitable and logically or rationally severe to employ quantitative methods of conducting research from an interpretivist point of view or to employ semi-structured form of interviews from a positivist standpoint. In the same vein, the same investigation or research method could denote different things to different people. It only depends on researcher's ontology. A positivist conducting interviews would anticipate discovering social reality or truth as it is, while the constructionist would be part and parcel of the combined construction of the pertinent reality or truth of a research.

Two investigators employing the exact similar strategy or approach and arriving at the same results or outcomes might, as a result, come to differing conclusions, due to their ontological background and underpinnings. A relevant but rather trickier inquiry has to do with the compatibility and suitability of epistemologies. Hermeneutic, empiricist and phenomenological approaches to research appear to have been more complicated to mix up or combine than qualitative and quantitative methods. This is possibly due to their greater nearness and closeness to the fundamental ontology. Another difficult outcomes stem from the fact that, in a normal setting, most interpretive investigative research is rooted on the compilation of empirical facts. That is to say that empirical or experimental research is not essentially empiricist. It as well indicates that non-empiricist scholars and researchers conducting empirical research ought to explain in simple terms why they consider that this would assist them.

In view of non-positivist ontology in addition to a non-empiricist epistemology, it might not straight away apparent that empirical or experimental research is better than other types, for example, theoretical, philosophical, reviewed or conceptual research (Coffey & Atkinson, 2006). Furthermore, the major research repercussion and implications of the positivism and non-positivism partition is the fact that there are personal and combined responsibilities with reference to the combinations or mixing up of ontologies, epistemologies and methodologies (Creswell, 2002). A straightforward pick-and-choose strategy and approach guided by thoughtfulness of convenience could not be suitable. That shows that the individual investigator or researcher ought to be understandable with regards to these questions and shall address them in his or her research plan or design. On the combined side, the specialization discipline as embodied in journals conferences, reviewers, chairs or editors' desires to confirm that these inquiries and questions are appropriately and adequately reflected and mirrored.

8.1 Political and Social Implicative Consequences in Positivists and Non-Positivists Research Investigation

It has been established that research or investigation does not happen in an emptiness or vacuum (Lee, 2001) but, however, it is entrenched in social and collective systems where political beliefs play a major role. Indeed, this ought to be rather apparent mainly for non-positivist investigators or researchers who know and understand the social construction of truth and realism. Nevertheless, non-positivist investigative research politics are greatly less noticeable or flourishing compare to their positivist counterpart. Advocates of the positivist paradigm are explicitly attempting to place the plan of research based on their ideas and thoughts.

The positivists encourage convinced research theories and methodologies, and thereby siding with proper and numerical methods and approaches, which are naturally more helpful to their ontology compare to others (Weber, 2004). Although these efforts to support the positivist plan and agenda have formed a sparkling deliberation, debate and discussion, no determined non-positivist accomplishment is evident. The rationales for this are various, but amid the most imperative ones, a researcher could locate the historical occurrence of positivism (Action, 1967; Eisenhardt, 2002) and could as well discover the lack of consistency amongst non-positivist. This article might help in eradicating the problem by presenting the idea or opinion that the overarching feature of non-positivist investigative research is its ontological principle and belief of the reliance of reality or truth on the observer or researcher.

8.2 Moral and Ethical Implications in Positivists and Non-Positivists Research Paradigms

A concluding significant implication of considering the incompatibility of positivism and non-positivism stem from the morals and ethics of research investigation, and more particularly in the midst of how people are professed in research activities. Positivism necessitates ethical or moral manners and conducts by the investigator or researcher (Miles & Huberman, 2004). It can as well even further be illustrated as an ethically or morally motivated attempt and effort that undertakes to build up society (Merleau-Ponty, 1999) and "boundless progress" (Morick, 2005; Mouton & Marais, 2003). It might therefore be incorrect to view positivism as basically "un-ethical" but in consequence it develops perturbing ethical repercussions. These consequences are the outcome of the perceived likelihood of differentiating undoubtedly among research subject and object and between unbiased or objective explanation and biased or subjective evaluation and assessment.

This permit positivist to debate and argue that they could be regarded standing apart observers or researchers which counteract the requirement to turn out to be concerned and consequently originates for their status quo in research (Merriam, 2001). Positivist ontology proposes that all researched objects live in some kind of objective or unbiased world and this comprises human beings. Indeed, it could be seen that, this, along with all methodological individualism, could generate a disposition to look at humans as objects or items. Taking individuals as objects indicates that researcher could classify them as means to a certain extent than ends, consequently denouncing McCullagh's (2001) renowned version of the Categorical or Definite Imperative Doctrine according to which persons should by no means be classified as means. Or to express it in more modern expressions: "Such research investigation could end up by suggesting most individuals to be taking care off like just billiard balls" (Henning, Van Rensburg, & Smit, 2004).

8.3 Common and General Implications of the Research Paradigms

Guba and Lincoln (1996) advances from recognizing the fundamental beliefs of their four essential paradigms to investigate the connotation of each one; this study has equally prune, reduce and extended their study in Table 2 below. This study has intentionally omitted out of the below table the three basic issues of research or inquiry ethics, values and aim, because these have, in this research perspective, been more fittingly covered in this study's explanation of the axiological inquiry or question above. Furthermore, this study consists of a participatory observation of the entire outstanding issues. Therefore, this allows for a more absolute comparison

and judgement with Guba and Lincoln's theoretical point of view, however, this study will not shade more light on the points in advance. A detailed explanation of co-operative or supportive investigation could be seen in Harre (2006); and an extensive review of participatory types of study or inquiry in Hammond, Howarth, and Keat (2007), Rudner (2006) and Ryan and Julia (2007).

Table 2. Implication of research paradigms

Issue	Positivism	Non-Positivism	Critical theory et al.	Constructivism	Participatory
Nature of knowledge	verified hypotheses established as fact or laws	non falsified hypotheses that are probably facts or laws	structural/historical insights	individual reconstructions coalescing around consensus	extended epistemology: primacy of practical knowing; critical subjectivity; living knowledge
Knowledge accumulation	accretion - "building blocks" adding to "edifice of knowledge"; generalizations and cause-effect linkages	accretion - "building blocks" adding to "edifice of knowledge"; generalizations and cause-effect linkages	historical revisionism; generalization by similarity	more informed and sophisticated reconstructions; vicarious experience	in communities of inquiry embedded in communities of practice
Goodness or quality criteria	conventional benchmarks of "rigor": internal and external validity, reliability, and objectivity	conventional benchmarks of "rigor": internal and external validity, reliability, and objectivity	historical situatedness; erosion of ignorance; action stimulus	trustworthiness and authenticity and misapprehensions	congruence of experiential, presentational, propositional and practical knowings; leads to action to transform the world in the service of human flourishing
Voice	"disinterested scientist" as informer of decision makers, policy makers, and change agents	"disinterested scientist" as informer of decision makers, policy makers, and change agents	"transformative intellectual" as advocate and activist	"passionate participant" as facilitator of multi-voice reconstruction	primary voice manifest through aware self-reflective action' secondary voices in illuminating theory, narrative, movement, song, dance and other presentational forms
Training	technical and quantitative; substantive theories	technical, quantitative and qualitative; substantive theories	resocialization; qualitative and quantitative; history; values of altruism and empowerment	resocialization; qualitative and quantitative; history; values of altruism and empowerment	co-researchers are initiated into the inquiry process by facilitator/researcher and learn through active engagement in the process. Facilitator/researcher requires emotional competence, democratic personality and skills
Accommodation	commensurable	commensurable	incommensurable	incommensurable	Incommensurable
Hegemony	in control of publication, funding, promotion, and tenure	in control of publication, funding, promotion, and tenure	seeking recognition and input	seeking recognition and input	emergent and at present essentially countercultural in Western societies

Source: Mouton and Marais (2003).

9. Personal/Individual Construct or Formulated Theory (PCT)

It is worthy to note that George Kelly authored one of the earlier books on this very important topic in the later part of 1955. In the book, his main point of argument was that each individual is a “personal or private scientist”. Thus, his above contention indicates that it might not be the privilege or opportunity of specialist and trained scholar or scientists to extend the frontier of knowledge or fact (established facts, conventions and doctrines), which a researcher might eventually acknowledge, accept and apply, but to a certain extent that all people in normal rational and mental healthiness are able to create knowledge or fact at different points. Individuals are not passive or inert receivers of fact or knowledge, but rather active or dynamic constructors (i.e., self-instructors) and analyzers or interpreters of people experiences or skills. Therefore, information and established facts become modified and pertinent to. They are completely incorporated into people’s practice. With reference to this epistemological doctrine, Kelly came up with his famous personal construct theory based on a fundamental assumption expanded by eleven outcomes.

Nevertheless, Kelly’s epistemological standpoint could be termed as “constructive or positive alternativism”, to be precise, the supposition that peoples’ present interpretations, understanding or constructs of the cosmos needs to be revisited or substituted. realized that this clearly indicates that individuals appreciate themselves as well as their milieu. They also predict expectations and their occurrences, by formulating tentative theories or personal suppositions and thereby analyzing these models alongside individual conditions with regard to whether the forecast and direct influence of occurrences (by mere looking at the models) have been practicalized or not. As a matter of fact, all suppositions are assumptions formulated by individuals; they might be valid and correct at any given instance, although, they might, all of a sudden, be unacceptable and illogical in various unforeseeable circumstances and substituted by an enhanced theory or hypothesis.

Kelly, moreover, is of the view that individuals interpret reality or truth in an endless, countless and unlimited number of several ways. Even though Kelly does not refute the significance of childhood and early day’s experiences and skills or existing environmental constriction, he eventually recommends that it would be more imperative to investigate individuals’ philosophy, opinion and judgement in relation to their existing state of affairs (i.e., their present hypotheses or assumptions structure). He, further, advocates that individuals should not be fascinated by their childhood experiences, skills or be powerless in the midst of existing environmental limitations, except that transformation could happen if they perceive their personal or individual theories and postulations as subject to criticism and not as “purposive or objective reality”.

This study basically concur with Personal Construct Theory in that active investigators or researchers are personal or individual scientists, both with an individual structure of belief (independent outcome) that could be studied by him/herself and by means of others (sociality outcome). Indeed, a collection of accomplished investigators and researchers might be analogous with regards to their formulation and understanding of experience or occurrence (Harmonized or commonality outcome), however, their progressive and theoretical transformation relies on the “permeability” result, i.e. their candidness to adjust and their readiness to explore for invalidating, in addition to validating facts, in their investigation. Conversely, individual’s constructivist perception moreover recognizes peoples’ mind-sets, viewpoint and principles; more willingly than simply a cogent formulating structure in the individual mind. For that reason, this study refers to “theory or concepts” as well as “theorization or conceptions”, instead of “constructs or mind-set”.

10. Conclusions

This article has buttressed that positivism along with non-positivism as ontological viewpoint are incompatible and opposing. It can be concluded that there exist methodological and epistemological repercussions of the ontological split, although, these are rather not quite straightforward compare to the ontological resistance. The article has summarized a number of the implications and consequences of such kind of split as they might occur for research investigation, moral values, politics, and moral principles. Knowing the theoretical and conceptual circumstance of the argument, it is impracticable to “establish and confirm” it incorrect through employing conflicting empirical or experimental data. As a matter of fact it is not possible to subject ontology to scientific or empirical research investigation since any scientific or empirical exploration ought to be rooted on an ontology that could not prove or attest to the fact that it is incorrect as it decides which occurrences could be observed and studied. The key point of argument would lie in the employment of the concepts, ideas, beliefs and notions themselves in a given research investigation.

The dilemma of forbearance among positivist along with non-positivist scholars might therefore have to be looked upon within the background of broadmindedness among positivists as well as non-positivists in broad-spectrum. It can be argued within the spiritual expressions of the label of this article that forbearance

could be interpreted into an essential approach or method. A concise glance at the historical background of religious or spiritual conflicts and the resulting ecumenical activities put forward that harmonious and mutual existence of opposing, conflicting and differing beliefs and ideologies could be probable but rather have a tendency to be awfully delicate. Lastly, it is, moreover, promising if the diverse and opposing parts crave or aspire it profoundly and are willing to accept the other position as perhaps imprudent but justifiable. However, this is subject to discussion and dialogue whether these requirements are fulfilled in present-day study and investigation.

11. Practical Implications

The findings and methodological approach in this research could benefit and contribute to the implication for practice. Similar research of this kind may be replicated in other field of studies within Africa and in other locations in other part of the world. Therefore, this research which examines whether positivist and non-positivist research paradigm in social science research are conflicting paradigms or perfect partners provides the indicators to overhaul or adjust the problem as a whole in order to guard against detected shortcomings.

In other words the lesson learnt would be of considerable value for a more efficient use of either positivist or non-positivist paradigm in social science research. The findings of the research serve as a reference material for future researchers. It will also assist scholars to formulate good research framework and to classify their research within the existing research philosophical foundations. It is suggested that to apply this framework to other field of research other than social science, it would require further investigation, as additional research objectives and questions will emerge on the suitability of the framework to the areas. The methodological approach in this research could be adopted by practitioners or researchers for similar studies in other areas.

12. Future Research Recommendations

This research is absolutely a pioneering research into the application of positivist and non-positivist research paradigm in social science research and to draw conclusion as to the fact that whether they are conflicting paradigms or perfect partners. Further research efforts need to be carried out in other cities of the world, to ascertain the general application of present findings. In addition, there are other modes of research philosophical approaches which were not captured in this article, and they play a significant role in social science research.

A research into these approaches could be very significant. It is therefore important to further ascertain the influences of the phenomena in the fields of natural science, engineering and the likes. From this research, opportunity for further research also exists in using other approaches to analyze ontological belief, epistemological concepts and axiological prepositions. This will reduce the laborious steps involved in understanding the meaning of reality and world view.

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Business Law 360 Degrees

Bridging the Gap between Theory and Practice

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Abstract

Critical thinking and analytical skills are gaining increased recognition as essential contributors to the educational and professional success of today's business students. Paradoxically, researchers have paid selective attention to the development of critical thinking skills within courses on business law, a subject popularly associated with critical thinking. Although limited scholarship has focused on the use of case briefs and mock trial exercises to enhance student critical thinking skills in business law courses, these pedagogical exercises are insufficient for the needs of today's modern business students. Specifically, case briefs and mock trial exercises may fail to address legal issues germane to the business profession. In instances where such exercises do focus directly on business issues, these methods still fall short by placing undue emphasis on the procedural aspects of litigation, leaving students without a proper examination of the issue's larger role within business practice. To ensure today's business graduates are able to effectively tackle diverse and complex legal issues, business law courses must persistently employ new pedagogical approaches to develop comprehensive critical thinking skills. This article will describe one such approach, the Business Law 360° Memorandum, which builds upon and reinforces the need for business students to practically apply analytical and critical thinking skills to legal-business issues that currently beset the business community.

Keywords: business law course, critical thinking, legal analysis

1. Introduction

There is increasing scholarship within the academic community surrounding the best means to effectively develop critical thinking, a cognitive ability that is essential to success in both educational and professional pursuits, in college and university students (Arum & Roksa, 2011; Herbert, 2011; Morgan-Thomas, 2012). Due to the demanding expectations of today's students, AACSB, and the business community, business schools continue to enhance their coverage of integrative topics and explore innovative teaching techniques (Athavale, Davis, & Myring, 2008). For instance, the integrated curriculum, in addition to highlighting the customary goal of knowledge attainment, also stresses the development and growth of skills that are germane to a successful career (Athavale, Davis, & Myring, 2008). Furthermore, empirical evidence within the academic literature demonstrates the importance of infusing critical thinking into curriculum integration (White, 2004; Morgan-Thomas, 2012).

However, researchers have paid only marginal attention to examining the advancement of legal-business problem solving in the context of business law courses, subjects popularly associated with critical thinking. Nevertheless, existing research reflects a general consensus on the need to offer diverse teaching methodologies, such as the utilization of case briefs and mock trial exercises, in order to solidify critical thinking as an integral part of courses in legal studies (Morgan-Thomas, 2012). However, these pedagogical exercises are insufficient for the needs of today's business students, as case briefs and mock trial exercises may fail to adequately address legal issues that business students will encounter as future managers and executives. Even in instances where such exercises focus directly on business issues, these methods nevertheless place undue emphasis on the litigation and procedural law aspects of the dispute. As a result, the mindset that law must be viewed separately from business operations is imprudently reinforced, leaving students incapable of recognizing the role of legal disputes within the overall context of organizational success.

In order to ensure today's business graduates are positioned to effectively tackle the diverse and complex legal issues prevalent in the current business environment, business law courses must persistently employ new pedagogical approaches to develop comprehensive critical thinking skills. This article will describe an assignment for business law courses, the Business Law 360° Memorandum, which builds upon and reinforces the need for business students to apply critical thinking skills to issues that currently plague the business environment.

2. Literature Review

Instruction on business law is an indispensable component of the business school curriculum (Morgan, 2003). As one scholar noted, business law courses highlight the importance of understanding the nuances and subtle differences in the meaning of business documents, as well as teach proper document drafting and review techniques that minimize exposure to potential legal liability (Cooley, 2009). These skills are invaluable today, as the growing complexity of legal regulation has created a de facto need for organizations to include legal thinking at every stage of strategic business planning and decision making (Siedel, 2000). For example, law can be a substantial factor in value creation (DiMatteo, 2010) through the protection of innovation, the enabling of free labor markets, and the efficient regulation of contracts (Bird, 2008). Scholars have argued that law touches nearly every facet of commercial strategy and operations (Siedel, 2000).

In response to the call for greater development of critical thinking in business law courses (Reitzel, 1991; Kubasek, 1998; Prentice, 2001; Asfour, 2009), a variety of teaching methodologies have been adopted to accomplish this goal. For example, the frequently used mock trial exercise has been connected to diverse pedagogical benefits, such as improving critical thinking and analytical skills, facilitating the recognition of cause-and-effect relationships, promoting the long-term retention of course concepts, and providing key knowledge necessary for interactions with in-house and outside legal counsel (Miller, 1987; Karraker, 1993; Lawton & Oswald, 1993). Similarly, under the Langdellian case method, students learn the law by reading court opinions to critically interpret, analyze, synthesize and evaluate patterns of facts, judicial reasoning, legal rules and court holdings (Morgan-Thomas, 2012). While existing research literature demonstrates the benefits to critical thinking afforded by the mock trial and case briefing exercises, there is a debate regarding whether such exercises cause courses in business law to paint an inaccurate picture of the litigation process (Dobray & Steinman, 1993; Leibman, 1994; Lawton, 1997).

For example, students use the Langdellian method to dissect legal case opinions written by appellate judges on specific legal disputes that have been brought before appellate courts. It is through this analytical process that students identify, learn, and classify substantive legal principles (Hammond, 2009). However, a major drawback of the Langdellian method is that it fails to provide students with an accurate context to the legal issues they examine when reading these opinions. As noted by Harner and Rhee (2014), through this method students are improperly exposed to facts and procedures that have been heavily distilled by appellate judges and casebook authors, resulting in snapshots of case opinions that do not remotely resemble actual litigation. Harner and Rhee (2014) further note that students need to think beyond the narrow universe established by appellate decisions, as lawyers are required to "develop facts and construct the case theories, deal with uncertainties, calculate risk and reward, make decisions, and solve problems." While case briefing and mock trials support business law students in developing critical thinking skills, such pedagogical exercises fail to channel students' analytical queries and perceptions in the proper direction.

In response to these shortcomings, business law professors are now making greater use of a diverse range of teaching methods and exercises in the business law classroom. Based on the pedagogical support for student learning through the examination of real-world situations and materials (Smith & Williams, 2008), traditional legal casebooks containing appellate opinions have been largely supplanted by scenarios that mimic real-life deals and documents (Hammond, 2009). For instance, some business law faculty use authentic corporate contracts to describe the process of "thinking like a lawyer" (Warkentine, 2000; Stark, 2004), while other faculty use problem solving and role-playing exercises to facilitate active learning and encourage critical thinking (Goforth, 2000). Likewise, case simulations are used to highlight the uncertainties, tradeoffs and dynamics of complex business transactions and negotiations (Harner & Rhee, 2014), enhancing students' learning of business law by reducing the gap between "business problems" and "legal issues" (Harner & Rhee, 2014). As noted by Siedel (2001), this is absolutely critical, as business students need to learn the legal aspects of business decision-making. By presenting real-world problems from unique angles and perspectives, case simulations hone students' analytical, problem-solving, and decision-making skills (Rakoff & Minow, 2007; Harner & Rhee, 2014). Moreover, unlike the traditional Langdellian case method, these pedagogical exercises are collaborative rather than competitive processes (Hammond, 2009).

Assuming that the majority of business students are less likely to become attorneys and more likely to become managers, executives, and business owners, legal thinking exercises must be appropriately tailored to incorporate legal issues that are directly relevant to a business career. Due to the importance placed upon law by senior managers, who have ranked it as one of the most valuable subjects in the core curriculum (Siedel, 2000), business law students must be able to apply their critical thinking skills and knowledge of the law to practical issues that currently beset the business community. Therefore, it is essential that business law courses continue to supplement instruction on general legal theory with pedagogical exercises that focus analytical thinking skills on critical business issues. Students who acquire such skills will be better positioned to achieve success in the modern business environment (Siedel, 2000). In the next section, I will introduce the components of the Business Law 360° Memorandum, an assignment that can be utilized in business law courses to bridge the gap between legal theory and business practice.

3. Critical Thinking: Bringing Law, Ethics and Business Together

In the Business Law 360° Memorandum, students work in groups to pinpoint, scrutinize, and respond to the legal, ethical, and business implications of a legal problem. Specifically, students are asked to (1) critically evaluate a current legal crisis involving a Fortune 500 company, and (2) produce a legal research memorandum on their findings that demonstrates skills in legal research, concise writing, critical thinking and application of business law principles. Based on the results of their research, students are asked to take on the role of their chosen company's chief decision maker, develop potential courses of action, and conclude with an overall recommendation.

An additional component of this assignment requires students to incorporate at least seven primary sources into their research memorandums. They are given instructions that primary sources can include court cases, state or federal statutes, industry reports, trade journal articles, and company press releases. Students are cautioned and limited in the number of internet sources they may use. This component recognizes the importance of the internet as a research tool, but reinforces the concept that students must also apply critical thinking to the research process itself.

3.1 The Assignment

Once a topic has been selected and approved by the instructor, students are asked to begin their research by exploring the nature of the business, the structure of the organization, and its chief industries. For example, students are asked to locate the jurisdiction where the company is headquartered, and to the best extent possible, identify any partnerships, associations, or joint ventures involving the company. While such questions may seem basic and unnecessary, they are instrumental for identifying potential areas of legal exposure and calculating the jurisdictions where the company may find itself brought into court.

Once students have developed a solid foundation on the company, the pertinent questions that must be addressed within the body of the legal memorandum are addressed in Table 1 below:

Table 1. The pertinent questions

SUBJECT AREA	KEY QUESTION(S)
Legal Analysis	What areas of law are implicated? (ex. tort law, contract law) What major state and federal statutes are involved? (Provide key statute language when necessary) Do these laws imposing conflicting obligations? If litigation exists, is it widespread or localized to the company? Does the company have a compliance and ethics program in place? Has the company previously engaged in similar unlawful practices? Has the government initiated an investigation or indicated a desire to increase legislation and oversight? Does the issue implicate the legal systems of other countries?
Ethical Analysis	What are the major ethical concerns associated with your chosen issue? Is your issue affected by the inconsistency between law and ethics? Is this an emerging or established ethical dilemma? What stakeholders are affected by this issue? Does the company have a social responsibility policy, code of ethics, or media campaign that addresses this issue?

Strategic/Marketing Analysis	<p>How did this issue affect the company's financial and strategic objectives?</p> <p>How well did the company manage the conflict created by the issue?</p> <p>What strategic changes were made? Did the company modify existing strategies or implement new strategies in response?</p> <p>Has this issue led to litigation? If so, did the company fight the lawsuit or settle the case?</p> <p>Did the company cease or transfer business operations to a different geographical location?</p> <p>Did the company institute marketing, production, or quality control changes at the local, regional, or global level?</p> <p>Has the issue led to bad publicity, loss of supplier relationships, or a sharp decline in share prices?</p>
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After examining their chosen legal issue from the perspectives of law, ethics, and business strategy, students are then asked to generate three potential alternatives for effectively addressing the legal crisis. As a supplementary requirement, each independent alternative must be precise, quantifiable, and realistic. By requiring that alternatives be presented in this fashion, students are encouraged to give serious consideration to the diverse and nuanced consequences that are unique to their chosen issue, organization, and industry. Moreover, this level of specificity reduces the temptation students may have to provide alternatives that are generalized and overbroad.

After three precise, quantifiable, and realistic alternatives have been identified, students are asked to identify the alternative that will most effectively (and directly) address the legal crisis at issue. Once a solution has been selected, students are asked to develop an action plan for its implementation within the organization. Specifically, action plans must account for required internal and external organizational changes, as well as provide options for mitigating anticipated resistance from upper management, lower level employees, or company shareholders. Finally, students are asked to identify a time frame for implementing their proposed solution, as well as indicate how the organization will measure the adopted solution's short-term and long-term success.

3.2 The Pedagogy

The overall structure of the Business Law 360° Memorandum assignment is based on the legal problem solving model as described by Nathanson (1989), and incorporates problem identification, factual investigation, identification and assessment of legal issues, advice and decision making, implementation and monitoring. However, this assignment is unique in several key respects. It alleviates some of the burden that business law faculty may experience in feeling obligated to constantly generate new factual scenarios for class exercises and assignments. This assignment puts the student in the research seat, further adding to the learning process. By researching the key facts themselves, students are forced to critically evaluate and navigate through diverse materials and reference sources of uncertain validity. As real-world business decisions are often made based on imperfect information, the research aspect of this assignment closely simulates that uncertainty. Moreover, unlike other business law assignments, the Business Law 360° Memorandum requires students to go beyond the "thinking like a lawyer" mindset and consider legal issues in conjunction with, not apart from, strategic business issues. Instructors may tailor this assignment to fit the needs of undergraduate and graduate courses in business law.

4. Conclusion

In order to meet the ever increasing demands of today's competitive job market, colleges and universities are constantly searching for innovative methods to develop the critical thinking skills of their business graduates. Given the correlation between experience with critical thinking exercises and the improvement of critical thinking abilities, courses in business law are well suited to the interdisciplinary goal of promoting critical thinking. The goal of the Business Law 360° Memorandum is to encourage students to effectively channel and harness their critical thinking skills to better understand how the relationship between law and business affects the broader context of the organization, its industry, and the business community.

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Analysis of Gender and Other Social Dimensions of Household Water Insecurity in Ngamiland, Botswana

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Abstract

This paper analyzes impacts of water insecurity on men, women and children in Botswana, a middle income and semi-arid country. The paper contributes to the burgeoning literature on water security. Households in different settlement categories of Ngamiland, Botswana experience water insecurity. Men, women, girls and children living in water insecurity lifeworlds, play various roles in ensuring household water availability. Women and girls have the greatest agency in ensuring household water availability by spending considerable time transporting water containers loaded on their heads and engaging in rainwater harvesting. Water insecurity negatively affects personal hygiene and gives rise to household interpersonal conflicts. Countries facing water insecurity, e.g. Botswana need to promote research that can inform appropriate water policies, legal frameworks, technologies for water supply and financial mechanisms for enhancing household water security.

Keywords: actors, Botswana, gender, social, water security

1. Introduction

A global water crisis unfolded in the last century as a result of rapid economic development, population growth, urbanization and climate change and variability (Bogardi et al., 2012; Hoff, 2009). While developed countries have been able to put in place measures (i.e., policies, institutions, financial mechanisms and technologies) that help to ensure water security (Grey & Sadoff, 2007; UNDP, 2006); almost all developing countries are being negatively affected by the global water crisis (Lougheed, 2013). This has led to an imbalance in daily water availability per capita for citizens of developed countries, for example: 151 L/day for a citizen of the United States of America (USA); whilst the per capita use for developing countries is 5 L/day (UNDP, 2006). As a result, the 1.1 billion of people lacking adequate clean water are from developing countries (Chamberlain, 2008).

Drinking or use of unsafe water kills an estimated 1.6 million children annually mainly from developing countries as a result of waterborne diseases (Lougheed, 2013). In order to reduce the number of people who die due to lack of access to clean water, the Millennium Development Goal (MDG) 7, target 10 aims at halving the proportion of people without reliable access to safe drinking water and basic sanitation by 2015 (UN, 2013). Access to clean water, in this context, means that the improved source (i.e. household connection, public standpipe, borehole, protected dug well, protected spring or rainwater) is less than 1 km away from its place of use and that it is possible to reliably obtain at least 20 L per member of the household per day (WHO, 2013). While households in some African countries have improved water sources, they do not always have access to water from such sources (UN, 2013). This forces such households to resort to using untreated water sources (Kujinga, Vanderpost, Mmopelwa, & Wolski, 2014; Manzungu & Chioreso, 2012a; Manzungu, Mangwanya, & Dzingirai, 2012). This has been the case even in countries classified as middle income (e.g., Botswana, South Africa and Jordan) (UNDP, 2013). In Botswana, statistics suggest that 97% of the population has access to clean water through improved sources (Jefferies & Kenewondo, 2013). This figure however, only considers the presence of improved sources and does not consider reliability of water supply. These statistics mask the contradictory reality associated with access to water as it is in real life (Kgomotso & Swatuk, 2006). It therefore becomes imperative to understand these realities empirically.

Women, girls and children in developing countries constitute two thirds of the millions of people who currently struggle on a daily basis to locate and transport water for drinking, cooking and washing needs (Lougheed, 2013). In sub-Saharan Africa, e.g., women spend 40 billion hours per year collecting water and therefore have less time to fulfill all their domestic responsibilities, engage in money-making activities, participate in politics or other public activities, attend school, acquire other skills, or simply rest (UNFPA, 2009). Girls are sometimes kept home from school to help fetch water, thereby perpetuating the cycle of disempowerment. The high prevalence of diseases such as malaria, HIV and AIDS in Africa, increases the burden on women as they are the ones who have to fetch water for the sick (Omari, 2010).

This paper analyzes impacts of water insecurity in Botswana, a middle income and semi-arid country. The analysis focuses on gender i.e. women and girls who physically bear the brunt of water insecurity through spending prolonged periods of time fetching water which they carry in containers loaded on their heads. In addition there are other social dimensions: use of various assets, rainwater harvesting, personal hygiene and the inter-personal politics of fetching water from neighbour's standpipes. The paper also contributes to literature on water security and hopes to influence the development of policies and strategies which enhance water security by governments of developing countries such as Botswana.

2. Analytical Framework

Gender and other social dimensions of water insecurity experienced by households in various settlement categories of Ngamiland are analysed using the actor-oriented approach (Long, 1988, 1992; Long & van der Ploeg, 1989b; Long & Van der Ploeg, 1994) and the concept of water security (Cook & Bakker, 2012; Grey & Sadoff, 2007; GWP, 2000; Lautze & Manthrilake, 2012; Vörösmarty et al., 2010). 'Security' here refers to freedom or protection from serious risks and any threats to human well-being (Soroos, 1994). Water security thus, entails protection from the risk of water shortages, waterborne disease due to poor water quality and death. Water security refers to the availability of, and access to water in sufficient quantity and quality to meet livelihood needs of all households throughout the year (GWP, 2000). Water insecurity refers to unavailability and inaccessibility of enough water of good quality to meet households' domestic, productive and environmental needs (Webb & Iskandarani, 1998).

The entry point in an actor-oriented analysis, is the social actor which is a social and cultural construction referring to individuals, households, groups and institutions (i.e. government ministries and departments, water supply institutions and NGOs) performing an action (Magadlela, 2000). In the scenario of this paper, social actors are households, and individuals within households, who are negatively affected by water insecurity and who take active roles in ensuring household water availability. The analysis of gender and associated social dimensions of household water insecurity, using the actor-oriented approach, facilitates the identification of the involved actors, their interests, objectives and organising strategies (Magadlela, 2000). A 'household' refers to a social institution of two or more people (not necessarily permanent), whose primary feature is co-residence, eating and pooling of resources together with their involvement in the provision of essential resources required for a living (Beall & Kanji, 1999; Rakodi, 1991; UN, 1976).

The reality of water insecurity enters the lifeworld of actors (Long, 1990b). A 'lifeworld' refers to how the actors in a particular physical, social, political and economic context view themselves and their situation, their everyday lives and encompasses how they view the outside world and interpret new innovations using the conceptual tools acquired in their own world view (Long, 1990a; Magadlela, 2000). A lifeworld includes: gender roles, social relations and expectations (in this instance: for women to fetch water for household use).

Where households face water shortages and unavailability, women and men have the agency to take an active role in ensuring household water availability by going to other sources using various types of household assets. This is 'human agency', which attributes to the actor/s the capacity to process social experience and to devise ways of coping with life, even under difficult conditions (Long, 1992). Household members may take active roles in enhancing household water availability during shortages. This paper analyses the agency of men and women in Ngamiland as they strive to ensure household water availability in the context of water insecurity. It also identifies limitations to their agency.

Adult men and women and children from the same or different households can adopt heterogeneous strategies for ensuring household water availability. The concept of heterogeneity helps to analyse the numerous strategies adopted by men and women within the same or different households and settlements in order to ensure water availability at the household level (Long & Villarreal, 1994). The responses of actors may differ even when they are exposed to similar situations, as in the conditions that appear to be relatively homogenous such as those influenced by water insecurity (Long, 1990a). Responses of the actors will be as a result of the assets, income

and networks they have.

In the process of endeavoring to ensure household water security, individual actors from different households can create beneficial networks based on other actor's assets. For example, negotiating the use of donkey drawn carts or vehicles used to fetch water. Any network is a more or less homogenous set of ties between and among actors. These networks, are not always horizontal or balanced, a network may be asymmetrical, unbalanced and is sometimes more like client-patron relations (Tilly, 1995).

3. Materials and Methods

3.1 Study area

The study sites are located in the North-West District (also known as Ngamiland) of Botswana (Figure 1) which has a population of 158,104 (Central Statistical Office, 2011a). The district is under the administration of the North West District Council (NWDC) which is sub-divided into Maun and Okavango sub-district authorities, administered from Maun and Gumare respectively. The district's main administrative center is Maun Village which has a population of 60,263 (Central Statistical Office, 2011a).

The Okavango River is part of a river basin shared by Angola, Botswana and Namibia, and is the main physical feature in the district (Figure 1). This Okavango River in Botswana forms a large, delta-like feature (actually an alluvial fan) which is a World Heritage site, known as the Okavango Delta (McCarthy & Ellery, 1998).

Tourism and livestock rearing are the main commercial activities in the district (Motsholapheko, Kgathi, & Vanderpost, 2010). Ngamiland has a poverty rate of 37.6% as opposed to the national rate of 20.7% and 15.3% of the economically active population is unemployed (African Economic Outlook, 2013; Central Statistical Office, 2011b, 2011c). The high poverty and unemployment levels in the district do not sit well with the classification of Botswana as an upper middle income country (UNDP, 2013). In addition the district had an HIV and AIDS prevalence of 27.3% in 2007 (MFD, 2007).

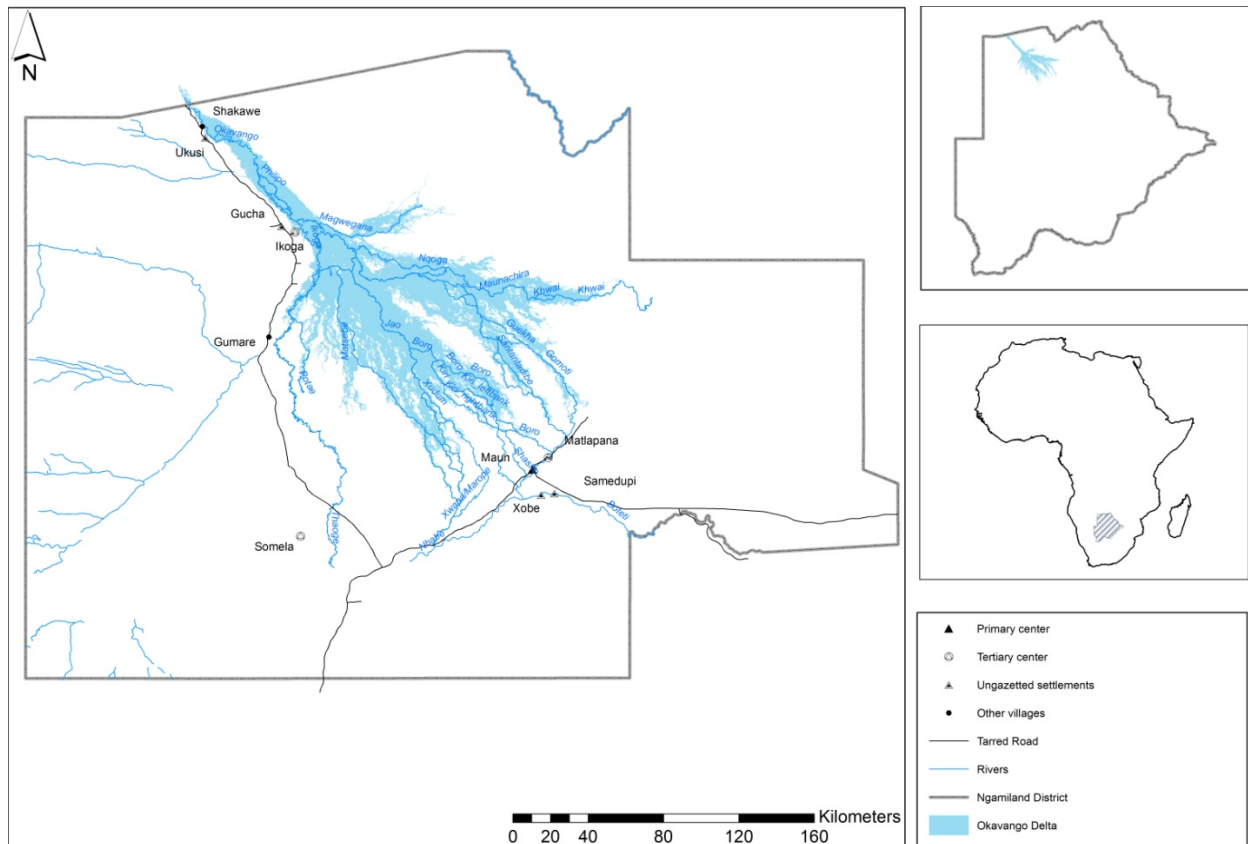


Figure 1. Study sites in Ngamiland District

The study was undertaken in gazetted and ungazetted settlements of Ngamiland (Government of Botswana,

2009). Gazetted settlements are formal settlements which receive services such as water supply, roads, schools, health and police. Entitlement to the provision of these services is based on population size, economic potential, employment generation, natural resources availability such as water for sustaining the settlement (Government of Botswana, 1998). Three levels make up gazetted settlements, i.e. primary, secondary and tertiary centers (Government of Botswana, 1998).

Primary centers have a minimum population size of 20,000, with a high development potential, a sound industrial base to serve as national market centers and high order infrastructure services (Government of Botswana, 1998). These are subdivided into I, II and III. Primary centers I, are cities (e.g. Gaborone) with a population of at least 100,000. Primary centers II, have a population range of 50,000 – 99,999 and primary centers III, have a population range of 20,000 – 49,999 and are referred to as large Villages: e.g. Maun Village in Ngamiland.

Secondary centers have a population range of 10,000-19,999 and may have a weak economic base but play a key role as district or sub-district headquarters such as Gumare (Government of Botswana, 1998).

Tertiary center settlements (sub-divided into I – IV) have population ranging from 250 – 9,999 (Government of Botswana, 1998). These have the following population ranges:

Tertiary centers I, 5,000 – 9,999.

Tertiary centers II, 1,000 – 4,999.

Tertiary centers III, 500 - 999.

Tertiary centers IV, 250 – 499.

Ngamiland does not have any category I tertiary centers, only categories II – IV are found in the district.

Ungazetted settlements are informal with population of less than 250 people. They do not have legal entitlement to vital social services delivery (Kgomotso & Swatuk, 2006).

3.2 Water Supply Services

The Water Utilities Corporation (WUC), Department of Water Affairs (DWA) and District Councils (DCs) were responsible for domestic water supply in Botswana until the 31st of March 2013. WUC supplied water to urban centers, DWA to major villages and DCs to small/medium rural villages (Swatuk & Kgomotso, 2007). This arrangement created poor coordination amongst the institutions involved (Government of Botswana, 2009). Under the water sector reforms, which commenced in 2009, WUC supplies and distributes water to all settlements in Botswana. The WUC took over water supply and distribution to all settlements in Ngamiland on the 1st of April 2013.

3.3 Data Collection Methods

Data were collected using qualitative and quantitative methods between February 2012 and March 2014. Qualitative methods gathered data on meanings, opinions, feelings and perceptions regarding gender and other social dimensions of water insecurity. These were not experimentally examined or measured in terms of quantity, amount, intensity or frequency (Neuman, 2000; Schwandt, 1994). Qualitative methods enabled the researchers to interact closely with the actors, i.e. households, men, women and children from settlements affected by water insecurity. The methods used include key informant interviews, participant observation, unstructured/informal interviews and focus group discussions (FGDs). Key informants included village development committee members, ward councilors, traditional leaders and relevant officials from the WUC, NWDC and DWA. The FGDs were conducted with ordinary community members. Participant observation was done in all the settlements where one of the researchers spent some time. The researcher resided in Matlapana for three years, a settlement affected by water shortages. Qualitative data collected include factors behind water insecurity, household responses to water insecurity, fetching of water by gender during periods of water insecurity, assets used to fetch water, rainwater harvesting practice, bulk water supply and water conflicts.

Quantitative data collection was carried out through the use of a structured household questionnaire between May and August 2012. This was used to collect information on general household characteristics i.e. gender and age of households heads, number of household members and income, household water sources, amount of water used for a variety of activities and at different times (i.e. day, month and year), extent of water insecurity in each settlement, how water insecurity impact on men, women and children and assets used to fetch water during periods of water insecurity.

3.4 Sampling

The study was undertaken in 8 purposively sampled sites. The settlements were purposively sampled for various reasons (Table 1).

Table 1. Purposively sampled settlements

Settlement	Settlement category	Location in relation to Maun Village	Reasons for purposive sampling
Maun Village	Primary center III		The only primary center settlement in Ngamiland where water insecurity has been experienced by households for years.
Matlapana	Tertiary center II	10 km NE of Maun	A settlement where water insecurity has been experienced by households for a number of years. Purposively sampled because one of the researchers lived in this settlement for 3 years undertaking participatory observation.
Ikoga	Tertiary center III	315 km NW of Maun	Sampled to understand water insecurity in a gazetted settlement that gets water supply from a surface water treatment plant.
Somelo	Tertiary center IV	70 km SW of Maun	A gazetted settlement which last received reliable water supply services in 2009 when its source located almost 40 km was submerged by floods. Groundwater resources in the settlement are saline and therefore unfit for domestic use.
Gucha	Ungazetted	320 km NW of Maun	A settlement that has a water supply transmission line passing through it but not receiving water supply services. Households are located further away from perennial water sources.
Ukusi	Ungazetted	370 km NW of Maun	A settlement receiving water supply services despite its status.
Samedupi	Ungazetted	15-20 km S of Maun	Settlements located close to a perennial surface water source. Situated close to Maun, but do not receive water supply services because of their status.
Xobe	Ungazetted		

A 30% household sample size in all the settlements was adopted (see Table 2) using population information obtained from the Central Statistics Office, NWDC and local village leadership. Households in each settlement were listed and each (household) was assigned a number and a random number generator selected households for the survey. Trained enumerators administered questionnaires to household members from the age of 15. Sixty-two percent (62%) of the respondents were women with information on household water issues. A total of 554 questionnaires were administered.

Table 2. Sample sizes by settlement

Settlement	Settlement category	Population size (2011)	Total number of households listed	Number of households sampled
Maun	Primary Center III	4,105 ¹	933	295
Matlapana	Tertiary center II	1,449	329	99
Ikoga	Tertiary center III	673	153	46
Somelo	Tertiary center IV	600	41	41
Gucha	Ungazetted	88	20	20
Samedupi	Ungazetted	286	65	20
Ukusi	Ungazetted	261	60	19
Xobe	Ungazetted	260	60	20
Total		7,722	1571	554

¹ This is the population of Boyei and Wenela wards.

Participants for FGDs were randomly picked from male and female headed households from different areas of each settlement. At least one FGD was held in each study settlement and attended by at least 16 participants.

Key informants were purposively sampled from DWA, WUC, NWDC and from community leaders such as councilors, traditional chiefs and village development committees.

3.5 Data Analysis

Quantitative data collected through the use of a structured household survey questionnaire were analyzed using the Statistical Package for Social Sciences (SPSS) version 21. Variables which include settlement category, settlement, household, income and main sources of water and gender were used as independent variables in the analysis. Kruskal-Wallis 1-way ANOVA, a non-parametric test was used in the analysis since the data were not normally distributed. The test was used to determine differences between attributes of non-parametric variables. The Pearson’s chi-square test was used to determine association between variables, which include monthly income and settlement, settlement and type of main water sources, water insecurity and sourcing of untreated water, water insecurity and use of different assets, water insecurity and fetching of water by either men or women, water insecurity and the practice of rainwater harvesting by gender and water insecurity and inter-personal conflicts over water within households.

Data from FGDs, key informant interviews and participant observation were categorized into broad themes of socio-economic background of households, water sources, household water insecurity, responses to water insecurity by gender and social relationships during times of water insecurity.

4. Results and Analysis

4.1 Socio-Economic Background of Households

Fifty-three percent (53%) of the households across all the study settlements are female headed while 47% are male headed. The average household size across all the studied settlements is 5.9 as opposed to 4.4 for Ngamiland District (Central Statistical Office, 2011a). There is no statistical association between gender of household head and size. Each household uses an average of 69 liters (or 11.6 L per person) of water per day during periods of water insecurity security while an average of 250 L (or 56 L per person) is used when it is readily available.

In terms of monthly household income, there is a statistical association between settlement and income (Pearson’s chi-square = degrees of freedom = 35, $p=0.000$), significant at 5% level. Gazetted settlements (e.g. Maun and Matlapana) households have relatively higher incomes compared to ungazetted settlements which have lower monthly incomes (Figure 2). However, there is no statistical association between gender of household head and income.

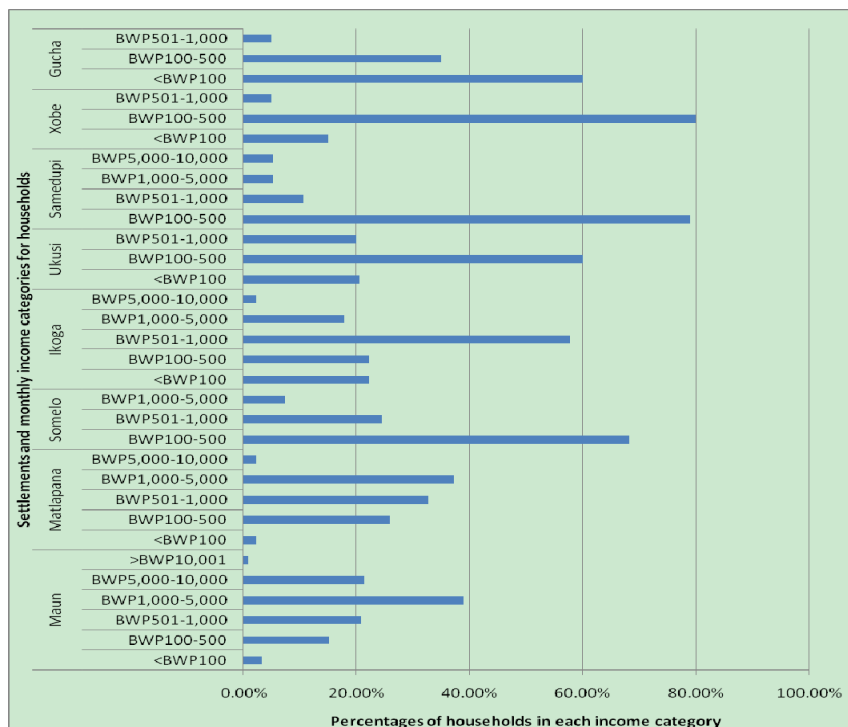


Figure 2. Household income (Note 1)

The generally low incomes in the district is in stark contrast to the classification of Botswana as an upper middle income country whose per capita income is pegged at USD13,102 (UNDP, 2013).

Some of the households possess assets such as vehicles and donkey drawn carts used for fetching water. There are statistical differences between the various settlements in terms of ownership of light vehicles used for fetching water (Kruskal-Wallis 1_way ANOVA test = $p=0.000$, significant at 5% level). Nine percent (9%) of the households have access to vehicles from other households. Twenty-six percent (26%) of households across all the settlement categories own motor vehicles. In terms of ownership of donkey drawn carts, 16% of households own these assets while 17% have access to donkey drawn carts owned by other households.

4.2 Government of Botswana's role in Household Water Supply

Botswana has improved water sources coverage for 97% of the population (UNICEF/WHO, 2008). Successive governments of Botswana have pursued policies of planned intervention by installing improved water sources in gazetted settlements (Long & Villarreal, 1994). Women and girls at FGDs from gazetted settlements, emphasized that whenever water supply is available, they do not have to walk longer distances to fetch water.

Eighty-eight percent (88%) of Ngamiland's gazetted settlement households access water from improved sources whenever supply is available (Figure 2). There is a statistical association between settlement category and type of main water sources used by households (Pearson's chi-square = degrees of freedom = 42, $p=0.000$), significant at 5% level. Improved water sources in gazetted villages include: public standpipes (23.1%), standpipes in yard outside the house (46.8%), standpipes inside the house (10.8%) and neighbour's standpipes (7.2%) (Figure 3). Households accessing water from untreated sources (12%) are mainly from ungazetted villages.

The Okavango Sub-district Authority supplied water to 20 ungazetted villages (e.g. Ukusi) located along water transmission lines. Political leadership in the area pressurized the sub-district authority in the 1990s to do so, since their connection did not involve much financial investments. After the connection of the 20 ungazetted settlements, more such settlements (e.g. Gucha) mushroomed along water transmission lines anticipating water supply. This prompted the sub-district authority to stop connecting such settlements for water supply to discourage their mushrooming. The WUC has continued supplying the 20 ungazetted settlements with water.

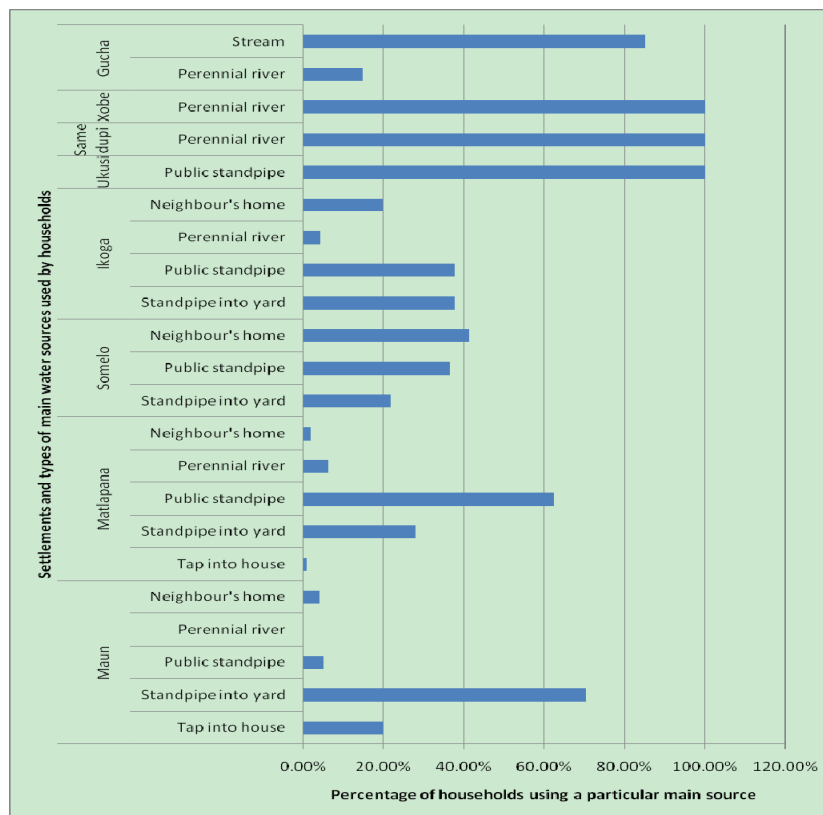


Figure 3. Main water sources for households

Maintaining the functionality of public standpipes is a challenge across all settlement categories (Table 3).

Table 3. State of public standpipes by settlement

Village	Number of public standpipes	Functional standpipes	Non-functional public standpipes
Ikoga	9	4	5
Maun	10	1	9
	3	1	2
Matlapana	10	2	6
Somelo	3	1	2

DWA and NWDC officials accused residents of damaging public standpipes and expect them to be repaired by their service provider. Maun residents said that the DWA closed down public standpipes as a way of forcing households to invest in private standpipes. In February 2014, an official of the WUC told a meeting of residents in Matlapana that the Corporation has plans to install pre-paid public standpipes which do not have taps that are easily damaged by either people or livestock. Households will be accessing water using pre-paid cards.

4.3 Household Water Insecurity

Water security is regarded by households as the presence of improved sources, and availability and accessibility of good quality water from such sources all the times. Water insecurity is viewed as unavailability of water from improved sources for 1 hour to years and availability of bad quality water, i.e. discolored, bad smell or with sediments. Ungazetted settlement households further regard water insecurity as the lack of improved water supply sources and services in their areas.

Sixty percent (60%) of the households across all the settlement categories highlighted that between 2005 and 2011 they faced serious episodes of water insecurity. There are no significant statistical differences between male and female headed households and water shortages experienced. The situation worsened as 74% of households across all the settlements faced water shortages 12 months preceding the survey. Thirty-three percent (33%) of the households had no water supply within the previous 24 hours of the survey and 32% did not have water supply at the time of the survey.

In March 2011, residents of Maun demonstrated over poor water supply and quality at the DWA offices. During the demonstration, a petition was presented to the District Commissioner who was requested to pass it on to the Minister of Minerals, Energy and Water Resources. The petition implored the Minister to intervene as residents were going for up to a month without water since 2000. No formal communication came back from the Minister and no improvement in water supply was immediately experienced.

Households (100%) from Matlapana and Somelo last received water supply services in 2009. On the hand, households in Maun could go for a month without water supply. All (100%) of households from Gucha, Samedupi and Xobe said that they have always lived in a lifeworld of water insecurity since they use untreated water for domestic purposes. They share their water sources with domestic and wild animals that pollute the water through their droppings.

4.3.1 Response to Household Water Insecurity

There is a statistical association between water insecurity and accessing untreated water by households across all the different settlement categories (Pearson's chi-square, degrees of freedom = 7, $p=0.000$), significant at 5% level. Household from Maun Village (35%), Matlapana (96%) and Ikoga (93%) regularly access untreated water whenever they experience water supply shortages. Matlapana and Maun households access water from Thamalakane River while Ikoga Village households do so from Ikoga River.

Households from Samedupi (100%) and Xobe (100%) access untreated water from Boteti River while those from Gucha (100%) from Kwenookore stream. The Boteti River is perennial but dries up during other years, e.g. between 1987 and 2006. During this period household members from Samedupi and Xobe dug unprotected wells in the floodplain from where they accessed water for domestic purposes.

4.4 Fetching Water during Periods of Water Insecurity

Women and girls (10 years and above) (96%) across all the different settlement categories, are responsible for ensuring household water availability. Participants at FGDs and informal interviews said that the majority of men see their main duty as that of taking care of livestock while women do other duties which include fetching

water. Chi-square test of independence shows that there is strong association (degrees of freedom = 7, $p=0.000$, significant 5% level) between water shortages and male household members who do not want to assist in fetching water.

However, changing circumstances within the lifeworld of households in different settlement categories is driving some of the men to become active actors in the provision of water during periods of water insecurity. In Somelo, where water insecurity has been acute, all (100%) of the able bodied men participate in fetching water. In 27% of the households across different settlement categories, male members assist women in fetching water. Such men realise that their assistance is crucial given the multiplicity of tasks that have to be performed by women on a single day such as cooking, general cleaning, fetching firewood and doing laundry. However, men prefer to use assets such as donkey drawn carts and vehicles which do not cause much physical strain on them when fetching water.

4.4.1 Time Taken to Fetch Water

There are significant differences between different settlements and the average time women spent fetching water during periods of insecurity (e.g. shortages) (Table 4). Women from ungazetted settlement take 1:3 as much time as those from gazetted settlements fetching water from untreated sources. Women from gazetted settlements households spend an average of 68 minutes per trip (i.e. Maun, 83, Matlapana, 56 and Ikoga 60 minutes respectively). Women from ungazetted settlements spend an average of 91 minutes per trip fetching water. As a result of the time taken to fetch water by women, they encounter difficulties in balancing time for children and biological needs of their spouses.

Table 4. Time taken by women to fetch water (Kruskal-Wallis 1-Way ANOVA test)

Village to village relationship	Significance level
Matlapana-Ikoga	0.000**
Matlapana-Xobe	0.000**
Matlapana-Samedupi	0.000**
Matlapana-Maun	0.000**
Matlapana-Gucha	0.000**
Matlapana- Ukusi	0.264
Ikoga-Xobe	0.082
Ikoga- Samedupi	0.000**
Ikoga-Maun	0.000**
Ikoga-Gucha	0.000**
Ikoga-Ukusi	0.000**
Xobe-Samedupi	0.556
Xobe-Maun	0.000**
Xobe-Gucha	0.000**
Xobe- Ukusi	0.000**
Samedupi- Maun	0.004*
Samedupi – Gucha	0.000**
Samedupi-Ukusi	0.000**
Maun-Gucha	0.005*
Maun-Ukusi	0.000**
Gucha-Ukusi	0.478

**Highly significant at $p=0.000$

*Significant at $p=0.05$

In order to minimize the number of trips per day, all able bodied adult female members and children of households go to fetch water using containers of various sizes. The majority (78%) of the women fetch water two times a day, early in the morning and late in the afternoon or evening. School going children usually fetch water once after school and at least two times a day during weekends and holidays.

Some women from households in Maun prefer fetching water from the river despite the fact that storage tanks were put up by DWA in their areas. This is, because of the time spent queuing for water as it takes 7:21 minutes to fill one 20 L container at some of the storage tanks. There could be more than 80 containers to be filled. A number of women leave their containers in the queue and request someone to push them forward while they go back home to do other domestic duties.

In Somelo village, women and men usually wait for the water tanker to deliver freshwater from Maun which is off loaded in the village's 20 m³ tank. The water is accessed through public and private standpipes. Pressure of the water from the functional public standpipe is usually low as one 20 L container can take up to 6 minutes to fill up. Each household could come to the public standpipe with up to 10 x 20 L containers resulting in people queuing for more than 3 hours and others failing to get the water as it get finished quickly.

4.4.2 Assets Used by Different Gender Groups to Fetch Water

Water insecurity generates differential patterns of responses (heterogeneity) in terms of the assets used to transport water by men and women based on gender and socio-economic status (Long & Van der Ploeg, 1994). The most common assets used by women, girls and children when fetching water are 20 L or 25L plastic containers. Men usually use donkey drawn carts while households which are economically well off, use light vehicles.

4.4.2.1 Head Loading Water Filled Containers

Carrying water on the head using containers is an arduous task which takes up considerable time and energy. There is a statistical association between water shortages and the use of 20 L plastic containers by women and girls to fetch water (Pearson's chi-square test, degrees of freedom = 4, $p=0.002$), significant at 5% level. However, there is no statistical association between children aged between 5 and 11 and the use of any particular types of containers used for fetching water. This age group uses an assortment of containers ranging from 2 L to 10 L.

Women from different settlement categories complain of head loading water containers as this results in pain around the neck and back. The situation is exacerbated when one is pregnant or carrying a child on the back. The majority of women at FGDs highlighted that they always feel physical pain associated with head loading of water but they do not have any option as they are expected to fetch water.

4.4.2.2 Use of Donkey Drawn Carts

Kruskal Wallis 1-Way ANOVA test shows that there are highly significant differences ($p=0.000$, significant at 5% level) between households owning donkey-drawn carts used for fetching water and those without, across the different settlement categories. Donkey drawn carts are used by male members of households from the age of 15 from Gucha (20%), Ukusi, Maun (4%), Matlapana (25%), Xobe (35%), Samedupi (35%), Ikoga (18%) and Somelo (27%) to fetch water from different sources during times of water insecurity or where there are no supply services. The use of donkey drawn carts allows the transportation of 0.5 m³ of water or more on a single trip. Some of the households (17%) without donkey drawn carts either hire or borrow from those who own them to enable them to transport water.

Water transported by a donkey drawn cart can last the household for more days, depending on household size and uses, than the one collected by head loading. This relieves pressure on women from making many trips to various water sources on a daily basis. One male household head in Gucha can transport 0.4 m³ of water on a single trip from a neighbouring village situated 5 km away. However, whenever the cart breaks down, the wife walks 4 km to a nearby stream to fetch water using a 20 L container with a child strapped on the back.

4.4.2.3 Use of Light Vehicles

Sixteen percent (16%) (i.e. Maun, 12% and Matlapana, 2% in and 1% in Samedupi, and Somelo respectively) of households across all the settlement categories use light vehicles during periods of water shortages to transport water in small containers from areas where it is available. There is also a statistical association between households using light vehicles to fetch water and monthly income (Pearson's chi-square test, degrees of freedom = 5, $p=0.000$), significant at 5% level. Eighty-percent of households using light vehicles have monthly incomes of BWP5000 and above.

Informal interviews and FGDs revealed that male members of households prefer to fetch water using vehicles as it is easier than using a single container carried over a certain distance. They refrain from fetching water whenever light vehicles used are not available for the task. In such cases, female members of households are compelled to use containers to fetch water from other sources.

4.4.2.4 Bulk Water Supply and Buying

Water shortages in Maun and Matlapana resulted in the formation of a bulk water supply and buying market. Direct observation and informal interviews conducted with bulk water suppliers, revealed that the market emerged around 2000. Water is supplied to households, business premises and educational institutions which can afford the charges that are much higher than WUC charges (e.g. BWP150 for 2.5 m³, BWP300 for 5 m³ and

BWP600 for 10 m³). The suppliers abstract water from Thamalakane River, private boreholes or buy from WUC and then put a markup. Trucks which carry storage tanks ranging from 2.5 m³ to 10 m³ are used to transport the water.

The businesses of bulk water supply are all owned and run by men as well as the deliveries. Women interviewed said that they have never considered venturing into this business. Men are preferred to drive the trucks and operate the water pumps because they have the requisite driving licenses for the trucks used and are seen as able to cope with the physical demands of such a job as deliveries can be done during the day, at night, weekends and public holidays.

Both male and female headed households which are economically well off and who prefer bulk water, buy it. Households which buy 5 m³ are able to last for more than a month with this water. In such cases, female members of the households do not have to go and fetch water elsewhere using containers.

4.4.2.5 Rainwater Harvesting

Sixty-three (63%) of households across the different settlement categories practice rainwater harvesting. There is a statistical association between water insecurity and rainwater harvesting (Pearson's chi-square test, degrees of freedom = 7, $p=0.001$), significant at 5% level. Traditional rainwater harvesting, using open containers ranging in sizes from 20 L to 210 L are placed below the rooftops during the rainy season, is mainly practiced by women in 58% of the households. This technique is preferred by 100% of women because it is simple and there are not much costs involved. Through this activity, women are able to reduce the number of trips to other water sources. If a household is able to harvest 0.5 m³ of water, this can result in this water being used for a number of days depending on the size of the household and amounts used for different activities. One household in Matlapana reported harvesting more than 200 L from a single heavy rainy event. The majority (89%) of households harvesting rainwater view its quality (i.e. in terms of taste and color) as better compared to that from untreated sources and improved sources.

Direct observation and case studies revealed that men in Maun, Matlapana, Somelo and Ikoga assist women in rainwater harvesting by designing improvised rainwater harvesting systems from rooftops into storage tanks ranging from 0.210 m³ - 0.5 m³. Water from the rooftops is channeled through polythene or polyvinyl chloride (pvc) pipes.

Five percent (5%) of households across the different settlement categories practice rainwater harvesting using proper equipment. These are mostly from Wenela ward in Maun and those residing in government houses at health centers and schools in gazetted settlements. The houses are fitted with gutters which channel water into 5 m³ or 10 m³ storage tanks. Some of the households are able to use the water until the next rainy season since they only use the water when there is no supply from their main sources. The households are not worried by the fact that the quality of the water degenerates with time.

4.5 Water Insecurity and Personal Hygiene

Individual actors from different households value personal hygiene especially bathing but this is usually negatively affected by lack of/less water. This results in household members, both men and women, reducing the frequency of bathing, amount of water used for bathing or do not bath at all. In 72% of the households, water availability determines whether household members have to bath. There is a statistical association between water availability in the household and bathing (Pearson's chi-square, degree of freedom = 7, $p=0.000$), significant at 5% level. Kruskal Wallis 1-Way ANOVA test shows that there are significant differences ($p=0.000$) in the amount of water used by household members to bath between different settlement categories of Ngamiland when there are water shortages.

Seventy-one percent (71%) of the women and 57% of the men across the different settlement categories prefer to bath two times a day when water is readily available. However, when water insecurity persists, they all bath once a day. In some instances, bathing is skipped for between one day and 5 or more days especially by male members of households.

Women (100%) feel that they are more disadvantaged by water insecurity more than men. While men can go for a longer time without bathing, it creates serious challenges for them due to the fact that they experience monthly menstrual periods which creates the need for them to bath regularly.

4.6 Social Relationships during Times of Water Security Problems

4.6.1 Inter-Personal Conflicts over Water

Participants at FGDs and informal interviews revealed that household members across all the different settlement

categories experience conflicts over the use of water stored in households during times of water shortages. There is a statistical association between water shortages and misunderstandings between and among household members (Pearson's chi-square test, degrees of freedom = 7, $p=0.000$) highly significant at 5% level. Across all the settlement categories, 61% of the households' members have misunderstandings related to water usage, amount used and purpose of use. Most of the conflicts are verbal in nature.

In Somelo village there is usually a lot of pressure on the functional public standpipe and households cannot agree on how many containers each person should fill up before giving others a chance. Most households go to the standpipes with as many as 11 containers resulting in some households failing to get water. Those at the back of the queue usually complain that they would be denied water since it gets finished before they can fetch any.

Health personnel in Somelo used to allow households to fetch water from a standpipe within the health post premises but this changed in May 2014 when households were denied access. Households were told that they were damaging the standpipe just like they destroyed their standpipes. The move angered the households who called for a meeting which was addressed by the traditional leader of the area. The households told health post personnel that the water and the standpipe was theirs and they should not be denied access. They further threatened the health post personnel with expulsion from the village if they continued denying them access to the standpipe. The threats did not yield any changes from the health post personnel. However, whenever other health post personnel are not present, the security guard who is from Somelo, allows members of households to fetch water from the standpipe.

4.7 Fetching Water from Neighbour's Standpipes

Some private properties in Maun and Ikoga always have water available from their standpipes when others do not have any. Ikoga village has one residential property which always has water available during times of shortages. Other households were allowed to fetch water from this private standpipe during periods of water shortages. Until January 2014, owners of this property paid a fixed monthly fee of BWP5.75 because the standpipe did not have a meter. In February 2014, WUC installed a meter on the standpipe and this resulted in the household denying other households access to their standpipe fearing high water charges. As a result some of the households secretly fetch water at night when the owners are indoors or asleep.

Some households in Maun which always have uninterrupted water supply, while other households would be experiencing shortages assist those experiencing acute shortages. In one case, a property with continuous water supply is inhabited by women who are mostly into commercial sex work. As a result some men go to this property pretending to be fetching water but in actual fact seeking services of the women. Some of the households with standpipes with continuous water supply in Maun charge BWP5 for each 20 L container filled with water from their standpipes.

Water shortages in Somelo led to the sexual exploitation of women in 2011 and 2012. This was as a result of men from a mineral prospecting company based closer to the village that had water brought for them by a water tanker. Some women and girls from the village in dire need of water fell vulnerable to the men who lured them into sexual relationships in exchange of water.

5. Discussion

The greatest global development failure by the international community in the 20th century which has spilled over into the 21st Century, is the inability to provide clean and safe water to all as 1.1 billion people are water insecure (Onda, LoBuglio, & Bartram, 2012). Factors behind global water insecurity include rapid population growth, rural-urban migration, increased per-capita water use, pollution of water resources, over-abstraction of groundwater, poor water governance and climate change and variability (Jones, Vardanian, & Hakopian, 2009; Vörösmarty et al., 2010). Ineffective water governance could be the major contributor to global water insecurity because of lack of resilient institutions, collaborative efforts and sound capacity at all levels to manage scarcity and water related risks (such as floods and natural disasters) in developing countries (Harris, Goldin, & Sneddon, 2013). Countries facing water insecurity need to put in place policies and institutions that promote good water governance with the capacity to implement programmes that ensure water security.

Though countries such as Botswana, South Africa and Namibia pursued policies of planned intervention which resulted in the provision of improved water sources (Long & van der Ploeg, 1989a), in some instances, as in Ngamiland, households do not always have reliable water supply from such sources. Information on access to water in some developing countries masks the reality of water security at the local level. Data is mostly given in relation to the physical infrastructure installed and not about its functionality, e.g. in Botswana, 97% of the population has access to improved water sources, but in Ngamiland, 74% of households are encountering water

insecurity. In South Africa, 95% of the population has improved water sources but this does not entail access to clean water (Rademeyer, 2013). Demonstrations against poor service delivery, including poor water supply in urban centers in recent years in South Africa points to water insecurity (Rademeyer, 2013). In Jordan, 97% of the population has access to improved water sources, but this does not always guarantee access to water as the country is water scarce (Hadadin, Qaqish, Akawwi, & Bdour, 2010). There is need for the use of water security (i.e. access, availability, quality, quantity, reliability and affordability) as a measure of access to water rather than considering the presence of improved sources only.

The analysis of gender and other social dimensions of water insecurity at a micro-level through the use of the actor oriented approach, has shown that households, men, women, girls and children actors existing in water insecurity lifeworlds, play different roles in ensuring household water availability. Women and girls have the greatest agency in ensuring household water availability during periods of water insecurity as they sacrifice time for other activities in order to ensure that there is water at the household level. Women's agency during periods of water insecurity is mainly limited to the use of small containers loaded on their heads which have to be carried over an average distance of 3.5 miles each day from untreated sources (Thompson, 2001). This head loading of water containers has potential long-term health effects as it makes demands on the metabolism of the body not met by the nutritional intake and by regularly putting an excessive strain on the skeleton, leading to spine deformities and early onset of arthritic diseases (Geere, Hunter, & Jagals, 2010).

Research elsewhere has confirmed that women, girls and children are the most common water carriers around the world, and they spend considerable time supplying water to their households (Ngwenya & Kgathi, 2003; Sorenson, Morssink, & Campos, 2011). There is generally a direct positive association between water scarcity and women as water fetchers (Sorenson et al., 2011). For example, in Mauritania, 70% of water carriers are women in households without improved water sources (Sorenson et al., 2011). In cases where men assist in carrying water, they prefer to use assets such as donkey drawn carts or light vehicles as they do not want to carry containers over long distances.

The gendered division of labour in other sectors of the economy is also found in the water sector as women are expected to provide water for the household while men engage in water related business such as bulk water supply markets (Kjellén & Macgranahan, 2006). Such markets emerge across the developing world where water shortages are common (Hinkfuss, 2013; Manzungu & Chioreso, 2012b). In Dar es Salaam and Nairobi, where women carry water home, men constitute the majority of water vendors (Kjellén, 2000).

In the context of increasing water insecurity, i.e. failing or absence of conventional portable water supply services, rainwater harvesting by households can supplement water for domestic use (e.g. drinking, washing and cooking) (Warm & van Hattam, 2006). Women practicing traditional rainwater harvesting are well aware of the limitation of their lifeworlds (Long, 1990a) in terms of access to water and they view this activity as an option that enhances household water availability. Water policy in Botswana can focus on training households on how to practice rainwater harvesting, i.e. putting the infrastructure in place as well as maintaining it. Incentives which include provision of tanks and gutters can be put in place so as to motivate households to practice this activity. The capturing of rainwater helps women to minimize trips to collect water from untreated water sources. Australian states like South Australia and Victoria put in place regulations which require all private property owners to install at least a 5 m³ tank for rainwater harvesting to enable the capturing of rainwater for the household's own use (Imteaz, Shanableh, Rahman, & Ahsan, 2011).

Water insecurity generally impacts negatively on personal hygiene as those actors affected forego basic chores such as bathing making them prone to water related diseases (Mukuhlanani & Nyamupingidza, 2014). Households usually act rationally during periods of insecurity and prioritise important aspects such as drinking and cooking and neglect essential aspects such as bathing (Mukuhlanani & Nyamupingidza, 2014). The same strategies were observed in Harare and Bulawayo as households internalized prevailing water shortages (Manzungu & Chioreso, 2012b; Mukuhlanani & Nyamupingidza, 2014). Diseases related to unsafe water, poor sanitation and lack of hygiene are some of the most common causes of illness and death among the poor of developing countries (Tarrass & Benjelloun, 2011).

Within the lifeworld of water insecurity, households strive to develop networks with other households and individuals which yield water related benefits (Tilly, 1995). Some studies on water security have shown that households have the tendency of assisting each other during periods of water shortages (Chaminuka & Nyatsanza, 2013). Households with private water sources which always yield water, sometimes share water from these sources with their neighbours for free or for cash. It was noted that in Malawi, households without their own private water connections buy water from those owning private connections (Manda, 2009).

Policies and programmes aimed at addressing water insecurity on a short and long term basis in developing countries (i.e. low and middle income countries) are important as they contribute towards gender equity and social development (Savenije & Van der Zaag, 2008; Sorenson et al., 2011). Failure to provide adequate and safe water through improved sources will continue to disadvantage women, girls and children as they are culturally expected to ensure water availability at the household level (UNFPA, 2009). It is imperative for countries to ensure that infrastructure installed for supplying households with water do so on a sustainable basis so that women and children will not be disadvantaged when the sources fail to provide water as what is obtaining in gazetted settlements in Ngamiland.

Countries facing water insecurity need to put in places policies, strategies and interventions capable of enhancing household water security. In the short-term, WUC needs to ensure the functionality of improved sources on a sustainable basis and where challenges are encountered, water tankers can be used to provide clean water for households. This will reduce the distance travelled by women to untreated water points. Households from ungazetted settlements such as Gucha which are located along water transmission lines could be connected to these to allow households to access water from public standpipes as is the case with Ukusi. Other ungazetted settlements such Xobe and Samedupi can get state assistance to sink solar powered boreholes (operated and maintained by trained villagers, both men and women) along the floodplain of Boteti River which can enable households to access water from central locations. In order to phase out head loading of containers by women, the wello water wheel, a drum which can be filled with water and rolled home on the ground with minimum effort can be introduced (Rahman, 2011).

Long-term efforts to curb water insecurity need to focus on the crafting of clear and effective policies, legal frameworks and strategies coupled by proper planning, political will and financial and material resources. Countries facing water insecurity can learn from developed world countries (i.e. France, Germany, United States of America and United Kingdom) which managed to put in place a package of policies, laws, financial mechanisms and technologies which enhanced water security during the 19th Century in cities that were previously centers of infectious diseases due to water insecurity (UNDP, 2006). Water security was placed at the center of the development agenda. If developing countries adopt the same approach of making water security a development priority, there could be a drastic improvement.

6. Conclusion

Households in Botswana in general and Ngamiland in particular are being negatively affected by water insecurity despite the fact that gazetted settlements have improved water sources. Access to clean and safe water in Botswana and other countries is still defined terms of the presence of improved sources which can go for prolonged periods of time without providing any water. Water security has to be defined in terms of improved sources as well as access, availability, quality, quantity, affordability and reliability of water supply.

Water insecurity has gender and other social dimensions. Women, girls and children are the actors expected to ensure water availability during periods of water insecurity and this takes a considerable amount of their time which could be used for other productive activities. Women and girls mainly use containers which they load on their heads to transport water to the homestead while men prefer to use assets such as donkey drawn carts and vehicles to transport water as these do not cause much physical strain on them.

Rainwater harvesting contributes significantly to household water supply and limits the number of trips to untreated water sources by women. There is need for policy to promote rainwater harvesting in countries like Botswana in general and Ngamiland in particular where households face water insecurity. Incentives such as the provision of rainwater harvesting infrastructure at subsidized rates can go a long way in encouraging households to adopt the activity.

Water security compromises personal hygiene of household members and also breeds conflicts in households as members do not agree on quantities of water to be used on certain activities. This makes it imperative for the implementation of measures which can address water insecurity.

Countries affected by water insecurity need to craft and implement policies and strategies that enhance water security (e.g. in both gazetted and ungazetted villages) as this will address issues of gender inequity and negative social issues associated with water insecurity. Policies need to focus on ensuring that improved water sources infrastructure provide water on a sustainable basis. Households can be made to be active participants in the provision of water through rainwater harvesting. Policy and programmes need to ensure that ungazetted settlements receive water supply services.

Research has to underpin any policies and programmes aimed at enhancing household water security. This

include policy options for rainwater harvesting, functionality of the already installed water infrastructure, connection of ungazetted settlements located along water transmission lines, the supply of water to other ungazetted settlements and impacts of head loading of water by women. More research is needed on the appropriate water fetching assets that can be used by women to fetch water away from the homestead.

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Note

Note 1. USD1 = BWP8.6

Preparing More than Number Crunchers: Incorporating Corporate Social Responsibility and Ethics in Graduate Business Programs

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Abstract

CSR has become an area of focus for many companies and business leaders. Few can argue that pursuing business practices that have economic, environmental, and social benefits is not worthwhile. Certainly in the recent aftermath of such publically visible ethical failures as Enron, Lehman Brothers, and BP, many involved in graduate business education have called for the inclusion of CSR principles into their programs' curriculum. This paper explores the need for CSR to be incorporated into graduate business curriculum and looks at how several schools are doing just that. The paper includes a discussion of future research topics and concludes that graduate business programs must increase efforts to include CSR, sustainability, and ethics across the curriculum in order for students to be truly prepared for the demands of the new business world.

Keywords: corporate social responsibility, sustainability, ethics, MBA curriculum

1. Introduction

One of the more popular subjects in many of today's graduate business programs is corporate social responsibility (CSR). While there are countless ways to describe what CSR entails, the World Business Council for Sustainable Development defined CSR in 2001 as "the continuing commitment by business to behave ethically and contribute to economic developments while improving the quality of life of the workforce and their families as well as the local community and society at large" (Cornelius et al., 2007, p. 119). Certainly in the recent aftermath of such publically visible ethical failures as Enron, Lehman Brothers, and BP, many involved in graduate business education have called for the inclusion of CSR principles into their programs' curriculum. Researchers and administrators continue to debate the role of teaching such subjects as ethics, sustainability, and corporate citizenship as part of the academic program, however (Christensen et al., 2007, p. 348).

Despite some scrutiny with respect to teaching CSR principles, many graduate faculty members enthusiastically support the practice. Dr. Timothy Fort of George Washington University asserts that "in looking at the activities of business school programs, it seems that what was once considered a loony, fringe class is now essential" (2010, p. 737). This desire is not limited to those in academia; corporate leaders have expressed a need for further inclusion of ethics and responsibility as well. The 21st century marketplace has new demands, and in order to stay in step with competitors, many companies "continue to seek the help of business schools in redefining what it means to be socially responsible, and teaching students to have a socially responsible mindset with decision-making skills that look beyond short-term benefits" (Vallario, 2010, p. 52). This is likely in response to an increasingly environmentally and socially aware public. Consumers now consider the ecological impact of a company's production practices before purchasing one of its products. Some shoppers will shun a product if they become aware of a manufacturer employing unfair labor practices. In 2001, a Hill & Knowlton/Harris Interactive Poll revealed that 79% of Americans take corporate citizenship into account when deciding whether to buy a particular company's product (Javier, 2005, p. S10). Such statistics reinforce the wisdom in weaving CSR principles throughout the graduate business curriculum, so as to prepare the rising generation of business leaders to meet rising expectations.

2. Literature Review

Several of the nation's leading business schools have opted to include CSR as part of their programs of study,

among them the Haas School of Business at the University of California-Berkeley. Jo Mackness, executive director of the Center for Responsible Business at Haas, claims that “about 40% of the graduate students come to Berkeley specifically because of its reputation as a premier CSR educational center offering innovative courses” (Vallario, 2010, p. 53). Schools that enthusiastically teach CSR frequently offer such classes, at times dedicating entire courses solely to corporate citizenship and ethics. Notwithstanding the efforts of faculty at Berkeley and other schools with comparable programs, social activist Mark Albion explains that “business schools do not lead best practices; they adapt when students and alumni clamor for more attention to such topics as ethics, corporate social responsibility, and globalization” (Galagan, 2009, p. 27). As corporations increasingly seek to hire recent graduates with both an understanding of CSR initiatives as well as the drive to implement them in the workplace, graduate business programs will continue to expand their offerings in relation to CSR in order to meet the needs of both students and the business community.

Galagan identifies ways in which CSR has permeated the academic curriculum of several programs, stating that “today’s MBA program is as likely to cover corporate social responsibility as it is to teach finance and accounting. The standard curriculum used in most business schools now supplements so-called hard subjects with some that could be labeled both soft and green” (2009, p. 26). This trend appears to be substantiated by a 2007 study sponsored by the Center for business Ethics at Bentley College and the Ethics Resource Center in Washington, DC. Researchers surveyed deans or program directors at the top 50 business schools as identified in the *Financial Times* 2006 rating of global MBA programs. Of the schools that responded, 84% of the schools required students to take courses that address such topics as CSR, sustainability, and business ethics. Of those schools with such a requirement, 27% taught CSR, ethics, and sustainability together as a single course. The research team reported that based on their survey findings, “MBA education is increasingly embracing CSR and sustainability along with ethics” (Christensen et al., 2007, p. 348-366).

In 2003, Cowton and Cummins surveyed undergraduate, postgraduate and post experience teaching of business ethics in 105 UK institutions. They found that 58% of business schools taught business ethics, but it was only a core subject at 18 schools (Cornelius et al, 2007, p. 118). Perhaps this low number is due in part to some critics’ perceptions that it is not the place of business schools to teach ethics. Cornelius, Wallace, and Tassabehji note that “Pfeffer and Fong support the role of business schools in the development of intellectual capital for corporations and nations, but argue that business school marketing focuses on enhancement of careers and salary: a position more likely to facilitate careerist ethical egoism than a more normative sense of civic virtue or moral agency within leadership” (2007, p. 119). While some business students may appreciate a program focused solely on skills specifically designed to advance their career in the business field, other students appreciate and seek opportunities to develop their awareness of and proficiency in CSR practices.

Cornelius, Wallace, and Tassabehji conducted a study in 2007 and found that the majority of business education is “provided by lower tier schools that have limited availability of suitably qualified staff”, and as such, “the nature of ethics training will remain relatively reactive for the foreseeable future” (p. 133). In order to combat this trend, they exhort business schools to actively engage stockholders and become involved in such areas as “training, research, and community programs that promote and engender CSR and ethics awareness” (p. 133). Benn and Dunphy reinforce the need for improvement in business programs in terms of teaching CSR, asserting in 2009 that many programs “do not adequately prepare graduates to deal with the challenges of sustainability issues in the workplace” (Slater & Dixon-Fowler, 2010, p. 429). Giacalone & Thompson also echo this sentiment, claiming MBA programs have a profits-first mentality and “indoctrinate future executives to consider all decisions in economic terms without regard for ethical considerations” (Slater & Dixon-Fowler, 2010, p. 433).

Slater and Dixon-Fowler conducted a study in 2010, studying the relationship between executives’ MBA education and their respective companies’ corporate environmental performance (CEP). The CEOs of the S&P 500 firms in 2004 were surveyed, representing firms from 53 different industries. The research teams compared each firm’s KLD rating (used to rate an organization’s environmental, social, and governance performance) of CEP with their CEOs’ biographical information. The researchers claimed that the results suggest that “CEOs with MBAs have a positive influence on CEP” (Slater & Dixon-Fowler, 2010, p. 434-437).

3. Critical Analysis

Clearly, there are many opinions on the subject of CSR, and experts have documented benefits and concerns when it comes to including CSR principles as part of the graduate level business curriculum. For many graduate faculty members, the choice of whether to teach CSR is made easier by an objective examination of the existing body of research. Empirical research has found links between CSR, return on equity, business image, and performance (Cornelius et al., 2007, p. 117). Even the most profits-focused practitioners could argue teaching

sound principles that lead to such increases. In fact, Pfeffer and Fong assert that business schools have a responsibility to provide practitioners with training in the basics of ethics. This, in turn, would “ideally lead to an informed workplace and act as a catalyst to stimulate socially and ethically grounded corporate activities and programs” (Cornelius et al., 2007, p. 118). CSR’s influence on business ethics cannot be ignored. Cornelius argues that “corporate malfeasance, such as at Enron and Parmalat, would have been avoided by employing and appropriately monitoring reactive business ethics practices and procedures” (p. 118).

Of great concern is the mindset of some MBA students with regard to CSR. A study conducted by Cornell University’s Johnson Graduate School of Management suggests that “students in the nation’s top MBA programs believe in maximizing profits even more strongly than current executives do.” Furthermore, the study found that “students also show less interest than their elders in diversity programs and are more opposed to government action aimed at encouraging responsible corporate behavior” (Kiely, 1997, p. 12). If students are uninterested in areas like CSR, sustainability, and ethics, critics are forced to wonder whether faculty members are conveying the importance of these areas in their courses.

Graduate business programs are designed to teach students sound business principles in a variety of fields, such as economics, accounting, finance, and management. As the business world changes, programs should in turn change along with the market, preparing students for new demands and challenges. Galagan compares business schools to the Detroit automakers, claiming that the same models are offered year after year with just a few embellishments (2009, p. 26). Modern understanding of the environmental impact of resource acquisition has caused many to question methods previously held to be industry standard or even best practices. Failing to address topics of interest to the business community such as CSR and sustainability in the curriculum does not serve students well, as they should be prepared to meet the needs of their future employers.

Giacone and Thompson contend that business programs have become “organization-centered”, and as such, fail to ask students to “confront the factually impossible notions of unlimited growth in a world of limited resources, the questionable consumerist ideology based in materialistic goals, and the ecologically unsound tactics that may bring planetary suicide” (Slater & Dixon-Fowler, 2010, p. 429). An even stronger criticism of graduate business programs was made by Leavitt in 1989, in which it was claimed that MBA programs “create critters with lopsided brains, icy hearts, and shrunken souls” (Slater & Dixon-Fowler, 2010, p. 433).

CSR and sustainability have penetrated the modern business world, and in many cases have become a company-wide focus. Despite all the criticism and the inevitable shortcomings of MBA programs, there is still a great deal of optimism in terms of general business direction. For example, Fort claims that “we are at the intellectual vortex of articulating a vision of a free, responsible, virtuous, peaceful world” (2009, p. 738). How can collegiate business educators further this trend toward increased corporate citizenship? Dr. Jose Rivera, president of Sagrado Corazon University in Puerto Rico, believes that it is a matter of recognizing and accepting personal responsibility. He explains that “we had to realize that beyond being an educational institution, we are also an organization that is part of the community. When we realized that, we became aware of the ways we could help the community” (Javier, 2005, p. S10). In terms of the effects of this philosophy on business students, Rivera claims students were taught to be better corporate citizens in the future (p. S10). Business students are quick to learn that they will likely become future leaders in the business world, responsible for increasing productivity and overall profit for their organizations. However, faculty should teach them that in addition to being business leaders, they will also be community leaders and as such, will have a responsibility to the communities of which their companies are a part.

4. Future Research Possibilities

While there is a growing body of knowledge with regard to CSR, sustainability, and ethics in business programs, clearly there are opportunities for expanded study. For example, Slater & Dixon-Fowler suggest that their study on the impact of MBA education on CEO’s corporate environmental performance (CEP) leaves room for further inquiry as to the motivation behind companies’ decision to pursue CEP and sustainability initiatives. Do business leaders choose to implement CSR practices because they feel they have a moral obligation to do so, or because they believe the practices will lead to improved performance indicators? (Slater & Dixon-Fowler, 2010, p. 438).

Vallario stated that largest student organization at the Haas School of Business at Berkeley is the Net Impact Club, which is “a nonprofit international organization whose mission is to educate and equip individuals to use the power of business to create a more socially and environmentally sustainable world” (Vallario, 2010, p. 53). Some may rule out the influence of such groups, as they are mostly comprised of idealistic students with little experience in “real world” business environments. An interesting study might follow the career achievements of former members of Net Impact to determine the extent to which they are able to pursue in the working world

what they strongly advocated during school.

5. Summary

CSR has become an area of focus for many companies and business leaders. Few can argue that pursuing business practices that have economic, environmental, and social benefits is not worthwhile. The extent to which businesses have a responsibility to their communities, employees, or the planet will continue to be debated for years to come. However, the prevailing opinion for many years that a business' only responsibility was to generate positive results for its stockholders has come under increased scrutiny. Many business leaders have expressed a desire to do well by doing good, so to speak. Business doesn't have to be crass, cutthroat, and entirely self-serving. Indeed, several executives have come to know the satisfaction of helping the underserved and less fortunate while still maintaining a generous profit margin. The very nature of sustainability with respect to the triple bottom line (economic, social, and environmental) is that a business cannot achieve long term success should any of the three areas is negatively impacted. Graduate business programs must increase efforts to include CSR, sustainability, and ethics across the curriculum in order for students to be truly prepared for the demands of the new business world.

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Why Do Consumers Buy Fair Trade Products? An Evolutionary Perspective Using the Theory of Consumption Values

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Abstract

Fair trade (FT) is a widely recognized and accepted model of exchange for goods and services, which has matured over several decades of evolution. Although Fair Trade products are increasingly important in many markets, research has neither provided a comprehensive framework to analyze this evolution nor provided a rationale that explains why this evolution took place. The purpose of this paper is twofold. First, we aim at integrating the different eras in the evolution of FT into a comprehensive framework that can facilitate the comparison between studies. Second, we aim at explaining this evolution from the perspective of the individual consumer using the Theory of Consumption Values (TCV). We propose that, as the organizational and marketing strategies evolved for FT products, a corresponding evolution at the consumer level took place. This evolution refers to the individual beliefs of the customer who is seeking and perceiving a set of values on FT products. The paper presents an innovative perspective, as well as implications for theory and practice.

Keywords: fair trade, sustainability, social responsibility, marketing, theory of consumption values, consumer behaviour, consumer marketing

1. Introduction

Fair trade (FT) is a widely recognized and accepted model of exchange of goods and services. This business practice emerged in the late forties as a response to the rigidity of conventional markets. FT has matured over several decades of evolution. Some authors catalogue FT as an “institutionalized” form of trade: a mature social movement that questions and, at the same time, renews traditional economic spheres (Gendron, Basaillon, & Otero-Rance, 2009). In its very nature, FT is a commercial practice that connects marginalized producers from the south with responsible consumers from the north.

Fair trade has adopted an increased commercial orientation which tends to converge with conventional market practices (Davies, 2007; Doherty, Davies, & Tranchell, 2012). Nevertheless, the focus, the objectives and the marketing strategies of FT actors have endured considerable transformation during the last seventy years. The early phases of FT were marked by ideological imperatives with the main goal of raising public awareness. This permitted FT a limited growth that was later broadened by the introduction of labelled products in mainstream markets with a shift of goals from ideological to commercial. Increased commercial goals led to standardization and wider distribution. These facts transformed organizational structures and supply chains of FT products. Researchers suggest that FT tends towards increased institutionalization and state recognition (Davies, 2007; Gendron et al., 2009; Renard, 2003). Organizational strategy and marketing objectives for this new era might bear the notions of sustainability, consumer value and responsible consumption.

1.1 Research Problem

Despite the importance that Fair Trade products achieved lately, there has been only a small number of published works (mostly case studies) researching their characteristics and evolution. Furthermore, as different geographic markets started to incorporate FT products at different moments and with different enthusiasm, a direct, cross-sectional comparison between markets is not feasible because there is no single analytical framework that could integrate the evolutionary changes in FT markets comprehensively. This makes the comparison between studies difficult and prevents from generalizing learning.

Moreover, although the description of changes in markets, actors and goals is important from an evolutionary perspective, it is even more important to understand why those changes happened and what the drivers of those changes are. Understanding the reasons why FT markets evolved can help managers identify the stage in FT evolution that their markets are in, as well as the steps that they might take to adapt their strategies to that market evolution.

1.2 Objectives

This paper has two objectives. The first one is to develop an integrative framework to understand the sequence of eras in the development of Fair Trade. Building on a review of the most respected authors (Davies, 2007; Doherty et al., 2012; Gendron et al., 2009; Lemay, Favreau, & Maldidier, 2010) we present the evolution of FT from a general standpoint along its scholarly, known generations, integrating different authors' perspectives into one comprehensive framework. This could be a contribution in itself, because different scholars presented the results of different case studies in different countries and regions (i.e., UK, continental Europe) but without using any unifying framework that would allow for comparisons among the studies. Having a comprehensive framework can allow scholars to situate their research environment into a particular era in the evolution of fair trade, analyze past contexts and predict potential developments.

Our second objective is to provide a rationale for the evolution of Fair Trade in different eras. We build on the Theory of Consumption Values (Seth, Newman, & Gross, 1991a, 1991b) to understand the evolution of consumers' value perception associated with the FT products available at the different eras of the movement. Understanding consumers' value perception of FT products has strong and immediate significance for practitioners willing to brand, to position and to communicate FT product offerings. The comprehension of the different values sought by consumers, will allow practitioners to define market segments, to refine product lines, to position brands and to define communication campaigns. To that purpose, TCV is a parsimonious theory with a high explanatory and predictive power. This theory constitutes the ideal framework to analyze consumers' value perception.

1.3 Paper Structure

In the following section, we present the evolution of Fair Trade and we propose that this evolution can be organized around four eras, each one characterized by specific market structures, players and motivations. Then, we re-interpret this evolution through the lens of the Theory of Consumption Values. Consequently, we identify the different values sought by consumers when purchasing FT products. We summarize our findings in Table 1 which arrays the fair trade commercial periods of development across various managerial axes. In this array, we present the values sought by FT consumers in each historical period of the movement.

By the end of the paper, we present a discussion of our findings in which we identify significant managerial implications. We conclude the paper exploring the limits of our work and offering avenues for future research.

2. The Evolution of Fair Trade

Scholarly work on the evolution of FT reveals the existence of three known generations or eras for this movement since its inception to our days. A fourth, hypothesized era is added to the other three to describe the immediate future of the movement, particularly in the most advanced markets of FT. Each of these four eras is characterized by a distinctive focus and a particular form of coordination between participant groups, as well as a particular structure for the marketing and the distribution of FT products.

Different studies, however, established the focus, the actors, the strategies and the time brackets for each era of FT based on the context of their case studies which differ geographically. These facts explain why FT periods have not initiated, transitioned and finalized at the same time in North America, continental Europe or in the United Kingdom. In order to bring more clarity to this text, we have aligned the time periods for improved general understanding, and we have adopted the appellation proposed by Davies (2007) for each of the three eras.

2.1 The Solidarity Era of Fair Trade

The solidarity era of fair trade goes from the beginning of FT exchanges (as early as 1940 for some authors, or as late as 1970 for others) and extends until the early nineties. Ideological convictions were the impetus in this era, and it was focused on the process (Nicholls & Opal, 2005). Profit making and market expansion were not the main goals of the participant organizations in this era. Tallontire (2000) names this period "goodwill selling" in which market development was based on supporting initiatives of cooperation with producers and demonstrating solidarity with marginalized groups. Organizational strategies were underpinned by ideological purposes of raising awareness on issues of the developing world (Davies, 2007).

The business model linked to this era could be conceptualized as ideological (Giovannucci & Koekoek, 2003) because it pushed for the establishment of direct trading links with impoverished producers, challenging the rules of traditional international trade. The underlying marketing strategies that can be attributed to this era are those focused on solidarity and development. These strategies emphasized the social aspects of the exchange process, in general, and the social attributes of the producer, in particular. Some examples of the notions mobilized within the marketing strategies in this era are impoverished communities, marginalized and disorganized peasants, difficulty to access international markets, development of autonomy at the producer lever, improvement of direct trading links and paying a fair price for a product.

2.2 The Niche-Market Era of Fair Trade

The niche-market era of fair trade (1990–2000) represented a transition from ideological convictions towards a form of commerce focused on product variety and increased quality (Davies, 2007; Nicholls & Opal, 2005). Fair trade witnessed improved forms of coordination between producers and distributors; new participants such as fair trade associations, certification bodies (i.e., the Fairtrade Labelling Organization) and marketers arrived. This synchronization placed FT products into larger markets. Profit making was added into the equation of alternative trade. Also, some importance was attributed to the management of key marketing variables (i.e., product, place and price).

Notions of quality economics were adopted in order to provide certification schemes able to guarantee (by means of a standardized label) that the products were manufactured and distributed under proper social conditions. Fair trade coffee was the emblematic commodity that changed the dynamics of the market by means of certification and labelling initiatives. Very soon, these certification and labelling programs expanded to guarantee the quality of a wider array of commodities (i.e., sugar and tea). Fair trade labels redefined the FT supply chain, creating more sophisticated trading routes; they also became the means of signaling and communicating the quality and social attributes behind the products to conscious consumers who did not have the time or the information to inquire about them. Labels helped synthesize and translate this information at the consumer level (Renard, 2005).

In the niche market era, fair trade started to reveal a group of conscious consumers, and corporations became interested in this specific segment. Corporations were motivated by coercive pressures (mainly from advocacy groups and from the media), by strategic positioning (assuring the supply of raw material and the control of purveyors located in the producing south), as well as by increasing market share and profits.

2.3 The Mass-Market Era of Fair Trade

An increased shift towards profit-making highlights the passage to the mass-market era of fair trade (2000 – onwards). This era is characterized by a deeper market orientation, an appeal to a broader range of consumers in multiple segments, mainstream distribution and the structuring of FT international networks (Davies, 2007). New actors such as multi-national corporations (i.e., Carrefour, Nestlé and Starbucks) arrived. Distinctive forms of coordination emerged (i.e., intra-company labelling and philanthropic efforts), and competing systems to the Fairtrade Labelling Organization (FLO) traditional certification and labelling program also surfaced (i.e. Rainforest Alliance).

In the mass-market era of fair trade, the quality and diversity of products became a strong competitive factor, as well as product standardization and pricing. The notion of quality allowed importers and retailers to adjust the level of grading of some FT merchandises moving them up from basic to premium quality (Davies, 2007).

The appearance of new participant groups (the branders) is a central catalyst of the changes characterizing this era; for these branders, the main objective in FT participation was to assume the leading brand in their specific markets (i.e., Carrefour and Starbucks). The procurement of raw materials, the control over suppliers, price regulation and the improvement of their public image also arise as evident drivers of corporate FT incursion in this era (Renard, 2003).

2.4 The institutionalized Era of Fair Trade

Several authors agree upon a fourth hypothetical phase of fair trade (Davies, 2007; Gendron et al., 2009; Lemay et al., 2010). The era of the institutionalization posits fair trade as a demand rather than a supply driven initiative (Davies, 2007). Institutionalization is understood as state, corporate and customer adoption and recognition of FT in different forms. State recognition manifests itself through a series of regulations (at various levels) promoting and facilitating FT. Corporate recognition means embedding FT into the socially responsible efforts of an organization and carrying FT products and brands in the organization's regular offer. Customer recognition refers to the individual taking into consideration FT brands, labels and products while shopping and consuming

responsibly.

The distinctive point of this era is the universality of FT which can be confirmed by the vast availability and omnipresence of FT products. Universality also has to do with multiple actors operating at different tiers: authorities, companies, adopters, branders, governments, service sector, and socially conscious consumers.

When it comes to products, the institutionalized era of FT considers practically any range of commodities and products manufactured under sustainable standards, and distributed through sustainable value chains (Davies, 2007). In terms of quality, this era observes a return to a wide range of qualities and consistencies in FT products (Davies, 2007). Also, it is foreseen that FT quality can be attained through panoply of certifiers, such as global bodies, national standards and intra-company seals.

In this era, FT can be viewed as a part of the Corporate Social Responsibility (CSR) efforts deployed by multinational corporations currently under great pressure to engage in socially and environmentally responsible practices (Davies, 2007). Organizational activities actuated by strategy in the institutionalized era of fair trade can view FT as the global standard of ethical consumption, as an inspiration for sustainable procurement, as a buffer of risks associated to organizational reputation and as an enhancer of consumer and employee attractiveness (Davies, 2007).

Marketing strategies in the new era of fair trade might focus on sustainability issues. Socially responsible consumers will take into consideration the consequences of the buying decision in terms of environmental preservation, social development or animal welfare, besides the criterion of price and brand^{Note1}. Marketers will also promote self-accreditation and in-house labelling. There will be a place for multi-brand and multi-product marketing in the fair trade domain. Also, we will be in concurrence of marketing efforts tying FT to large events like sporting competitions (i.e., Olympic Games). Marketing specialists would also need to promote and sell FT in association with specific geographical regions (i.e., fair trade cities).

Despite all of these broad avenues of marketing FT in the new institutionalized era, some experts like Davies (2007) identify risks associated to the universality of the movement. One would be the notion of diluted consumption which refers to the difficulty for customers to see the difference in FT products as they become part of an ample offering palette of several sustainable options: green products, eco-efficient, eco-friendly, biological, etc. One last issue relates to the convergence of fair trade practice with conventional market activities.

In summary, an analysis of the literature suggests that the evolution of the FT movement could be organized around four eras, each one characterized by particular organizational and market structures. These eras can be integrated into a comprehensive framework, presented in Table 1.

Further to the development of a framework *describing* the characteristics of each evolutionary era, we would like to propose an *explanation* of why this evolution took place. To do so, we used the lens of the Theory of Consumption Values, and explored the evolution of the values sought by consumers when buying FT products.

Table 1. Fair trade (FT) organizational axes and commercial periods of development

Fair trade eras	(a) Solidarity era of FT (~1970-1990) <i>A campaign period raising awareness on social issues</i>	(b) Niche market era of FT (~1990-2000) <i>A trade period marked by the consolidation of labelling initiatives, expansion and distribution</i>	(c) Mass market era of FT (~2000-onwards) <i>A shift towards commerciality (mainstream) with great market orientation</i>	(d) Institutionalized era of FT (hypothetical) <i>A phase leading to the convergence of FT and conventional market practice</i>
1. Actors	Alternative Trade Organizations (ATOs). Social actors	ATOs, authorities, companies, early adopters	ATOs, authorities, companies, adopters, branders, corporations	Authorities, companies, adopters, branders, governments, service sector, conscious consumers
2. Focus	Non profit oriented , process oriented Demonstrating solidarity with producers	Focus on the product Focus on the commercial growth but limited by ideological issues Price is not yet the major issue to traders	Focus on the place Focus on the quality Product standardisation and price become important issues	Sustainability focus Universal reach but developing proximity fair trade (north-north and south-south) More a demand than a supply driven initiative

3. Products	<i>Ethical products</i> Crafted items Coffee ranges	<i>Ethical-quality products</i> Wider availability of crafted items Commodity product line emerged : coffee, tea, cocoa, sugar, fruits	<i>Larger variety of ethical-quality products</i> Long list of crafted items (WFTO certified) Long list of commodities certified) A range of over 4 500 FT products	<i>Ethical-quality-novelty products, that are socially accepted</i> Any range of commodities and manufactured products made and distributed under sustainability standards
4. Quality	Poor, inconsistent	Standards for commodity products, certifications and labels	Quality as a competitive factor FT embedded in quality economics Increased level of “grading” of products	Return to a wide range of qualities and consistencies Quality can be attained through a range of certifiers : global bodies, national standards, intra-company labelling and branding
5. Organizational strategy	Mainly ideological Raise awareness on issues of the developing world	Appeal to groups of ethical or conscious consumers	Procurement of raw materials, price control, supplier control, image enhancement	FT is a part of the overall CSR strategy of the corporation, as the global standard of ethical consumption, as an inspiration for sustainable procurement FT enhances consumer and employee attractiveness
6. Marketing strategy	Dissemination of information about poverty and the crippling nature of market prices Solidarity focused Campaign leaflet presentations Marketplace established at local fairs and churches	Aiming to create a profit from a core group of ethical consumers Consumer focused From solidarity to consciousness Limited media relations, promotion and advertising FT products reach supermarkets	Branders added to the equation seeking to become the leading brand Quality focused Own intra-company branding Intensive media relations Celebrity endorsement Increased market segmentation	Sustainability focused. Responsible consumption Self accreditation and in-house labelling Multi-brand and multi-product marketing Marketing for vast events like sports feats (i.e. Olympic Games) and for specific geographical regions (i.e. FT cities)
7. Means of consumption	<i>Radical consumption</i> through solidarity channels Developing solidarity relationships between producers, retailers and consumers	<i>Pragmatic consumption</i> While consumer still bears in mind the solidarity aspects of the social movement he becomes an economic voter at the store	<i>Individualistic consumption</i> The consumer disassociates from the social movement, he shows lack of collective focus and he seeks epistemic value (novelty) in its purchase	<i>Post-pragmatic or passive consumption</i> Consumer has no longer the alternative: omnipresence of brands, major brand conversion and own-supermarket labels fade away consumer control Confluence of all types of consumer activity
8. Consumption values	<i>Emotional value</i> Consumer as a political agent FT products arousing solidarity feelings or affective states on the individual	<i>Functional value</i> Consumer is both a political and an economic actor The alternative form of consumption acquires functional value through the quality attributes brought by labels	<i>Epistemic value</i> Consumer depoliticizes from FT and becomes a mere economic agent searching for novelty The novelty of fair trade products and its vast availability appeals to a broader range of consumers in multiple segments	<i>Ethical value (with relativism)</i> Consumer becomes a more responsible buyer but faces multiple concerns (economic, environmental and social imperatives) Ethical consumers operating in heterogeneous groups Consumer decision making is both emotive and reflective rather than just rational

Sources: Davies (2007); Doherty et al. (2012); Özçağlar-Toulouse et al. (2006).

3. The Theory of Consumption Values Perspective

The Theory of Consumption Values (TCV) proposes a framework of analysis for understanding consumer choice in a large variety of consumption situations. TCV summarizes, parsimoniously, contributions from economics, sociology, anthropology, psychology, marketing and consumer behavior.

The TCV is based on three axiomatic propositions: (1) choice is a function of multiple consumption values (notably functional, conditional, social, emotional and epistemic value); (2) these consumption values make differential contributions in any given choice (although some values may be more salient than others); and (3) these consumption values are independent (Sheth et al., 1991a, 1991b).

The theory was originally presented in 1991, and since then it has been used to explain consumer choice in fields as diverse as higher education (Lai, To, Lung, & Lai, 2012), teenagers' smoking behavior (Albaum, Baker, Hozier, & Rogers, 2002), technology adoption (Hedman & Gimpel, 2010; Turel, Serenko, & Bontis, 2010) and ethical consumption (Green & Peloza, 2011). TCV has shown substantial explanatory as well as prescriptive power in more than 200 studies concerning the choice of buying versus not buying, the choice of product type, and the choice of brand type (Sheth et al., 1991a).

Exploratory research in ethical consumption has used TCV to understand how corporate social responsibility activities create value for consumers (Green & Peloza, 2011). Their results suggest that emotional, social and functional value are the main dimensions of perceived consumer value of CSR activities, and that these value dimensions positively affect marketing outcomes like loyalty and willingness to pay (Green & Peloza, 2011). Other scholars have explored the internal personal values that ethical consumers express through consumption. A recent exploratory study analyzes the value structure of ethical consumers in general grocery consumption contexts using value frameworks drawn from social psychological research (Shaw, Grehan, Shiu, Hassan, & Thomson, 2005).

Concerning FT products, another recent review identified fifty-one research articles on individual consumption of FT products. The main theoretical approaches drew from economy (consumer willingness to pay), social psychology (consumer attitudes, information and communication, and consumer values) and sociology (consumer identity) (Andorfer & Liebe, 2012).

An area that has not been extensively explored is the consumers' value perception of FT products. Insights on this issue have strong and immediate significance for practitioners willing to brand, position and communicate FT product offerings. Understanding what the different sought values are, will allow practitioners to define market segments, refine product lines, position brands and define communication campaigns. To that purpose, TCV provides the ideal framework to analyze consumers' value perception.

In the remaining of this section, we use TCV as a framework to understand the evolution of consumers' value perception associated with the different eras of FT, as well as the evolution of the perceived value of FT products.

3.1 The Solidarity Era of Fair Trade

The solidarity era (1970–1990) was strongly driven by ideology. Alternative trading organizations (ATO) slowly started to raise awareness among affluent consumers in the northern hemisphere about the problems, miseries and injustices suffered by southern producers in under-developed countries. The ATOs' message, transmitted almost on a personal basis at community and religious gatherings, was a call to consumer's superior values of solidarity, help and caring for others (Davies, 2007; Doherty et al., 2012); consumers buying FT products could be satisfied with themselves by means of soothing, to some degree, the distress of an unknown producer.

From the consumers' point of view, perhaps a nuance of charity was the mechanism of exchanging a product for their money. The fact of having the product and using it at home, served as a reinforcement of the good deed knowing that they had contributed to the well-being of the producer while supporting his work ethic at the same time.

In TCV, emotional value is the "capacity to arouse feelings or affective states" (Sheth et al., 1991b: 161) and products acquire emotional value when "associated with specific feelings, or when precipitating or perpetuating those feelings" (Sheth et al., 1991b: 161). We, therefore, identify the emotional component of buying FT products as the more salient consumption value in this era. Thus,

P₁: In the solidarity era of FT, consumer choice is mainly a function of the emotional value attached to FT products.

3.2 The Niche-Market Era of Fair Trade

The niche-market era of fair trade (1990–2000) witnessed an increase regarding the number and the quality of the products offered at consumers' markets. Many ATOs soon realized that the best advantage they could offer to producers was to increase sales. ATOs started to raise profits through sales, thus sharing the gains with the producers. However, in order to compete with traditional, branded quality products, ATOs had to provide something more than just a call to consumer's superior values of solidarity and social justice. Hence, in a competitive market ATOs had to provide higher quality standards and a label to guarantee the consistency and the quality of the products. The consolidation in 1997 of the Fairtrade Labelling Organizations (FLO) made it easier for both bigger and smaller players to provide this guarantee for fair trade products (Davies, 2007; Moore, 2004). One of the main characteristics of this era was the emergence of companies "focused on providing higher quality products to meet customers' expectations and provide sales volume rather than communicating a particular, political message" (Davies, 2007: 464).

In TCV "an alternative acquires functional value through the possession of salient functional, utilitarian, or physical attributes" (Sheth et al., 1991b: 160). Hence, the most salient value for the customer in this era was the functional value.

P₂: In the niche-market era of FT, consumer choice is mainly a function of the functional value attached to FT products.

3.3 The Mass-Market Era of Fair Trade

In the mass-market era of fair trade (2000–onwards) the industry structure remains relatively stable, but the number of companies carrying FT products greatly increased. Today, there is a proliferation of independent wholesalers, retailers, as well as service sector organizations (coffee stores, restaurants, airlines, college and university canteens, etc.) offering fair trade products (Davies, 2007). It seems highly fashionable to offer FT products and even big branders (traditionally mass marketers, i.e. Nestlé or Starbucks) have incorporated FT products into their product lines.

This trend towards larger volume and variety of FT products in the big branders' lines is also accompanied by an increase in the quality and the grading of FT products, from basic to premium (Davies, 2007). Branders did this probably to continue offering products with the same level of quality as their traditional lines, but within the trend of fair trade. Through these extensions, it seems that mass marketers are trying to ride on the novelty of the fair trade products, benefiting from its increased profits and market share.

The notion of novelty, larger availability, standard quality and even different grades of quality in FT products also modified the consumer's perspective in this particular era of fair trade. At the same time, consumption desires and motivations progress from functional value to epistemic value. Consumers will not only seek availability, functionality and quality on FT products, they will also be after the novelty and trendy aspects surrounding the purchase.

TCV suggests that epistemic value is "the perceived utility acquired from an alternative's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge" (Sheth et al., 1991b: 162); we propose, then, than in this era, although customers are still interested in buying quality products, the novelty provided by these (formerly niche) FT products is the most salient value offered by these alternatives. Thus,

P₃: In the mass-market era of FT, consumer choice is mainly a function of the epistemic value attached to FT products.

3.4 The Institutionalized Era of Fair Trade

Scholars have speculated that fair trade products will converge in the global conventional market practice (Davies, 2007; Gendron et al., 2009; Lemay et al., 2010). More companies will continue to expand their product lines offering FT products even if the original principles and philosophy of fair trade become blurred. At the present time, an increasing number of companies are demanding FT standard labels from FLO. Other corporations have decided to offer sustainable products guaranteed by their own intra-company sustainable efforts and their brand prestige (i.e., Tim Horton's' Coffee Partnership) (Tim Horton's, 2012), but without depicting a recognizable fair trade label on its products. In other cases, companies are joining cause-related marketing initiatives, considering them as reasonable alternatives to build customer loyalty and increase sales under the socially responsibility perspective (Docherty & Hibbert, 2003; Drumwright & Murphy, 2001).

From a consumer's point of view, our research uncovers two trends while predicting the means of consumption and consumer values in this hypothetical fourth era. The first vision is provided by Doherty et al. (2012) in

which the new era of Fair Trade takes on post-pragmatic or a passive means of consumption. According to these authors, the omnipresence of brands, major brand conversion and supermarket own-labels will take away control from the consumer. The latter will no longer have the alternative of choosing the FT products. The consumer could get lost in a tide of excessive FT availability topped by panoply of labels. Doherty et al. (2012) also foresee the confluence of all types of consumer activity: radicals, pragmatics, individualistic and passive consumers will all share the same space in the FT marketplace of the future.

A second identified trend is that of the ethical consumer. Ethical consumption evolved from being an expression of a political stand to be a socially accepted and sought behavior. In a study by Shaw et al. (2005) one of their participants manifested that:

...it's very much the *in* thing to be ethical and aware and it comes across as being intellectual as well (...) therefore, if you are putting *Cafédirect* in your trolley and driving around with it, then you are saying to other people I'm clever enough to know the difference between this and Nescafé... (190)

In the view of this participant "selective ethical consumption displays to the rest of the society an aspect of one's personality and identity" (Shaw et al., 2005: 190). TCV suggests that products acquire social value through association with positively or negatively stereotyped demographic, socioeconomic and cultural-ethnic characteristics of social groups. Thus,

P₄: In the institutionalized era of FT, consumer choice is mainly a function of the social value attached to FT products.

4. Discussion

Why do consumers buy fair trade products? And, how has the consumers' perception of fair trade products evolved over time? Based on a literature review, we interpreted the evolution of FT and organized it into a comprehensive framework of analysis, composed of four evolutionary eras. Following this, building on the Theory of Consumption Values, we proposed that for each of the evolutionary eras of fair trade there is a most salient value in the consumers' choice: in the solidarity era emotional value is the most salient component; in the niche-market era, the functional value is the most salient one; in the mass-market era, it is the epistemic value, and in the institutionalized era it is the social value.

4.1 Managerial Implications

We consider that our paper makes two main managerial contributions, one concerning the integrative framework and the second one concerning the identification of the main values sought by the consumers in each era.

Concerning the framework, we delved into the literature and integrated different studies into a conceptual framework. This framework describes, for each era, the focus and goals of the players, the characteristics of the products, the organizational and marketing strategy of the participating institutions, as well as the key consumption values guiding consumers in their choices. Any manager working in these markets could use this information to evaluate their standing and to help them in improving their decision-making process concerning prospective market actions.

We also mentioned that different markets and geographic regions are at different stages in the development of FT. For example, the UK is probably the most developed market concerning FT products and ethical consumption, while other markets in continental Europe are less advanced, and North American markets are even behind. Accordingly, we took the decision of aligning the eras to the UK market and use them to describe a sequence of eras as explored in the literature. Managers making decisions on different markets can use the framework not just to improve their decision-making processes, but also to predict the future evolution of their markets and make strategic movements in advance.

A second managerial contribution of our paper concerns the identification of the main values sought by the consumers in each era. Although we identified only one salient value characterizing each period of development, TCV states that consumption is a function of multiple consumption values and that each value makes a differential contribution in any given choice situation (Sheth et al., 1991a, 1991b). Accordingly, we find that there are two peculiar characteristics concerning FT consumption that are central to marketing management.

First, we identify an evolution in the consumers' perception of FT products: during the first era, a small core of concerned individuals bought FT products mainly driven by their beliefs. In the following eras the segment of alternative, concerned consumers expanded, and individuals started to ask more from FT products. Being only fair was not enough, and they initially demanded more quality (functional value); later, they asked for novelty and variety (epistemic value) and finally, social acceptance and shared values (social value).

As time passed both the structure of FT markets and consumers' demands evolved: more sophisticated consumers asked for a more refined consumption experience based on a more complex constellation of values. Hence, at present, we do not suggest that consumers choose FT products only because of their social acceptance in some circles, but rather because they are socially accepted and ethically responsible and have good quality and provide novelty. In this new set of values all of them contribute to the overall perceived value although some of them are more salient than others (Figure 1).

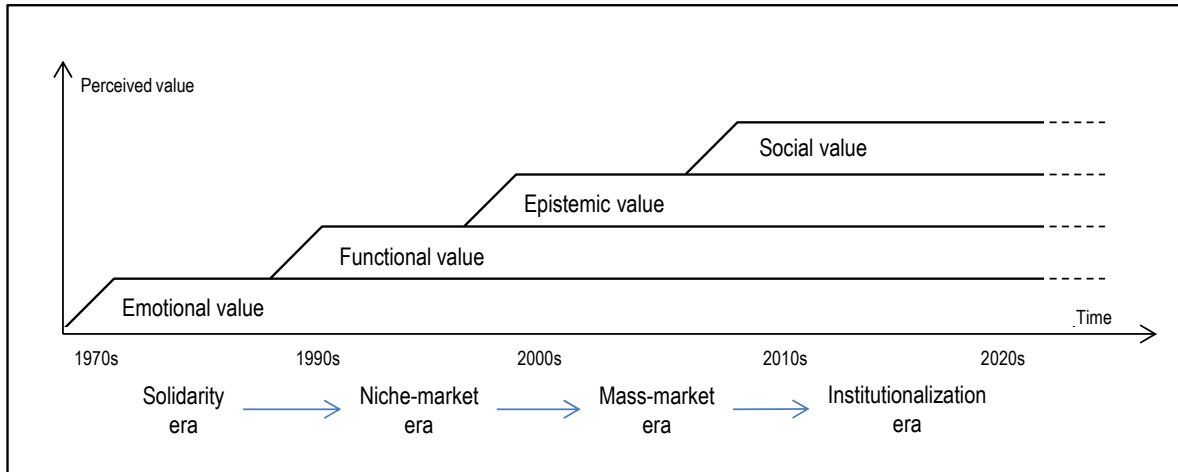


Figure 1. Contribution of consumption values throughout the different eras

Secondly, we note that the FT market grew in such a way that we cannot talk about a typical fair trade consumer anymore. As suggested by Özçağlar-Toulouse et al. (2006), we must start visualizing different segments of ethical consumers operating in heterogeneous groups. Each one of these consumers will bear a mix of preferred consumption values.

A recent exploratory study on ethical consumer decision making by Shaw et al. (2005) illustrates this claim by showing a large heterogeneity of ethical concerns among the sampled individuals: fair trade, local production, health, human rights, organic foods, genetic modification, etc. Additionally, these consumers were guided by a constellation of many different personal values (at least 30 different value meanings) in general consumption activities (Shaw et al., 2005).

Their findings suggest that different segments can be identified based on different ethical concerns (an ethical relativism at the consumer level) and that each segment will identify a different mix of consumption values for the same product offering (with some values more salient than others), thus leading to diversity in product evaluation and consumption. In the institutionalized era of fair trade, a multiplicity of options will probably be offered to different ethical consumers segments willing to express their different stands through consumption.

These two findings are very important to managers making decisions on product lines, branding and positioning. It seems that the demand might go beyond the field of FT products to a broader concept. Lai (1995) suggest that consumers use product constellations to achieve personal values; accordingly, in the present FT market there might be room for different lines of ethical products, each offering different salient values (functional, epistemic, emotional and/or social).

4.2 Limits and Future Research

One of the limits of this conceptual article is that our propositions are based on the articulation of secondary data with a theoretical framework (TCV). Empirical data is, therefore, absent. Future research could address this shortcoming by using other research methodologies (exploratory and/or confirmatory) to test the propositions.

Another limit is that most of the research in the evolution of FT is based on single or multiple case studies; most of these case studies focus on the UK market (because the United Kingdom is probably the most matured market of FT products worldwide). Given this situation, we presented our propositions in line with the evolution of this market. Future research could evaluate if other geographical markets of FT present the same patterns of evolution and whether our propositions are applicable to those markets.

5. Conclusions

In summary, based on a review of the most respected authors in the FT literature, we presented the evolution of FT along its evolutive generations, integrating different perspectives into one comprehensive framework.

Thereafter, building on the Theory of Consumption Values we proposed that there has been an evolution in the consumers' perception of FT products. For each one of the fair trade eras identified in the literature, there was a salient value guiding the consumers' choice: emotional value in the solidarity era, functional value in the niche-market era, epistemic value in the mass-market era and social value in the institutionalized era.

TCV suggests, however, that consumption is a function of multiple consumption values and that each value makes a differential contribution in any given choice situation. Accordingly, we proposed that in present markets, although some values might be more salient than others, consumers choose fair trade products because they are socially accepted and ethically responsible and have good quality and provide novelty: in this constellation of values all of them contribute to the overall perceived value.

Finally, we suggest that different segments can be identified based on different ethical concerns and that each segment will identify a different mix of consumption values for the same product offering (with some values more salient than others), thus leading to diversity in product evaluation and consumption.

We opened our discussion section with two questions: why do consumers buy fair trade products and how has consumer's perception of fair trade products evolved over time. Our article suggest that they buy these products looking for a constellation of different values although some are more salient than others for each segment, and that as years passed, consumers evolved and looked for different values.

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Note

Note 1. For deeper insight on socially responsible consumption see the works of Carrero, Merino, Valor, Bilbao, Labajo and Diaz (2011, 2012); François-Lecompte and Valette-Florence (2006); Green and Peloza (2011), Mohr, Webb and Harris (2001); Özçağlar-Toulouse, Shiu and Shaw (2006).

A Review for Embedding Human Dimension of Sustainability to Maintain Energetic Organizations in Egypt

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Abstract

There is a remarkable interest from both public and private sectors for supporting and sustaining energetic organizations that have the ability to be creative and productive over time. However, there is still a limited attention on the human dimension of sustainability compared to the economic and environmental dimensions. Human energy is in fact a crucial dimension of human sustainability to maintain energetic organizations but human energy can also be depleted if it is not well managed. The significance of this study lies in the fact that human sustainability constitutes a real crisis in most organizations in Egypt, affecting employees' performance and productivity, an issue which has been of a major concern ever since the 25th January Revolution. Accordingly, this study responds to a significant call for a greater understanding of human sustainability at work. Since the concept of human energy is still limited researched, this study intends to highlight the core of human dimension of sustainability by exploring the strategies that individuals use at work to manage and to sustain their energy throughout the workday. This study intends to recommend strategies for embedding human dimension of sustainability to maintain energetic organizations. Moreover this study opens a new area of research in organizations that will be rewarding for understanding the sustainability of employees' energy at work as well as the sustainability of organizations as a whole on the long term. This study can also provide a good starting point for human resource management HRM professionals to provide a display of HRM functions that are required to support human dimension of sustainability to maintain energetic organizations. The study concludes that maintaining energetic organizations in Egypt requires a comprehensive strategy for embedding human dimension of sustainability through an effective human energy management as the ability of employees to manage their energy at work is one of the important factor for supporting their productivity and welfare.

Keywords: human energy crisis, human energy management, human resource management, human sustainability, work motivation

1. Introduction

A continuous and central concern for both the public and the private sectors is the success of their organizations, which is mainly determined by the productivity of its employees as well as the satisfaction that their employees derive from their jobs. However, there is always the problem of a proper identification of the reward system that should be really valued and appreciated by the employees. The question is always related to the reward mix either to be intrinsic or extrinsic and whether to be financial or non financial. The aim is continuously to design the adequate reward mix, which can lead to the employees' motivation and satisfaction. The problem is much more visible in public organizations in Egypt. Although the public administrators are often overworked, underpaid and underappreciated, their 'Public Service Ethic' is important because it roots the assumption that public servants are self motivated by protecting and working for the good of the public. However, there is a much doubt about whether this ideology can apply generally to developing countries and specifically to the Egyptian public administration context. As always discussing the bad performance of the public sector in Egypt, mainly characterized by the bureaucracy and the lack of work motivation for the public administrator, the blame is always directed to the limited financial resources available which can be relatively true, although most of the literature on motivation gives more weight to the intrinsic rewards in the work, more than other extrinsic rewards as the financial resources. The significance of the study lies in the fact that human sustainability constitute a real crisis in most public organizations in Egypt affecting employees' performance and productivity, an issue which

has been of a major concern ever since the 25th January Revolution. Accordingly, there is a significant call for a greater understanding of human sustainability at work by examining strategies that employees use to manage and to sustain their energy throughout the workday. Then it is crucial to recommend strategies for embedding human dimension of sustainability to maintain energetic organizations in Egypt. Recent research on the management of organizations has highlighted the need for remarkable measures when handling employee issues and organizations. However, there has been relatively little attention on how they might influence the development of sustainable and effective management of organizations and employees (Schiuma, 2011).

By analyzing the definitions and the evolving concepts of human resource management over time, it can be noticed that the attention to human resource has changed radically. The investment in human resource is perceived nowadays as a strategic approach to be continuously optimized and not as costs to be minimized (Anca, 2009). Although the crucial and the apparent need for HRM involvement in sustainability initiatives, it does not offer a model to guide strategic HRM leadership in organizational sustainability initiatives (Dubois, 2012). According to Spreitzer (2011), although human energy is a critical resource that supports organizations to run profitably, yet we generally fail to manage it effectively, which in turn leading to lower productivity and employees' dissatisfaction (Spreitzer, 2011). Top Management generally perceives managing sustainability as critical to their company's effectiveness (Kell & Lacy, 2010). Accordingly the strategic roles played by HRM expanded over the past few decades, adding to the increased expectations that the HRM function should provide an added value to the firm (Dubois, 2012). Since companies committed to sustainability outperformed industry averages during the financial crisis (A.T. Kearney, 2009), then addressing sustainability challenges can create much more shareholder value. However, the human resource management literatures have lacked an influential voice in sustainability circles (Hart & Milstein, 2003). Recently, there are increasing calls for a better understanding of the human dimension of sustainability. Responding to this call, this study intends to explore how individuals sustain an important human resource as their own energy at work. Specifically, this study focuses on strategies that employees can use to sustain their energy.

This study is an exploratory investigation of the role and relevance of human energy to create and maintain energetic organizations. The study examines the sources and dynamics of energy, in order to provide insights into the nature of energetic organizations and how they can leverage the concept of energy to improve business performance. In fact organizational energy is dynamic in nature as it is more than just the sum of the energy of its employees as it also includes the interface and dynamics of teams and the organization as a whole. This study shines a light on the idea of human sustainability that may have important implications for work organizations (Fritz, 2011). Moreover, this study opens a new domain of research in organizations that will be crucial for maintaining the sustainability of employees' energy at work as well as the sustainability of organizations as a whole on the long term. Although not necessarily that everyone wants to become a high achiever or a top performer, yet, this research intends to clarify how one can stay energized while reaching the goals in work and life (Schippers, 2011).

Since the energy of employees is recognized as an important factor for maximizing their overall contribution to the organization and also to respond to an emerging call for a greater understanding of human sustainability at work, this qualitative study is an exploratory investigation of the role and the relevance of human dimension of sustainability in driving business performance. In order to provide insights into what constitute an energetic organization, this study sheds the light on the nature of human energy at work as a core dimension of human sustainability. To explore the relationship between human dimension of sustainability, energetic workforce and business performance, this study intends to answer three sets of research questions:

- What effect do energetic human resources have on organizations?
- What are the factors that play a role in energizing human resources?
- How organizations can leverage the concept of human dimension of sustainability to improve business performance?

2. Literature Review

2.1 Human Energy as Human Dimension of Sustainability in Organizations

Several approaches to sustainability confirm the relevance of human component to build the environment, yet few practices based on this concept have been implemented as sustainability is generally addressed to the evaluation of natural resources consumption in the building lifecycle (Attaianese, 2012). In fact, embedding environmental sustainability ES deeply into an organization requires changes in thinking and behavior across all levels of employees in all areas and levels of an organization such as the participation of every employee in

recycling, or turning off equipment and lights that aren't requested. Actually when ES is truly embedded within an organization, it infuses the thinking and behavior of employees to go beyond compliance with rules or norms but even to participate in innovating changes in work processes (Laszlo & Zhexembayeva, 2011). That's why managing human energy is particularly challenging, and it is requiring HRM systems that are consistently aligned to clarify and support organizational ES goals to align their employees' actions and their energy with organizational ES goals. Accordingly, HRM systems can play a main role in embedding ES throughout an organization through setting an effective human energy management (Dubois, 2012).

Some employees at the workplace seem spreading their passion as they go and they are obsessed by work as being workaholics. Actually, an important factor in their success is their energy which is not just their physical strength or stamina or their mental capacity, as energy drives motivation, promotes creativity and in turn creates competitive advantage for the organization (Schiuma, 2011). Spreitzer finding (2011) argues the concerns regarding the lack of understanding about human sustainability. If employees cannot sustain their energy over longer periods of time, organizations cannot expect them to maintain a high level of performance (Spreitzer, 2011). Human Energy is a key factor affecting organizational performance and the more energy an employee has, the more effort the employee will be able to put into their work as human energy is connected to individual and team performance, adding to the innovation and job satisfaction.

2.1.1 Defining Human Energy at Work

First of all, what is human energy at work? The word energy is derived from the Greek words 'energeia', reflecting the activity or the operation (Harper, 2001). As Taylor & Casey (2011) noted, the sustainability of an organization depends upon its ability to maintain the contributions of its human resource energy. Moreover, Energy can be defined as a type of positive affective arousal, which people can experience as emotion or mood (Taylor, 2012). According to Schippers (2011), people can be completely focused and energetic in all domains as sports, games, hobbies, or work. The Chambers English dictionary defines energy as 'the capacity for vigorous activity, liveliness or vitality', 'force or forcefulness', or 'the capacity to do work'. This definition is basically reflecting the physical energy but it also can help to understand HR energy within organizations (Schiuma, 2011). Energy can also be reflected in terms of the energy around a project or people inside the organization to describe energetic people or groups (Cross et al., 2003).

According to Frijda (1988), energy can swing between energizing and de-energizing as well as it can be created or destroyed. Loehr and Schwartz (2001, 2003) simply define energy as the capacity to do work that allows us to perform physical, mental or emotional tasks (Schiuma, 2011). Moreover, according to Fritz (2011), human energy is an affective or a reinforcing experience that people enjoy or seek and it is reflected by vitality or lack of fatigue. Vitality reflects a feeling of being enthusiastic or alive. Thus, human energy stimulates organizations to achieve successfully (Fritz, 2011). Energy could be measured by asking people what kind of work gives them most satisfaction, how often they perform these tasks, how well they achieve their goals, and how much time they spend on recovery from work (Schippers, 2011). As noticed, there are so many definitions and perspectives of 'Human Energy'. Actually, researchers seeking to learn more find it very challenging in research of human energy and its relationship to workplace (Taylor, 2012). Even when scholars use similar definitions, they often make different assumptions about how energy works, such as whether it is a scarce resource or an abundant one. Understanding these definitions and assumptions is crucial if practitioners want to be well informed for making decisions about what role energy does for the effective operation of organizational activities. Ultimately, the clarification and integration of all the definitions of human energy is necessary to enhance understanding of some of organizational behavior's topics. A review on human energy reveals that sometimes definitions of energy are not clear. As a result, scholars may use different terms to mean something similar or the same terms to mean different things (Quinn, 2012).

2.1.2 Human Energy Dimensions, Levels and Types in Organizations

Human Energy is a crucial but limited resource that can foster high performance in organizations. Accordingly, it is necessary to maintain an optimal energy level. In this respect, three kinds of energy are often distinguished. First is the mental energy as being able to intensely focus; second is the physical energy as strength or stamina and third is the emotional energy as being in touch with one's own emotions. According to Schippers (2011), within the energy dimensions, three characteristics of energy can be discerned as the amount, the stability, and the direction of the energy. For example, when a person has a high amount of mental energy, but stability and direction are low, then this person can focus intensely on a task, but only for a short period of time and without much direction. Research in human energy management reflecting that having a lot of physical energy cannot guarantee success when the stability of energy is not in order. Regardless the amount of energy, without

direction of energy, the problems will occur if the energy is not linked to targets. Energizers usually have a vision and are able to convince others to work towards it but de-energizers represent the black holes which draining the energy of their co-workers and leaders (Schippers, 2011). According to Bruch and Ghoshal (2003), the energy level can be evaluated based on two main variables 'intensity and quality'. Intensity refers to the strength of organizational energy and it can be revealed in the number of activities performed or the extent of alertness and emotional excitement. Quality represents the impact of the energy on the task or objective achievement. Organizational energy should be channeled in order to drive successfully the organizational performance (Schiuma, 2011). The energy level and energy states are closely related, but while energy level relates to the amount of energy, the energy state relates to the nature of that energy. An energy state determines the quality of a person's experience or the state of well being and happiness (Quinn and Dutton, 2005, Ryan and Frederick, 1997). Energy states reflect how much effort an individual or team is willing or able to invest. Generally, people who feel positive levels of energy tend to perceive or expect that positive events will occur and will invest much more effort to achieve their objectives. It involves aspects such as the emotional excitement, alertness or creativity as well as enthusiasm and satisfaction (Schiuma, 2011). According to Srinivasan (2012), the core of efficient energy management is based on plugging the individual human energy to the universal energy as most of us do not know how to receive energy from universal sources as we normally receive it from limited sources as food or relationship. However, we are not fully conscious about the other sources of energy in our daily life such as interactions with people which involve an exchange of vital energy (Srinivasan, 2012). Schiuma's study reflected that there are three types of energy. First is the individual energy "Energetic individuals are Passionate individuals", second is the team energy "Sparks between individuals generate team energy", and third is the organizational energy "Individual, group and social network energy". Although these different types of energy clearly exist, they are not explicitly separated into these categories in the literature. Schiuma believes that organizational energy is related to the sum of the energies of all the employees, plus the sum of the social network energy created within and between teams. Accordingly, the evolving energy is the outcome of synergetic integration of all the forms of energy (Schiuma, 2011). Then when considering energy at work, it is important to clearly differentiate between the types of energy because they should be managed differently.

2.2 Understanding How Energy Drives Performance in Organizations

2.2.1 Motivation

Motivational force can be defined as the amount of effort expended to perform a task and it can be assessed as the amount of physical and physiological effort expended in performing a task (Schiuma, 2011). Clearly, motivation and energy are interrelated. However, energy is a necessary condition, but is not sufficient to determine motivation. Hence, motivation needs energy to be realized. In this regard, Steers (2004) highlights that all of the main definitions of motivation are primarily concerned with the factors that energize, channel and sustain human behaviour over time. In this context energy is a fundamental component of motivation and energy can be considered as the engine of motivation as it affects both the direction in which a person chooses to act and the effort a person invests. In addition, energy determines the perception of the attractiveness of various alternatives. Energy also represents a good indicator to predict whether an individual will achieve results, as people tend to invest as much effort into activities as they feel they have energy to exploit (Collins, 1981). Moreover energy can increase expectancy of high results and rewards. In fact, some researchers equate energy with motivation or see energy as the key resource in the motivation process. However, motivation is generally can be perceived as an umbrella that encompasses the initiation, direction, intensity, persistence, and termination of effort (Quinn, 2012).

2.2.2 Leadership

It is a leadership task to define an appropriate vision and strategy which play a fundamental role in creating an energetic organization. They define the mode of energy management and provide drivers for guiding organization's energies toward the common goals. It is the task of leadership to set an appropriate vision and strategy to unleash the organizational energy in order to capture people's emotional, intellectual and physical capacities for supporting key strategic goals (Schiuma, 2011).

2.2.3 Environment

The external environment affects the organization in many different ways. Then, it is the role of management to scan the environment for opportunities and threats and use this information to refine the strategy in order to transmit information to its employees, the way in which this can affect employees' energy based on the culture and communication styles of the managers. Taking into consideration that the environment is multifaceted for

employees as the environment in which each employee exists is different to that in which the organization exists. For example, employees' personal environments can include home life, past times or relationships and actually each of these can affect the employees' energies in many different ways (Schiuma, 2011).

2.3 Depletion of Human Energy at Work

Employees generally are requested to do a variety of tasks during the workday but actually the fulfillment of most of these tasks requires human energy and effort. Thus, employees need energy not only to accomplish their daily work tasks but also to go beyond what they are required to do. Accordingly, human energy can be considered as a resource that supports people to control their behaviors and emotions in order to comply with organizational norms and expectations. However, this energy as a resource can be depleted over time due to excessive work demands. Thus, employees need to find different ways to replenish their energy on a regular and continuous basis (Fritz, 2011).

2.3.1 Human Energy Crisis

Human energy is like a battery that can be depleted over time if not well regularly recharged. Actually the depletion of human energy at work can be called as human energy crisis that must not be ignored (Spreitzer, 2011). In fact lots of employees are generally feeling overworked, or pressured to the point of depression or disease. This problem is getting worse because of the increased aggressive competition, dynamic market changes, adding to the continuous terrible news such as natural disasters or terrorism (Spreitzer, 2011). The complaint of modern times is that we are usually busy all the time. However, we are actually wasting a lot of time instead of doing what we really need or want to do. A lack of energy can also be perceived as an emotional dissonance as reflecting a conflict between real feelings or required shown feelings. In jobs requiring lots of emotional labor, human energy can be drained quickly (Schippers, 2011). The researchers confirm that the energy loss is a perceived lack of personal control. In contrast, successful managers were usually the ones who did take initiative and acted on opportunities. Those managers were able to focus their energy in a proactive way and they did not get diverted by any kind of distractions. Accordingly workers, who use most efficiently their time, will also be able to use their energy much more effectively (Schippers, 2011).

2.3.2 Forces Draining Human Energy at Work

Human energy helps employees to regulate their behaviors and emotions in order to meet organizational performance expectations. However, energetic resources are limited and can be depleted over time which increases stress or leads to burnout and definitely will weaken the overall organizational performance (Spreitzer, 2011). There are many factors that contribute to the depletion of human energy at work such as the long working hours. For example, lots of employees are obligated to respond to calls and emails outside of normal work hours. Moreover, as organizations are currently more fighting for financial survival, they are in turn less able to afford perks such as fitness facilities, additional vacation days or free food that can support reenergizing employees. The job insecurity can also bring a sense of uncertainty that makes employees unwilling to take time off for their recovery and their worries can lead to their sleeping disruption or higher levels of fatigue during their workday. The need for interpersonal interaction and coordination at the workplace is also increased because jobs have become more interdependent. However, this interaction and coordination require also an effort and thus it can also drain human energy. In addition, there are also factors that are beyond one's immediate work environment that can deplete human energy at workplace. For example, the number of single parents is growing, and in turn the employees are less likely to have a partner for taking care of home life. Accordingly, employees have less time for recovery during leisure time as they have another second shift of housework and childcare when they finish their workday (Fritz, 2011). Actually, the human energy crisis often gets worse during recessionary times as the workloads increase usually because of layoffs. In turn, Spreitzer (2011) identifies four key levers for energy management. First is 'physical' to build fitness; second is 'mental' to create focus and attention; third is 'emotional' to enable excitement and connection; and fourth is the 'spiritual' to provide centeredness. These four key levers for energy management can be viewed as a kind of pyramid where physical energy forms the foundation for mental energy, which forms the foundation for emotional energy, which in turn is the foundation for spiritual energy (Spreitzer, 2011). Given that so many factors can deplete human energy at work, so it is really important to consider how employees can generate more energy and reduce fatigue at work in order to maintain energetic organizations. Regardless of the environment that they are embedded in, it is actually crucial to support the employees as well as the leaders to learn how to recharge their energy through recognizing the drastic costs of energy depleting behaviors, then also taking their responsibility to be energy producing or conserving. To this end, this study introduces a tool that can help them manage their energy to be healthy and productive in their personal as well as their professional lives.

In the next sections, the study tends to explore how then can we make sure to be energized and to energize others as well as what are the factors that play a key role in energizing or de-energizing others.

2.4 Effective Human Energy Management

Energetic employees are people with a lot of energy and they are in turn more productive, creative and usually have a good positive influence on others as employees stimulate each other which also for sure positive for maintaining energetic organizations. Everything generally seems to happen much easier when there is a high energy level in the organization (Schipper, 2011). However, we are generally required to do much more and the demands on our energy exceed our capacity, in turn resulting in lower productivity and unfulfilling relationships. Actually, although energy is our most critical resource, most of us still fail to manage it efficiently and effectively. Therefore under pressure, we must be trained in all dimensions 'physical, mental, emotional and spiritual' to manage our energy effectively in order to improve our performance (Srinivasan, 2012).

2.4.1 Management of Human Energy: Principles

The first principle is that 'energy cannot be stored indefinitely' and it has to be used in a creative and productive way to become ready to acquire more energy. Actually, when energy is not used properly, it can cause fatigue or disturbance. Then, both overworking as well as laziness can lead to fatigue. Accordingly we should learn how to receive, maintain and spend energy in the right way. The second principle is 'calm and peace' and this is really essential for receiving as well as maintaining energy as not much of energy can be received when we are in a state of anxiety. The third principle is 'wideness' as we cannot receive much if we just live in the narrow borders of our personal self-interests or just our physical desires. The fourth principle is 'self-giving and generosity' as the ability to lose little ego can bring us easier into a contact with different universal forces (Srinivasan, 2012). Another important principle in human energy management is also to eliminate or minimize any wasteful inner or outer movements which can drain energy. According to Srinivasan (2012), the elimination of waste is now an established principle and practice in the human energy management. The factors which can lead to waste of energy are many and varied such as the restlessness of body or mind; and conflicts or quarrels. Repetitive and negative feelings like anger or jealousy can also drain energy. Accordingly there is a need for self control and actually all these factors which can waste energy have to be maintained under control for human energy conservation. Moreover, concentration is crucial to focus the energies in a single point to help in conserving energy. Then, as a compelling factor, human energy management requires the combination of inner calm, concentration and self-control (Srinivasan, 2012).

2.4.2 Management of Human Energy: Off Work Recovery Processes

Organizations cannot maintain nor achieve high-level performance as long as employees cannot maintain their energy over longer periods of time. Thus, in this study, it is crucial to shed the light on how recovery can take place at work or outside work. Employees generally are required to fulfill a variety of tasks during their workday but unfortunately the fulfillment of most of these tasks requires lots of human energy. Actually, employees need their energy not only to carry their regular daily work tasks but also to go beyond what they are just required to do. Thus, employees need urgently to find different ways to replenish their energy on a regular basis. Research on recovery has found that employees can use their time off work such as evenings or weekends to recharge their energy and reduce their fatigue. For example, Fritz (2011) found that recovery experiences during the weekend were positively related to joviality which is an experience similar to human energy as well as to lower levels of fatigue. Further, Fritz (2011) argued that recovering from work stress during the evening was related to higher levels of work engagement at the next workday. Research also supports that employees' experiences during their non work time is an important affair to restore human energy as well. For example, experiences such as relaxation or psychological detachment from work have been found to be specifically beneficial for recovery. Moreover, sleep is also an important factor for replenishing human energy as the employees experiencing a high quality of sleep at night reported generally higher levels of energy at the next work day (Fritz, 2011). Although the remarkable tendency for better understanding of what replenishes energy during off work time, research indicates that the beneficial effects of recovery during off work time weaken over time. For example, within few weeks after vacation, the positive vacation effects tend to weaken and stress levels usually return to their original levels. Research on recovery from work demands provides some ideas regarding how employees can manage their energy. With the need for recovery, many companies nowadays offer variety of workplace wellness programs that can include help with exercise, or stress management (Spreitzer, 2011). While smoking and coffee breaks at work were found to be harmful to health, the rest breaks and physical activity during breaks were found to be more beneficial. For example, regular ten minute breaks decreased fatigue, anger, depression as well as it improved the mood (Fritz, 2011).

2.4.3 Management of Human Energy: Work Related Strategies

The goal of this study is to explore variety of work related strategies that employees can use to manage their energy at work. According to Fritz (2011), there are four strategies related to the management of human energy at work. First is the 'physical strategies' that usually reflect the form of a break to perform basic physiological needs such as drinking water or engaging in any kind of physical activity. Second is the 'relational strategies' that reflect connecting with people in a positive manner such as to offer help to someone. Third is the 'mental strategies' that reflect tending to be focused such as making a to-do list for work. Finally is the 'spiritual strategies' that reflect perceiving a bigger picture of things such as thinking about a meaning for one's work or life. Some of these strategies can be called "micro breaks" as they aren't directly related to the doing of work such as drinking water or having a snack. On the other hand, some other strategies are more centered on how employees do their work and it can be called as "work-related strategies" because they take place during the doing of work such as switching to another task or making a to-do list. Other strategies such as going outside for fresh air or being close to nature were neither related to vitality nor to fatigue. Although these strategies were discussed, it is still not clear nor confirmed that they are the most effective ways to manage human energy at workplace (Fritz, 2011). On the other hand, the strategies that were found to be mostly related to vitality are 'learning oriented' as learning something new, 'relational' as doing something that will make a colleague happy, and 'meaning-related' as reflecting on how might make a difference at work. Actually there is a strong relationship between learning and energy as when people are learning, they are also developing which in turn creates psychological resources and they also become open to new things and changes, all of which increase energy. Moreover, positive relationships at work are energizing at both the physical and the emotional levels. In contrast, bad work relationships can deplete psychological resources. Then human energy and the quality of connections with others at work seem to be really crucial to be considered (Fritz, 2011). Moreover, managing human energy requires managing energy dynamics in organizations such as organizational infrastructure, social interaction and individual behavior as their functioning and interactions dictate the organization's energy conditions in terms of level and states. There are generally basic recommended strategies for renewing energy at the physical level such as eat a balanced diet; get physically active; go to bed early or wake up early (Schiuma, 2011).

2.5 The Energy Resource Manager: What Could Their Goals Be? What Could They Do? Who Could It Be?

All members of the organization should drive energy management as part of their working and personal lives. An emotional expression as feeling happiness can be considered an approach for transferring energy inside the organization as it was noted that organizations may waste employees' energy through a variety of detachment behaviors. In fact, infrastructure can be also considered as a mechanism that stimulates energy creation in organizations and it can include both tangible and intangible dimensions that can be intentionally designed to stimulate and drive energy in the organization. The tangible factors may be colored, bright or well designed rooms (Schiuma, 2011). However, the intangible organizational infrastructure includes recruitment, selection and HRM practices, adding to the organizational culture and performance measurement systems, all of which represent a powerful approach for driving individual and organizational behaviors. HR managers generally are looking for employees who can bring energy to their organizations. Moreover, HR managers are also responsible to drive individual and team dynamics as well as to monitor the level of energy within the organization. HR managers can adopt interviews; questionnaires or psychological instruments to expose the quality and intensity of energy at work (Lounsbury, 2004). Accordingly, the HR manager clearly holds a key for HR energy management through recruitment and selection processes as well as through the general HR practices (Schiuma, 2011). Then the work of the HR manager is essentially to focus the HR energy in the organization to achieve its strategic goals, including the goal of enhancing organizational learning. For the HR manager, a strategic factor for success in fulfilling the goals of the organization is to produce and maintain HR energy (Taylor, 2012). Accordingly to maintain energetic organizations, an 'Energy Resource Manager' in many organizations should emerge to initiate and coordinate HR energy management programs. An Energy Resource Manager should focus and guide the organization energy to support key organization strategic goals and also should be responsible to implement initiatives aimed to stimulate and activate energy (Schiuma, 2011). The goal of 'Energy Resource Manager' is to embed human energy management in daily organizational life; develop awareness within the organization about the urgency of human energy management. The 'Energy Resource Manager' is also responsible to drive people, teams and the organization to force energy requested for business development. Moreover, the 'Energy Resource Manager' should be able to create the appropriate energy levels in order to adjust and adapt with the various contingent competitive environment in terms of threats or opportunities. The 'Energy Resource Manager' should then spend a lot of time meeting and speaking with people in order to

understand people's feelings and energy and in order to be able to distinguish between 'energizers' and 'de-energizers'. According to Schiuma (2011), the two basic competencies requested for the 'Energy Resource Manager' are being as psychologists and coaches as should be able to manage the emotional facets of employees, as well as to guide them as organizational athletes. 'Energy Resource Manager' should create a social environment that arouses the social interactions requested for energy creation. Important dimensions of 'Energy Resource Manager' personality traits are being extroversion, openness, agreeableness and conscientiousness. Accordingly, appointing an 'Energy Resource Manager' may be a good start for embarking the human energy management program inside the organization. However, it is unlikely to be sufficient in itself because what is really necessary is that energy management becomes embedded in organizational culture, recognizing its crucial role as a source for employees' motivation and increased productivity, which in turn can force both value creation and competitiveness for the organization.

3. Concluding Remarks and Recommendations

Over the past 20 years, public and business interest in sustainability has radically increased but still much of the focus has been only on its environmental and economic dimensions and much less on the human dimension. Although reducing waste and increasing focus on the natural environment are basic features of sustainability, it is also crucial to develop a better understanding of the human dimension of sustainability, particularly in terms of energy and health. Human sustainability constitute a real crisis in most organizations in Egypt affecting employees' performance and productivity, an issue which has been of a major concern ever since the 25th January Revolution. This study further develops the idea of human sustainability by introducing a tool that can be used to help employees manage their energy in order to be healthy and productive in their personal and professional lives. Actually, the more we can support employees for developing their energy at workplace, the better we can also help them to sustain their energy for high performance for a lifetime (Spreitzer, 2011). In practice, people should become aware of the things that are energizing to them and to capitalize on them more regularly. It is noted that high quality relationships at work generate and sustain energetic resources, equipping people to do work well. Accordingly, good interactions with others are basically related to be more energized at work and individuals who were able to energize others, are actually reflecting a higher job performance themselves. Moreover, strategies that give the opportunity to learn and grow seem to be necessary for human energy management. The study also offers specific approaches guiding how people seek to manage their energy at work. The study confirms as well the importance of the intrinsic factors in work motivation. In specific, strategies reflecting on how work is meaningful, what gives joy or where one can make a difference, are related to drive employee energy at the workplace. Further, the study focus on strategies that employees can self initiate to manage their energy and to be more energy sustaining over time. Then what matters most for managing human energy at work are basically strategies that employees are practicing for doing their work. Specifically, job designs with high level of autonomy, can give employees the opportunity to maintain their psychological resources (Fritz, 2011). Energy in organizations is a key driver of business performance, yet energy is dynamic in nature and changes continuously over time. As energy needs to be created, sustained and not to be destroyed, then the appointment of the 'Energy Resource Manager' is one way to support building energetic organizations.

Maintaining energetic organizations in Egypt requires a comprehensive strategy for embedding human dimension of sustainability through an effective human energy management as the ability of employees to manage their energy at work is one of the important factor for supporting their productivity and welfare. Within the limitations and the challenges of the business environment in Egypt, as practical tools that help in managing human energy at the workplace and for creating energetic organizations in Egypt, three main practices are recommended. First, it is important to plan according to result areas instead of random actions. Successful energetic workers are capable of making important things and make sure to spend their time on these tasks on a daily basis. It is much more efficient and effective to do a few big things within the result areas than do a lot of small things without a direct measurable consequence as workers usually lose energy because of time they need to refocus their attention. Second, it is essential to determine long term goals as an important prerequisite for effective energy management. If organizations are capable to make parameters to measure progress toward long term goals, then this will have a powerful drive for workers to really act upon their main organizational goals on a daily basis. Third, it is crucial to maintain physical fitness in order to maintain energy on the long term especially when one has a desk-job. It is also important to make exercising as a top priority. Usually stress is a main cause of burn out or diseases, then it will surely help to increase awareness about the direct link between physical fitness and stress reduction for staying energized at work. It is relatively easy to integrate physical activity into daily life, by walking or cycling to work or including active tasks into everyday life. Actually supporting awareness about the physical fitness through walking or cycling to work can be very beneficial

especially in Egypt, not only for embedding human dimension of sustainability or human energy management but it is also crucial to handle the drastic traffic problem in Egypt.

In sum, the study sheds the light on the importance of understanding how employees can successfully sustain high levels of human energy over time which would in turn underline the importance of human dimension of sustainability to maintain energetic organizations. At the end, the human energy management strategies are various and can be embedded inside organizations to preserve human sustainability as well as to sustain energetic organizations.

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The Irrational Behaviour of Individual Investors on Vietnam Stock Market: Prospect Theory-Based Approach

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Abstract

The study aims to test whether the impact of the investors' psychological factors on their investment decisions conforms to the prospect theory or not. The used methodology is to interview by setting up assumption with different probability but the same expectation mean result. The survey of 422 investors on Vietnam Stock Market shows that the inconsistent psychology (irrational) exists commonly in the market. The investors show the risk-seeking tendency in risky situation and risk-aversion psychology in safe circumstances. The study reconfirms that the investors in Vietnam Stock Market are irrational investors.

Keywords: The prospect theory, irrational investors, the stock market, risk

1. Introduction

According to the normative theory, people should take the action in some way. In contrast, according to the positive theory, people set up models from what they have done. The expected utility theory is the normative theory which guides that economic activities should be based inflexibly on headings. Although we have demonstrated the usefulness of this theory in describing people's behavior, but a lot of people ask the question, in the practical, how well this theory can describe behavior? Almost financial models mainly assume that investors assess investing risks as well as opportunities based on the expected utility theory by John Von Neumann and Oskar Morgenstern (1944), which means that the individual investor trades rationally as "rational" economic people and the investors make selections to maximize the final value of final asset according to risky conditions.

However, empirical studies taken by behavior behavioral financial researchers, namely Simon (1959, 1978 and 1987) and Kahneman and Tversky (1979, 1981, 1982 and 1992) proved that assumptions in traditional financial theories in general and in prospect utility theory in particular contain empirical imperfection. The study shows that sometime people refine information in an irrational way. Some imperfection of the "expected utility" theory found out by behavioral financial researchers helps to explain many financial events which have not been dealt with by traditional theories. Typical researchers finding out the imperfection of the "expected utility" theory, Kahneman and Tversky (1979) has made a range of testing to illustrate that people do not follow the expected utility theory systematically as they select risky assets.

In the year 2002, Daniel Kahneman was awarded the Economic Nobel Prize for the behavioral financial research and to bring out the Prospect theory, which lays the strong foundation for the behavioral finance. The prospect theory was developed by Daniel Kahneman và Tversky (1979) and then was improved by Tversky and Daniel Kahneman (1992) to be the Cumulative Prospect Theory, which was considered as a perfect support for the Expected Utility Theory.

2. Prospect Theory: A Brief Overview

The prospect theory assume that people's decisions are not only based on rational expectation but also affected by behavioral factors such as feeling, experience, social psychology. Besides, the prospect theory proposes that the risky preference of investors is not only inconsistent (which was mentioned in the expected utility theory), but changeable according to time and the market situation.

The content of the prospect theory

Studies taken by Kahneman and Tversky (1979, 1981, 1982 and 1992) and Ackert and Deaves (2010) concluded that:

(1) The people's activity has three main characteristics unexplained by the expected utility theory, based on the nature of the expectation that people sometime avert risk and sometime seek risk. As a result, the "gain-loss" situation marks a limit point between risk aversion and risk seeking psychology. People evaluate the gain and loss in consideration with a reference point and reference point normally to the current status. People are afraid of losing, because the loss has worse impact on their psychology than the gain. This situation is called "the loss aversion".

(2) The background of the prospect theory is the value function built up by Kahneman and Tversky in 1979 to describe the utility level of financial investors through a concave utility function.

The asymmetric value function in the prospect theory replaces the utility function in the expected utility theory and is defined by the gain and loss according to the specific reference point. Ackert and Deaves (2010) argued that the utility level is measured by the income level, the value is defined by the gain and loss in comparison with the reference point. The value function contains following characteristics:

- The value function is concave in the gain area (risk aversion) and is convex in the loss area (risk seeking).
- The value function does not contain the income level, otherwise the income level change.
- The value further slopes forward the loss side (to reflect the loss-aversion psychology) than the gain area.

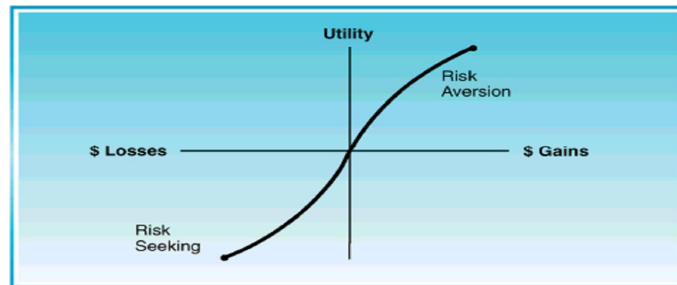


Figure 1. The typical value function description

According to the prospect theory, the value function is concave in the gain side and convex in the loss side and contains a spiral point at the co-ordinate, which is called the reference point. The reference point is considered by each individual as a comparison point in order to measure the aim level of the asset value. The value function has a larger slope with value levels under the reference point (the investor is losing), at this point the investor tends to seek risks, which means he/she is willing to accept the risk to continue to play the game with the hope of regaining the investment money and move towards above the reference point. In contrast, as the asset value point is above the reference point, the value function tends to be concave to describe the resistance behavior, the investor quickly sell out the stock to gain profit to avoid the risk without considering to increase the investment amount to enlarge the opportunity of making much more profit. Kahneman and Tversky conclude that investors prefer to take risk for losing investment while hesitate for taking risk for gaining investment. Finally, although the investors do not prefer taking risk for the gaining investment and tend to take risk in losing investment, and the loss impact more heavily on the investors than the gain does. This is due to the fact that the value function at the loss area is more sloping than the gain area, which means that the loss impacts more heavily on the investors' psychology than the gain does with the same absolute value. In another word, the investors will always behave in the risk aversion way.

(3) The expected utility theory can not help to explain why an investor makes an insurance policy while buying the lottery ticket, because buying the lottery ticket is considered as risk-seeking behavior. For lottery ticket buyers, the expectation value gained from the lottery ticket is much smaller than its price and the gaining opportunity is significant low for the buyers. However, this buyer can make an insurance policy to reduce the risk, which shows the risk aversion. The prospect theory can help to explain the reason for some people who at once buy the lottery ticket and make the insurance policy by setting up a higher rate for the gaining with the low probability.

3. The Researching Methodology

In order to assess the attitude towards the risk of individual investors on Vietnam Stock Market, the questionnaire interviewing method is carried out. Chosen situations are designed based on Kahneman and Tversky (1972, 1973, 1979, 1992, 2000); Ackert and Deaves (2010) to evaluate the attitude towards the risk of individual investors on the market and to investigate whether the investors on Vietnam Stock Market is rational and abide by the prospect theory or not? Finally, we designed six different situations for selections of taking the risk to take the opportunity to gain profit through the assumed investment decision for the investors on the market.

The investors were interviewed in September and October 2013 on Hanoi and Ho Chi Minh Stock Exchange. The method to take samples based on the relation system with the estimated sample size of 400 samples. Firstly, the author set up a list of individual investors upon the connected relationship and then invited them to take part into a researching project. After that the project participants will go on to introduce potential candidates (other investors) to answer the available questionnaire. The selected interviewees are the investors of at least 6 months of experience on the market and at the interviewing time they still trade on the market. In order to conform to the ethic principal, the author pledge not to require the interviewees to write down their name. Especially, during the selection process, the main information are based on the following criterias: (1) the youngest are 18 years old and the oldest are 60 years old; (2) gender: male and female; (3) career: finance-banking, state agencies (ministries, departments, divisions and sectors), security companies, scientific and technological sectors; (4) qualification: the interviewees have different education levels of from the high school to the post graduated level.

4. Result

Evidence of the existence of risk-aversion and risk-seeking psychology

Table 1. Assess optimistic level in stock investment

		Count	Column N%	Cumulative %
<i>Decision 1.1:</i> Imagine that you are facing two abreast projects for making decision.	Project 1: definitely (100%) gaining 250,000VND	283	67%	67%
	Project 2: the probability of 25% gaining a money amount of 1,000,000VND	139	33%	100%
<i>Decision 1.2:</i> Imagine that you are facing two abreast projects for making decision.	Project 3: definitely (100%) losing 750,000VND	139	33%	33%
	Project 4: the probability of 75% losing 1,000,000VND	283	67%	100%
	Total	422	100%	
<i>Decision 2.1:</i> Imagine that you are facing two abreast projects for making decision.	Project 5: Selling out the stock and suffering the loss of 10,000VND	249	41%	41%
	Project 6: Keeping the stock until the next month.	173	59%	100%
<i>Decision 2.2:</i> Imagine that you are facing two abreast projects for making decision.	Project 7: Selling out the stock and taking the gain of 10,000VND	241	57%	57%
	Project 8: Keeping the stock until the next month.	181	43%	100%
	Total	422	100%	
<i>Decision 3.1:</i> Assume that you will have 3,000,000 VND in the future. Select the suitable project.	Project 9: definitely 100% gaining 1,000,000 VND	282	67%	67%
	Project 10: 50% of the probability to gain 2,000,000 VND	140	33%	100%
<i>Decision 3.2:</i> Assume that you will have 5,000,000 VND in the future. Select the suitable project.	Project 11: definitely 100% losing 1,000,000 VND	169	40%	52%
	Project 12: 50% of the probability to lose 2,000,000 VND	253	60%	100%
	Total	422	100%	
<i>Decision 4.1</i> (buying the lottery ticket): select the suitable project:	Project 13: 0,1% of the probability to gain 5,000,000VND	304	72%	72%
	Project 14: definitely 100% of the probability to gain 5,000VND	118	28%	100%
<i>Decision 4.2</i> (making the insurance policy): select the suitable project:	Project 15: 0,1% of the probability to lose 5,000,000VND	203	48%	48%
	Project 16: definitely 100% of the probability to lose 5,000VND	219	52%	100%
	Total	422	100%	
<i>Decision 5.1:</i> It is required to make two selections.	Project 17: 80% of the probability to gain 4,000,000VND	165	39%	39%
	Project 18: definitely 100% of the probability to gain 3,000,000VND	257	61%	100%
<i>Decision 5.1:</i> It is required to make two selections.	Project 19: 20% of the probability to gain 4,000,000VND	262	62%	62%
	Project 20: 25% of the probability to gain 3,000,000VND	160	38%	100%
	Total	422	100%	
<i>Decision 6.1:</i> It is required to make two selections.	Project 21: 45% of the probability to gain \$6,000	122	29%	29%
	Project 22: 90% of the probability to gain \$3,000	300	71%	100%
<i>Decision 6.2:</i> It is required to make two selections.	Project 23: 0,1% of the probability to gain \$6,000	270	64%	64%
	Project 24: 0,2% of the probability to gain \$3,000	152	36%	100%
	Total	422	100%	

The evidence of the existence of risk-aversion and risk-seeking psychology of investors is illustrated in the following 1st research situation:

Situation 1: Imagine that you are facing two abreast projects need to making decision. Consider the decision and indicate which options you decide:

Decisio 1.1: select one out of:

Project 1: Definetely (100%) gaining 250,000VND

Project 2: The probability of 25% gaining a money amount of 1,000,000VND

Decision 1.2: select one out of:

Project 3: Definetely (100%) losing 750,000VND

Project 4: The probability of 75% losing 1,000,000VND

In this situation, the author designed selecting projects with the same probability of gaining or losing. Assuming that the rational person will have the selecting probability of 50:50, because selecting among projects has the same expectation of gain and loss. The survey result of this study is as follows:

In the decision 1.1, there is 67% of investors (equally 283 people) select the project 1 is definetely to have 250,000VND and only 139 investors (33%) select the 2nd project with the probability of 25% of gaining 1,000,000 VND. As a result, the investors tend to adverse risk in this situation, although the gaining expectation is the same.

In the decision 1.2, there is 66% of investors (equally 281 people) select the project 4 with the probability of 75% of losing 1,000,000 VND and only 34% of investors (equally 141 people) select the project of firmly losing 750,000 VND. As a result, the investors tend to seek risk in the gaining expectation condition, or in another word, the investors show a more tendency to seek risk upon the gaining expectation.

The survey proved that the risk-aversion and risk-seeking psychology exist simultaneously among individual investors on Vietnam Stock Market in different chosing situations with the same expectation probability of gain (or loss) in the investment projects.

Situation 2: Imagine that you are facing two abreast projects for making decision

Decision 2.1: Assume that you bought a stock with the price of 50,000 VND, however, today, the price of that stock is only 40,000VND. You are considering whether you should sell out that stock to suffer a loss of 10,000VND or continue to keep it until the next month, with the assumption that the next month will happen following situations:

- The probability of 50% of the stock price will reduce to 30,000VND
- The probability of 50% of the stock price will increase to reach 50,000VND

Assume that there is no transaction cost or tax, with the above information, what project will you choose out of following projects:

Project 5: Selling out the stock and suffering the loss of 10,000VND

Project 6: Keeping the stock until the next month.

Decision 2.2: Assume that you bought a stock with the price of 50,000 VND, however, today, the price of that stock is 60,000VND You are considering whether you should sell out that stock or continue to keep it until the next month, with the assumption that the next month will happen following situations:

- The probability of 50% of the stock price will reduce to 50,000VND
- The probability of 50% of the stock price will increase to reach 70,000VND

Assume that there is no transaction cost or tax, with the above information, what project will you choose out of following projects:

Project 7: Selling out the stock and taking the gain of 10,000VND

Project 8: Keeping the stock until the next month.

The interviewing results are as follows:

In the decision 2.1, there is 41% of investors (equally 173 people) select the project of suffering the loss of 1,000,000 VND at the current time and 59% of investors (equally 249 people) select the project of keeping the

stock until the end of the month upon the average expectation of the situation of gaining 40,000VND as the current time.

In the decision 2.2, there is 57% of investors (equally 241 people) select the project to sell the stock out immediately at the current time to gain only the profit of 10,000VND and only 43% of investors (equally 181 people) decide to keep the stock until the end of the month with the same gaining expectation.

The situation illustrated that although the investors concerned in many situation, they may seek risk in other situations. This proves that the inconsistency of investors in their investment decision, or in another word, they are not rational.

Situation 3: Select the suitable project belongs to each decision:

Decision 3.1: Assume that you will have 3,000,000 VND in the future. Select the suitable project:

Project 9: definitely 100% gaining 1,000,000 VND

Project 10: 50% of the probability to gain 2,000,000 VND

Decision 3.2: Assume that you will have 5,000,000 VND in the future. Select the suitable project:

Project 11: definitely 100% losing 1,000,000 VND

Project 12: 50% of the probability to lose 2,000,000 VND

The situation 3 shows that decision 3.1 and 3.2 are the same in reality. In both cases, the investors select to gain definitely 4,000,000 VND and 50% of the probability to gain 5,000,000 VND and 50% of the probability to gain 3,000,000 VND. Or:

$$P9 = (5000000, .50; 3000000, .50) = P11, \text{ and } P10 = (4000000) = P12$$

Naturally, decision 3.2 is made from decision 3.1 by adding 1,000,000 VND to the beginning increased benefit and deducted 1,000,000 VND from the result. The increased benefit is not calculated to compare the expectations because they are the same in both selections in each decision.

The survey results taking from Hanoi and Ho Chi Minh Stock Exchanges proved that there is 67% of investors choosed project 9 and 33% of investors selected project 10 in decision 3.1; while there is 40% of investors selected project 11 and 60% of investors decided project 12 in decision 3.2. As a result, the investors averse risk in decision 3.1, but seek risk in decision 3.2. This situation shows the difference of the attitude towards the gain and the loss due to the change in income, but not due to the impact of income level on the investors' selection.

Situation 4:

Decision 4.1 (buying the lottery ticket): select the suitable project:

Project 13: 0,1% of the probability to gain 5,000,000VND

Project 14: definitely 100% of the probability to gain 5,000VND

Decision 4.2 (making the insurance policy): select the suitable project:

Project 15: 0,1% of the probability to lose 5,000,000VND

Project 16: definitely 100% of the probability to lose 5,000VND

The investor's interviewing results:

In decision 4.1, there is 72% of investors (equally 304 people) willing to accepted the project to gain 5,000,000 VND with the probability of 0.1% and there is only 28% of investors (equally 118 people) accepted the project to definitely take back 5,000VND. This proved that the investors made different decisions on taking risk, in this situation, the investors tended to seek risk rather than averse risk.

In decision 4.4, there is 48% of investors (equally 203 people) approved the project to lose 5,000,000 VND with the probability of 0.1% while 52% of investors accepted to gain 5,000 VND. This illustrated that the investors tended to averse risk as facing the loss.

Situation 5: It is required to make two selections.

Decision 5.1:

Project 17: 80% of the probability to gain 4,000,000VND

Project 18: definitely 100% of the probability to gain 3,000,000VND

Decision 5.2:

Project 19: 20% of the probability to gain 4,000,000VND

Project 20: 25% of the probability to gain 3,000,00VND

The two above decisions are similar, however, the probability level in decision 5.2 is 25%. This scenario help to assess the response of the investors to the probability change as making the investment decision. The survey result shows that:

In decision 5.1, there is 61% of investors (equally 257 people) chose the project to firmly gain 3,000,000VND, while only 39% of investors (equally 165 people) selected the project to gain 4,000,000VND with the probability of 80%. This illustrated that there is a tendency to averse risk among the investors.

In decision 5.2, there is 62% of investors (equally 262 people) chose the project to firmly gain 4,000,000VND with the probability of 20%, while only 38% of investors (equally 160 people) selected the project to gain 3,000,000VND with the probability of 25%. From these two decisions, it is clear that the investors tended to be more risky as the probability level reduced, but they expected to gain a higher result.

Situation 6: You select the suitable situation of the following abreast decisions.

Decision 6.1:

Project 21: 45% of the probability to gain 6,000,000VND

Project 22: 90% of the probability to gain 3,000,000VND

Decision 6.2:

Project 23: 0,1% of the probability to gain 6,000,000VND

Project 24: 0,2% of the probability to gain 3,000,000VND

The interviewing result from scenario 6 of Vietnamese investors proved that there is 71% of investors selected project 22 (aversing risk) while 71% of investors chose project 23, the rest included risk neutrals belonging to 2 selecting pairs of (project 21, project 22) and (project 23, project 24) had the same expectation. Note that in decision 6.1, the winning probability is high enough (0.9 and 0.45) and most of investors chose the scenario with high winning probability.

5. Conclusion

The study illustrated that inconsistent psychology existed commonly among Vietnamese investors. In another word, the investors were irrational, they both averted risk and sought risk in different scenarios. This result is corresponding to behavioral financial theory, especially the prospect theory. Generally, the investors tended to averse risk in the situation with high winning probability and to seek risk in the situation with low winning probability. This result is also according to Ackert & Deaveas (2010), which proved that people tend to averse risk in the winning opportunities and to seek risk in losing opportunites. In another word, the “gain-loss” probability marks the turning-point between the investors’ risk aversion and risk seeking.

The study also showed the irrationality in the investors’ decisions on the market. The investors responded differently to the market changes. They had a contradictable tendency with the same gaining or losing expectation. The study also proved that the investors tend to expect for increasing the stock price and keep the stock as the real stock price decreases on the market and suffered the loss in their transaction, while they tend to sell the stock out as the real stock price increases to gain the profit. This shows the irrationality in their investment decisions, although the probabilities for future scenarios are the same, the investors tend to keep the stock when suffering the loss and sell the stock out when gaining the profit. This result is also suitable with our previous studies, which concluded that the current investors have the short-term investment strategies.

The study also shows that there is difference in the attitude towards risk due to the income change, but not the income level which impacts on the investors’ selection. This is proved by Ackert & Deaves (2010), which defines that people assess an opportunity based on the gain and loss in comparision with the reference income level. The reference income level of 4,000,000 VND was designed in this study. The investors tend to consider the loss more heavily than the gain with the same expectation value. In another word, people often feel more pessimistic as facing to the loss and more optimistic as taking the opportunity to avoid the loss or gain the profit with the same average result from their decisions.

The study proved that there is a contradictable psychology existing in the investors in buying the lottery ticket (gambling psychology) and making the insurance policy (provision psychology). However, the provision psychology is not popular among investors as they make decisions. The research illustrated that there is 52% of investors chose this situation, which is not clear enough to differ them, while the investors having the gambling

psychology takes a large rate (72% of investors). This once again shows the psychology of seeking risk in risky opportunities and averting risk in profitable opportunities. This result is also suitable with Kahneman and Tversky (1992), which prove that investors tend to seek risk at the positive value area, but when there is a little probability of gaining they will change to seek risk (explaining for buying the lottery ticket). In contrast, although the investors are seeking risk in the negative result area, they will change to avoid risk in case of the low probability of losing appears (explaining for making the insurance policy). This result proved that investors often averse risk for the gaining opportunities and seek risk for losing opportunities as the probability for this result is high, but seek risk for the gaining opportunities and averse risk for losing opportunities as the probability for this result is low. This is reasonable in Kahneman and Tversky (1992), which shows that there is 92% (22 above 25) of fields containing the above characteristics. The prospect theory illustrates fully 4 aspects of the attitude towards risk by using a weighted function.

The study witnessed the “definite effect” existing among Vietnamese investors as facing to make risky and safe decisions. At the same level of expecting to gain the average income, the investors tend to choose the safe project and they are risk aversion investors at that time. However, when the safe probability is changed into the less-safe probability, the investors tend to choose the risky project accompanying to the expectation of higher income gain. This reconfirmed the “safe effect” discovered by Kahneman and Tversky (1979) exists among the investors on Vietnam Stock Market. Kahneman and Tversky (1979) argued that people assess the safe opportunities differently from the less-safe opportunities, because they often evaluate the safe opportunities more highly than the less-safe opportunities.

Besides, the study also referred to the projects with low gaining probability, the investors do not pay much attention to the gaining probability (although the probability of 1% is very different from the probability of 2%), they only care much more the project with higher profit. This illustrates that the investors tend to seek risk in the risky situations and then pay much more attention to the gain value with a little probability.

The study shows that the attitude towards taking risk of the investors on Vietnam Stock Market is not explained by the expected utility maximization theory. In another word, there is no evidence to illustrate that the investors are rational. The risk-aversion and risk-seeking psychology always exists in all investment decision required different selections. The attitude towards taking risk is different based on the calculation of the gain and loss trade-off upon considering the reference point.

The individual investors on Vietnam Stock Market are irrational. Therefore, the prospect theory of behavioral finance instead of the rational prospect theory is used to explain their behaviors. As a result, the policies on developing Vietnam Stock Market are necessary to apply the theories of the behavioral finance. Based on the prospect theory, the author interviewed deeply the individual investors on Vietnam Stock Market, which proved that they are irrational investors according to the prospect theory.

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Factors Mediating between Employee Strategy Awareness and Commitment to Organizational Success

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Abstract

This study tested a theoretical model that includes seven factors hypothesized to mediate between employee organizational strategy awareness and commitment. The mediating factors include diffusion and innovation, social exchange, economic exchange relationship, job satisfaction, knowledge sharing and satisfaction, trust, and person-organization fit. Employees ($n=130$) drawn from all organizational levels in 12 business sectors (financial, manufacturing, aviation, distribution, healthcare, mining, agriculture, consumer goods, technology, telecommunications, oil and gas, education) were surveyed to measure organizational strategy awareness, organizational commitment, and values on the seven mediating factors. Structural Equation Modelling (SEM) supported a positive fit of data to model. Linear regression analysis revealed that excluding diffusion of innovation, all other mediating variables established a positive correlation with employee commitment supporting the overall model. However, we believe that the model is over-fitting the data given the large number of variables and small number of data points. These results show promise, but require further investigation which we propose for a second phase of the investigation. Understanding the factors that mediate between employee strategy awareness and organizational awareness should be of interest and value to managers who can, in turn, focus on developing those mediating factors that could ultimately improve organizational success.

Keywords: employee commitment, organizational strategy awareness, economic exchange, job satisfaction, knowledge sharing, person-organization fit, diffusion of innovation, trust, social exchange

1. Introduction

The relationship between employee commitment to an organization and organizational success has often been described as a social exchange process (e.g., Chao, Yu, Cheng, & Chuang, 2013). We propose that in many industries, organizational strategy awareness plays an antecedent role in influencing employee commitment level and that several factors may play a role in mediating between employee awareness of organizational strategy and employee commitment to organizational success. Therefore, this study sought to examine the relationship between two key variables—organizational strategy awareness and organizational commitment—and the factors that mediate between them. To date, scholars have argued for mediating variables such as job demands and resources, employee motivation, social exchange, economic exchange, transaction cost, conservation of resources, and diffusion of innovation (Chang, Rosen, & Levy, 2009; Chao, Yu, Cheng, & Chuang, 2013; Peng & Chiu, 2010; Tyler & Gnyawali, 2009). These study findings have played a pivotal role in the body of current literature on the subject. Surprisingly, however, we found no theoretical grounding to describe the relationship between the awareness of organizational strategy and employee commitment in relation to organizational success. This paper proposes such a model capturing the relationship between awareness and commitment and the factors that mediate them, and describes preliminary findings that support the theoretical model. Current literature already explains the relationship between the employee and the organization that influences employee commitment in achieving organizational goals (Bartek, 2009; Peng & Chiu, 2010; Tyler & Gnyawali, 2009). The theory proposed in this paper takes an antecedent factor—employee awareness level of organizational strategy—and explains how key variables such as diffusion of innovation, social exchange, economic exchange, job satisfaction, knowledge sharing and satisfaction, trust, and person organization fit would operate as

mediating variables between that awareness and employee commitment for organizational success. Therefore, this paper adds an extension of current theory and describes research that tests the resulting model. It presents a new understanding of the relationship between employee awareness of organizational strategy and commitment which not only adds to the current scholarship in the area but has practical application to organizational management, with the end goal of improving organizational success.

2. Theoretical Model

A description of the seven hypothesized mediating factors, as well as employee commitment and strategy awareness, are described and defined.

2.1 Diffusion of Innovation (DOI)

This theory seeks to explain how, why, and at what rate new ideas and technology spread through cultures (Miller & Amos, 2007). The five most important characteristics for an innovation to have in order to be adopted include: relative advantage, compatibility, complexity, trial ability, and observability (Bartek, 2009). In other words, an innovation must seem to have an advantage over existing methods and must be compatible with the systems and culture already in place, easy enough to use, testable before committing to regular use, and observed in use by other people.

2.2 Social Exchange (SE)

Social Exchange Theory is based on the notion that people exchange knowledge with those with whom they have a reciprocal relationship. Therefore, people are more likely to share knowledge with those who also share knowledge with them (Aryee, Walumbwa, Zhou, & Hartnell, 2012; Canessa et al., 2012; Kexin, Zhengxue et al., 2013). It exchanges non-material goods between individuals in relationships. These non-material goods might include affection, prestige, power, or in this case, knowledge (Shin, Taylor, & Seo, 2012). Ideally, there is a balance in this exchange, with both parties receiving an equal share of non-material goods.

2.3 Economic Exchange Relationship (EER)

The emphasis of this theory is short-term and involves the exchange of concrete or economic resources in a quid pro quo fashion (Chen, 2009). Economic exchange reflects the exchange of tangible resources over a finite period or a discrete transition (Zhu, 2012). The fulfillment of an economic exchange is vital to the continuation of the employee-organization relationship. Further, it contends that people behave based on a benefits set (Nakonezny & Denton, 2008). Bargaining and negotiations are components of economic exchange theory.

2.4 Job Satisfaction (JS)

This is an enduring construct in individual-level organizational research. It has often been thought of as an emotional state resulting from the evaluation or appraisal of one's job experiences or as a psychological state simultaneously represented by cognitive and affective indicators (Alarcon & Lyons, 2011; De Cuyper, Van der Heijden, & De Witte, 2011; Zhu, 2012). Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job, an affective reaction to one's job, and an attitude towards one's job (Hakanen, Schaufeli, & Ahola, 2008).

2.5 Knowledge Sharing and Satisfaction (KSS)

At the individual level, previous studies have found that psychological factors such as trust, attitudes, and norms have a significant impact on knowledge-sharing intention and behavior (Chen, 2011; Liao, 2006; Wu, 2013). The sources of knowledge sharing and satisfaction is most likely composed of individual and environmental factors, for example, the expectation of returns after knowledge sharing, or a good knowledge-sharing environment in which employees feel free to exchange knowledge during work and social activities (Wu, 2013).

2.6 Person-Organization Fit (POF)

This concept is an antecedent to Employee Commitment. High Person-Organizational Fit means that personal goals and values are congruent with organizational goals and values. Prior research has suggested that there is a positive relationship between Person-Organizational fit and organizational commitment (Chang, Rosen, & Levy, 2009; De Cuyper, Van der Heijden, & De Witte, 2011). Person-Organizational Fit should promote employees' organizational commitment.

2.7 Trust (T)

Trust is a critical constructive element in human relationships. This construct plays a vital role in influencing employee commitment to the organization (Chao, Yu, Cheng, & Chuang, 2013). Trust is a personality phenomenon that drives one to build and foster meaningful relations to achieve mutually agreed upon goals.

Employees who are distrustful are a question mark in relation to organizational loyalty and vice versa. Current literature explains how trust works as a predictor and mediator of commitment for organizational success (Jang, 2013). Often times, trust causes one to overlook risks of being taken advantage of and to act for collective gains. Trust can be defined as the belief that dreams and expectations that are dependent on others can nonetheless be achieved.

2.8 Employee Commitment (EC)

Organizational commitment is defined as the relative strength of an individual's identification with and involvement in an organization (De Cuyper, Van der Heijden, & De Witte, 2011; Peng & Chiu, 2010; Taris & Schreurs, 2009). There are two types of employee commitments: normative commitment to change—defined as support for change stemming from employees' sense of obligation to their organization—and affective commitment to change—defined as a desire to support change based on beliefs about the benefits it brings (Liao, 2006; Peng & Chiu, 2010; Sharma, Borna, & Stearns, 2009; Shin, Taylor, & Seo, 2012). Some scholars define relational commitment as existing when an exchange partner believes that an ongoing relationship with another is sufficiently important to warrant maximum efforts at maintaining the relationship (Liao, 2006; Sharma, Borna, & Stearns, 2009). Commitment infers an enduring desire and willingness to work in order to maintain the relationship between parties in a specific context (Chang, Rosen, & Levy, 2009).

2.9 Organizational Strategy Awareness (OSA)

Organizations develop and deploy mainly three types of strategies. These strategies are organizational, business, and operational strategy (Altman, 2009; Jimena, 2009). The focus of organizational strategy is to set the direction of the organization for the future in relation to environmental changes. Business strategy focuses on how to compete in respective markets. Operational strategy plays a supportive role to implement organizational and business level strategies (Anderson & Anderson, 2009). Effective strategies should be innovative, support strategic advantage, deliver value to all the stakeholders, and be unique (Asser & Hodges, 2009).

Based on the above factors, the following theoretical framework (see Figure 1) and hypotheses are proposed:



Figure 1. Theoretical model

3. Hypotheses

3.1 Mediation of Diffusion of Innovation on the Relationship between OSA and EC

Organizations typically use all possible communication channels to make their employees aware of organizational strategies with the objective of inducing employees' commitment level to achieve organization goals (Bartek, 2009). However, prior studies have argued that employee commitment levels oftentimes falter merely for lack of awareness of organizational strategy (Miller & Amos, 2007). Level of employee commitment depends on how, when, and at what rate strategy information permeates through an organization. Such research offers empirical support for our expectation that diffusion of innovation functions as a mediating variable on the relationship between organizational strategy awareness and employee commitment (Bartek, 2009). Building on this premise, we expect the following:

Hypothesis 1: Diffusion of innovation will mediate the positive relationship between employee organizational strategy awareness and employee commitment toward organizational success.

3.2 Mediation of Social Exchange on the Relationship between OSA and EC

Social exchange theory is supported by empirical evidence that demonstrates employees share non-material goods between individuals in relationships. Employees tend to share affection, prestige, power or, in this case, knowledge with colleagues who likewise share with them in their respective subgroups (Aryee et al., 2012; Canessa et al., 2012; Kexin, Zhengxue et al., 2013). On the basis of this empirical evidence, we propose the following:

Hypothesis 2: Social exchange will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success.

3.3 Mediation of Economic Exchange on the Relationship between OSA and EC

Employees motivate themselves with a predetermined benefit at the end of their behavior (effort) in any organization. More specifically, some employees are motivated based on economic benefits (Chen, 2009). This phenomenon is apparent especially, at the operational level, where employees seek short term economic benefits in exchange for committing themselves to the success of the organization. Past studies confirm that employees depend on economic exchange that is attached to their performance (Nakonezny & Denton, 2008). Employees who are directly involved with sales in organizations are legitimately attached to short term economic benefits in order to induce their level of commitment in achieving sales quotas (Nakonezny & Denton, 2008). However, employees who are not directly related to sales functions may still be motivated if they are given some economic benefits for their organizational efforts in line with organizational success. Further, there is empirically supported evidence to argue that economic exchange relationship directly influences employee commitment (Zhu, 2012). Therefore, we propose the following:

Hypothesis 3: Economic exchange will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success.

3.4 Mediation of Trust on the Relationship between OSA and EC

Trust is an important psychological construct for employee-employer relationship. Employees sacrifice certain things (time, money, engagement, and entertainment) in life based on the notion of trust. Trust is one of the key factors that drives organizational success, according to many scholars (e.g., Jang, 2013). When there is a low level of trust between the two parties (employee and employer), often times not only does employee productivity level decrease, but employees then also tend to work for their own benefits rather than the organization's (Chao, Yu, Cheng, & Chuang, 2013). However, nobody has heretofore proposed that employee organizational strategy awareness directly influences employee commitment with the mediation of trust factor. This expectation is formally captured in the following hypothesis;

Hypothesis 4: Trust will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success.

3.5 Mediation of Job Satisfaction on the Relationship between OSA and EC

This is a personal psychological temperament that derives from one's own performance. It has been argued that as employees increase their level of commitment in order to achieve organizational goals, a higher level of job satisfaction is achieved (Hakanen, Schaufeli, & Ahola, 2008). However, there is currently no scholarly work to suggest that job satisfaction functions as a mediating variable in the relationship between organizational strategy awareness and employee commitment. Thus we propose:

Hypothesis 5: Job satisfaction will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success.

3.6 Mediation of Knowledge Sharing and Satisfaction on the Relationship between OSA and EC

Knowledge sharing related to market, product, and organization has led to increases in employee self-satisfaction (Chen, 2011; Liao, 2006; Wu, 2013). Employees tend to share knowledge with the employees who likewise share with them in their respective subgroups. Collectively, if the acquired knowledge is used to maintain overall organizational competitive advantage, these respective organizations would achieve organizational success (profitability), which is a financial benefit. In the same vein, the acquired knowledge of the employees will increase their level of efficiency (Wu, 2013). However, this has been a rare observation in current literature. Therefore, there is a lack of empirical evidence in the current literature to support that knowledge sharing and

satisfaction functions as a mediating variable on the relationships between OSA and EC. Thus, we propose to test the following:

Hypothesis 6: Knowledge sharing and satisfaction will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success.

3.7 Mediation of Person-Organization Fit on the Relationship between OSA and EC

Long-term employment agreements deliver benefits to both employee and employer parties (De Cuyper, Van der Heijden, & De Witte, 2011; Peng & Chiu, 2010; Taris & Schreurs, 2009). Changes in the business environment and recent dynamics in the labor market such as layoffs, increase of unemployment rate, and other factors has affected such agreements. However, such agreements could be expected to leverage the employee-employer relationship by improving understanding of the organization and the employee as a responsibility of each party: It is the organization's responsibility to assess if the employee fits into the organizational culture, whereas it is the employee's responsibility to assess if his own culture fits into the organizational culture (Chang, Rosen, & Levy, 2009; De Cuyper, Van der Heijden, & De Witte, 2011). The literature does not currently support any arguments to validate a mediation of person-organization fit the relationship between OSA and EC. This expectation is formally captured in the following hypothesis:

Hypothesis 7: Person organization fit will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success.

3.8 Employee Organizational Strategy Awareness and Employee Commitment

One of the key factors for organizational success is the degree of employee commitment level and organizations typically make every effort to increase employees' commitment level with the objective of achieving organization success (Anderson & Anderson, 2009). However, we believe employees will not commit to organizational success unless they have an appropriate understanding of the organizational strategy. Therefore, the leaders in organizations must invest time and resources to communicate organizational strategies to their employees. Based on this notion, we propose the following hypothesis:

Hypothesis 8: Employees' organizational strategy awareness has a positive relationship with employees' commitment for organizational success.

4. Methodology

4.1 Sample

This quantitative study administered an online survey to 152 respondents from within all organizational levels in 12 business sectors: financial, manufacturing, aviation, distribution, healthcare, mining, agriculture, consumer goods, technology, telecommunications, oil and gas, and education. An 'Other' category was included for respondents to enter sectors not provided on the survey. Of the 152 questionnaires distributed, 130 questionnaires were completed. Respondents from each industry included operational level staff (sales and service staff), functional level staff (managers from marketing, finance, human resources, and etc.), and senior level staff (directors).

4.2 Survey

The 91 measurement items in the survey were developed from scales with established validity and reliability and distributed among nine categories (seven mediating variables, OSA, and EC). Section one—Diffusion and Innovation—was measured with “yes” or “no” responses; Section two—Social Exchange—was measured on a five-point Likert scale (1= “Not at all” and 5= “Very extremely”); Section three - Economic Exchange—was measured with “yes” or “no” responses; Section four—Job Satisfaction—was measured on a five-point Likert scale (1= “Very Low” and 5= “Very High”); Section five—Knowledge Sharing and Satisfaction—was measured on a five-point Likert scale (1= “To no extent” and 5= “Very great extent”); Section six—Person-Organization Fit—was measured on a five-point Likert scale (1= “To no extent” and 5= “Very great extent”); Section seven—Employee Commitment—was measured on a five-point Likert scale (1= “Strongly disagree” and 5= “strongly agree”); Section eight—Organizational Strategy Awareness—was measured on a five-point Likert-type (1= “To no extent” and 5= “Very great extent”); and Section nine—Trust—was measured on a five-point Likert scale (1= “Strongly disagree” and 5= “strongly agree”).

5. Analysis and Results

5.1 Reliability

Reliability of survey items was measured using Cronbach Alpha. The resulting statistic was 0.754; Cronbach Alpha based on standardized items was 0.827, and number of item used for computation was 9. Therefore, the Cronbach Alpha values represent high reliability among the items used in the survey.

5.2 Model Fit

A raw score was developed for each of the nine categories and a structural equation model (SEM) was used to determine the validity of the theoretical model. Category variables were rescaled to a domain of [-1,1] for use in the model.

The SEM had two equations (omitting coefficients and bias constants):

$$[1] \text{ EC} = \text{DOI} + \text{SE} + \text{EER} + \text{T} + \text{JS} + \text{KSS} + \text{POF}$$

$$[2] \text{ OSA} = \text{DOI} + \text{SE} + \text{EER} + \text{T} + \text{JS} + \text{KSS} + \text{POF}.$$

The model was fitted using Lavaan Package in R (<http://lavaan.ugent.be/>). SPSS was used to test the hypotheses running regression, co-variance, and partial correlation. All model fit parameters were well within acceptable bounds. The Comparative Fit Index (CFI) was 0.999, Root Mean Square Error of Approximation (RMSEA) was 0.018 and Standardized Root Mean Square Residual (SRMR) was 0.022. The model is well-fitting the data given the number of variables and data points. The results show an OSA to EC Pearson *r* correlation of .738, ($p < .0001$).

5.3 Hypotheses

To test the hypothesized mediating factors in our model, we used linear regression analysis as a substitution for Sobel Test due to the limitation of the statistical software used (SPSS). With the exception of Diffusion of Innovation and Economic Exchange, all the other mediating variables established a positive, significant correlation with Employee Commitment. Below are the results of each individual hypothesis (significant at the $p < .05$ level).

Hypothesis 1: Diffusion of innovation will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This was not supported by a partial correlation value of -.023.

Hypothesis 2: Social exchange will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This is supported with a partial correlation value of .246.

Hypothesis 3: Economic exchange will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This was not supported by a partial correlation value of .038.

Hypothesis 4: Trust will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This is supported with a partial correlation value of .938.

Hypothesis 5: Job satisfaction will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This is supported with a partial correlation value of .747.

Hypothesis 6: Knowledge sharing and satisfaction will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This is supported with a partial correlation value of .678.

Hypothesis 7: Person organization fit will mediate the positive relationship between employee organizational strategy awareness and employee commitment for organizational success. This is supported with a partial correlation value of .790.

Hypothesis 8: Employees' organizational strategy awareness has a positive relationship with employees' commitment for organizational success. This is supported with a partial correlation value of .738.

6. Discussion

This study provides support for the theoretical model proposed in Figure 1, which contains seven factors that we propose mediate between employee strategic awareness and commitment (and thus, organizational success) with the exception of the Diffusion of Innovation and Economic Exchange factors for which we did not find significant support. These seven factors were either suggested by previous research in the scholarly literature or

proposed through our understanding of employee motivators. Our findings should be of interest to managers who wish to implement strategic planning that aims to enhance employees' level of organizational strategy awareness to the end of increasing employee commitment and ultimately, organizational success (profitability). The findings should also be of interest to scholars in this area who are interested in developing theory and testable models that capture the relationships among employee strategy awareness, employee commitment, and organizational success. Nonetheless, the present study is limited and should be considered preliminary. First, the present study is based on only 130 respondents across 12 sectors. This necessarily raises questions about statistical power and we would want, in a more expansive study, to collect data from more respondents in each sector and, perhaps, include more organizational sectors. We will evaluate the 'Other' category to determine additional sectors to survey. Second, we may wish to consider additional mediating factors, based on a more exhaustive review of the literature. We believe our initial review was thorough, but the possibility remains that there are additional factors to consider and add to the model. We must also examine the Diffusion of Innovation and Economic Exchange factors to understand better why these particular variables did not perform as expected. An enhanced survey instrument is in development and we expect to provide even more definitive support for the theoretical model in the near future. In the meantime, it seems apparent to us that managers wishing to enhance the relationship between employees' awareness of organizational strategy and employee commitment have at least five factors in our model on which to focus if they wish to improve organizational success.

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Introduction and Assessment of a Socio-Economic Mine Closure Framework

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Abstract

This paper introduces and assesses the Socio-Economic Mine Closure Framework. The Framework assessment included an online survey distributed to 151 experts, and a field investigation, conducted in Mongolia, in which the local community was invited to participate. A key objective of the case-study was to identify and assess the community investment initiatives implemented by a mining company. The fieldwork also aimed to assess the perceptions of local residents about the success of these initiatives. The study indicates that it would be relevant, timely and appropriate for the mining industry to adopt the proposed Framework. The case-study analysis found that several initiatives were implemented and supported by the company, but that the company's relationship to local governments was deemed to be too close and as such, was found to overshadow many of its initiatives. This situation resulted in a lack of awareness on the part of local residents regarding the community investments made by the company. Some of the programs available to the community, such as the microcredit program, would need to be reviewed because of a lack of transparency and limited accessibility. Furthermore, local residents expect a greater focus on the development of small businesses and job creation. The engagement and participation of local residents is limited, and local residents want to have a say in the decisions that affect the community.

Keywords: community participation, socio-economic, mine closure, sustainable development

1. Introduction

Mines close either when resources become depleted or when it becomes unfeasible, from an economic standpoint, to keep mining. At the time of closure, it is typical that a well-deserved environmental concern develops to mitigate and reclaim the disturbed areas. However, very little attention is usually focused on the socio-economic impacts that the closure of a mine imposes on governments, and especially on communities (Veiga et al., 2001, Kemp et al., 2008). Even in cases where the closure plan contemplates social dimensions, the approach is usually not well articulated, and does not consider the implementation of comprehensive and sustainable initiatives that would allow local communities to overcome the wide range of consequences brought on by the withdrawal of resources when a mine ceases its operations.

Corporate Social Responsibility (CSR) initiatives have become a common practice in the mining industry, and CSR is now part of the business strategy for most companies. CSR initiatives have claimed to support community development while at the same time prepare communities for closure. However, the approach undertaken has very often been focused on building infrastructure facilities, which the communities are then not able to maintain subsequent to closure (Roberts & Veiga, 2000). This paper comprises of an exploratory case study that focuses on the efforts undertaken by Boroo Gold Company (BGC), a Mongolian mining company, towards implementing initiatives to cope with the social and economic impacts of mine closure. Based on a review of voluntary and required industry-related guidelines and previous fieldwork, a framework has been developed as a Socio-Economic Mine Closure (SEMC) management tool. Despite the efforts undertaken to promote integrated mine closure frameworks and guidelines (e.g. Planning for Integrated Mine Closure Toolkit, and the MMSD Mine Closure Working Paper) by the resource extractive sector and international organizations, the existing approach still focuses heavily on environmental matters. When it considers the social dimensions, this approach is "confined to the inclusion of stakeholder consultation (Chaloping-March, 2008) and tends to lack initiatives to properly deal with the social and economic impacts that closing a mine imposes on local

governments and communities. Paradoxically, government response to the social and economic problems brought on by mine closure has typically been passive. This approach is illogical because towards the end of a mine's working life, the heavy burden of the closure will inevitably impact on governments.

Mining companies have historically understood mine closure as involving the processes of mine site rehabilitation and decommissioning. Furthermore, the general belief within the industry is that by being in compliance with the law, paying taxes, doing philanthropy and implementing social projects, companies are exempt from further responsibility in relation to the socio-economic impacts that the closure of the mine will have on local communities and governments. Multiple international and industry-related initiatives such as the Equator Principles, Towards Sustainable Mining, Planning for Integrated Mine Closure Toolkit, and the MMSD Mine Closure Working Paper have been implemented. Many of these touch upon the socio-economic aspects of mine closure. Nevertheless, gaps still remain and no comprehensive, integrated planning and implementation processes have yet been proposed. One of the focal arguments in this paper is that a refined and integrated management process, as well as appropriate leadership skills all need to be developed for a comprehensive socio-economic mine closure to take place. Several authors (Clark & Clark, 1999; Roberts & Veiga, 2000; Veiga et al., 2001; Chaloping-March, 2008; Kemp et al., 2008; van Zyl, 2010) have pointed out the importance of a more comprehensive and holistic approach to mine closure. For them, the manner of engaging with communities and helping them cope with the social dimensions and the socio-economic impacts of a mine closure on individuals and communities needs to be properly taken into account.

In this context, mine closure should consider a more holistic approach that is aimed at developing and supporting the implementation of a plan that contributes to minimizing and avoiding the direct socio-economic impacts that closing a mine imposes on governments and local communities, and it should make contributions to the sustainable development of these regions.

2. Socio-Economic Mine Closure (SEMC) Framework

Mine closure is a process for which the ultimate goal is to prevent or minimize adverse environmental, physical, social and economic impacts (Australian Government – Department of Industry, Tourism and Resources, 2006, ICMM, 2008). Furthermore, “the future of the mining industry is dependent on the legacy it leaves” (Australian Government – Department of Industry, Tourism and Resources, 2006). In the earlier pages of the ICMM Integrated Mine Closure Planning Toolkit, it becomes evident that in addition to minimizing that adverse impacts, the document is intended to “support an operation in achieving a post closure status that leaves behind an enduring positive legacy in the community” (2008).

In this context, mine closure can be fundamentally linked to community development. Community Development (CD) consists of the (planned) evolution of several aspects of community wellbeing (economic, social, psychological, environmental, cultural and political), and community wellbeing is achieved through reaching an equilibrium between accessible resources and the challenges faced by community members (Dodge et al., 2012). As such, community development becomes a process whereby people come together to take collective action to successfully solve common problems, as well as implement changes at the local level in order to enhance the quality of life of community members (Frank & Smith, 1999; Maser, 1997).

Community Development involves a self-assessment to plan for the future. Central to this is the belief that members within the community have the primary responsibility for decision-making and action (Homan, 1999).

Although industry and government guidelines highlight the importance of an integrated approach to mine closure, one of the deficiencies of industry-related guidelines in dealing with the socio-economic consequences of the mine closure is that they do not properly consider the importance of leadership. Additionally, initiatives for building local capacity lack integration and tend to be limited, as in the case of education programs that focus on the development of professional and technical skills instead of on the promotion of a well-rounded education. Aggravating the situation, short-sighted philanthropic initiatives and paternalistic attitudes seem to be ingrained in the cultures of both communities and companies. Such initiatives can have positive impacts in the short-term, but when not adequately planned for and implemented, they can lead to an unsustainable environment that produces dependency and the lack of initiative and creativity - all of which ultimately impact negatively on the community. Successful socio-economic mine closure demands refined management and leadership skills, and needs to be implemented as an integrated, comprehensive and multifaceted process. Table 1 outlines a conceptual framework of ten elements and sub-elements for Socio-Economic Mine Closure that take management and leadership elements into account.

Table 1. Socio-Economic Mine Closure (SEMC) Framework

Element	Sub-Element	Description
1. Policy	Corporate Commitment	Corporate commitment to SEMC can only be enduring if it is embraced, promoted and supported by corporate management, including the Board of Directors, CEO, COO and the CFO. This commitment must be communicated through corporate values, policies, actions and performance measures.
	Governance 360	In the context of SEMC, corporate governance is used to indicate a situation where all levels of corporate management take into account their responsibilities to a broad range of stakeholders, not just shareholders making decisions. It is also of benefit to all stakeholders if the corporation encourages / promotes similar behaviour towards communities and governments at all levels.
2. Presence	Presence in the field	Mining companies need to have one or more representatives physically present in the local communities. These individuals, in addition of being technically knowledgeable about mining, need to be familiar with the realities and subtleties inherent in the field and in the community. It would be preferable to have a local resident or someone who has lived in the area to lead the team on behalf of the company.
	Stakeholder Analysis	Stakeholder analysis involves the identification of groups and individuals who are affected and who can influence a mining project. This involves developing an understanding of who they are, their needs, wants, level of power of influence and support for a given project. This approach provides the foundation for a better understanding of all the peoples affected by a mining project, and it is critical to making information available when designing and implementing strategies to address the socio-economic impacts of mine closure.
3. Participation	Mobilization	Mobilization is the initial stage in developing meaningful community participation and engagement. Here, information is shared, community leaders are approached, and the overall community is made aware of the importance of their participation in planning and implementing changes that will address the socio-economic impacts of mine closure.
	Education / Capacity Building	Paideia was the word used by the ancient Greeks to define education. To them, paideia involved a long-term process of gaining a well-rounded education which went beyond learning a trade or an art. It is through such a holistic approach to education that mine closure should be approached. Clearly, this should not exclude the adoption of programs that would promote the development of technical / professional skills. In fact, a well-rounded education which includes training programs will be the foundation through which to build capacity not only within communities, but also for the company, government and other stakeholders.
	Empowerment	Empowerment is defined by the World Bank as expansion of freedom of choice and action, which in the context of the SEMC Framework, can be translated as ensuring that community members and other stakeholders are able to freely participate, make suggestions, and raise concerns in relation to issues associated to a mining project. Furthermore, empowerment opens up opportunities for action and participation which, in addition to supporting community engagement, can enhance the community's sense of ownership.
	Community Engagement	Community engagement involves a process of supporting, building, and maintaining collaborative relationships with stakeholders, and local community members. In addition, community engagement is also fundamental for creating a sense of ownership and belonging between community members, and is critical for planning and implementing community projects.
4. Planning	Partnerships	The establishment of strategic, tactical and operational partnerships with key players (e.g. government, communities, NGO, other companies) are critical for community development and managing the challenges that closing a mine brings to local governments and communities.
	Asset Mapping	Asset Mapping is a participatory process that involves inventorying and assessing the natural and physical characteristics of a community. Additionally, through taking an inventory of the capabilities and interests of individuals, civic groups and other institutions, the social, cultural and economic assets of a community are mapped and evaluated. The information produced from the Asset Mapping process is critical, not only for the planning phase, but also in the participation step as it also functions towards mobilization, education, and the creation of community engagement tools.

	Socio-Economic Impact Assessment – SEIA	Socio-economic impact assessment provides a clearer understanding of the social, cultural and economic effects of mining activities on local stakeholders. This, in turn, is key in the process of planning, implementing and evaluating initiatives to effectively address these effects.
	Envisioning	Developing a clear and compelling vision of the ideal community is a critical step in the planning process. In the course of developing a vision, a collective process is demanded wherein the company, local government and most importantly, the local community, establish the things they would like to change and / or preserve in the community.
	Project Design	Using information drawn from the asset mapping and socio-economic impact assessment phase, projects will be designed to bring about the changes the community wants to see. This will take place using the vision developed by the community.
	Performance Indicators	As a final step in the planning phase, it is important to define performance indicators to measure performance and to evaluate the results of the implemented actions and projects.
	Resources	The allocation of proper financial and technical resources is a basic step that enables diagnostics, planning, implementation and the evaluation of initiatives to address the socio-economic impacts of the closure. At this point, it is critical to underscore that although mining companies are a key player in identifying and allocating resources, communities and governments also bear some responsibilities.
5. Performance	Implementation	Implementation refers to the process of carrying out the established strategies and putting the projects designed in the planning phase into practice.
	Monitoring	Monitoring refers to the application of systematic observation, as well as the regular collection of information and the use of measurement-taking procedures.
	Evaluation Towards Continuous Improvement	This stage involves the analysis and interpretation of the data gathered in the monitoring stage. The knowledge originated in the evaluation phase will assist in assessing the contribution and effectiveness of the strategies and projects that have been implemented. Additionally, this information will also be used to enhance performance, thus allowing for continuous improvement.
6. Promotion	Sharing Communication /	Refers to a process of effective communication whereby information is shared with all interested parties about the strategies, status and outcomes of the initiatives as they relate to the socio-economic aspects of mine closure.
	Consolidation	Consolidation, in the context of SEMC, refers to the process of ensuring that the successful strategies and procedures adopted to address the socio-economic impacts of mine closure are incorporated into both the community's and company's cultures.
7. Perseverance	Overcoming Resistance and Inertia	Perseverance acts as an antidote against the initial resistance and inertia that people may present regarding changes.
	Reinforcing Quality of Participation	Perseverance is also seen as an opportunity for enhancing community participation and engagement, not only in relation to the number of participants, but also with regard to the quality of participation.
8. Patience	Allowing Time for Effective Change	Social intervention requires time to produce significant results, thus patience becomes an important element. Patience refers to the ability to allow enough time for meaningful changes to take place.
9. Passion	Individual Passion / Motivation	Several authors see passion as the driving force for successful community development. Both community members and the company's representatives need to be motivated and passionate about community change and development. Passion is seen as a trait that can be passed onto other people and provides the strength and perseverance needed to bring about the changes necessary for successful community development.
10. Personality	Trust, Respect and Empathy	<p>Personality is defined as the combination of traits, characteristics and qualities that distinguishes an individual. In the context of SEMC, trust and respect are fundamental personality characteristics that should be exhibited by the company's representatives and fostered within all stakeholders. These traits create the likelihood for people to engage genuinely and to collaborate with each other, and are therefore critical for the successful planning, implementation and evaluation of initiatives that aim to address the social and economic impacts of mine closure.</p> <p>Additional to trust and respect, another fundamental characteristic that plays a role in the company-community relationship is empathy. Empathy is the ability to understand, and to some extent to share feelings that are being experienced by other people. Empathy is key to showing care and building respect and trust.</p>

3. Assessment of the SEMC Framework

The proposed framework was developed as a result of the authors' fieldwork experiences as well as their review of existing key industry-related guidelines (Note 1). Furthermore, an online survey was conducted in order to gain another perspective from which to assess the proposed SEMC Framework. The aim in this phase was to assess, refine and receive feedback on the SEMC Framework. The question of interest centered on whether the proposed Framework, its elements and sub-elements make sense, not only to the researchers, but to other practitioners and scholars. Does the SEMC Framework present a reasonable theory for scholars studying the subject? Do the order and importance of the elemental components of the Framework make sense? With these questions in mind, the SEMC Framework was presented to mining professionals working in the fields of sustainability and community development, as well as to other professionals such as consultants and NGO affiliates. These key experts were asked to provide feedback and insights on the Framework through an online survey. Furthermore, scholars who are known to be actively involved in the area of community relations, community development and community sustainability were also approached for the same purpose.

The identification of the online survey participants was made based on interactions between the authors and potential survey participants in the previous two years prior to the distribution of the research. This was made possible as a result of the authors' attendance at several academic and industry-related conferences and events.

A total of 169 people were invited to participate in the online survey. These individuals were classified according to 5 different categories which were related to their professional connections: Industry, Education, NGO, Consultant and Government. Represented in the Education category were professors and graduate students who work and/or research topics in the mining sector. From the total of all the online invitations sent out, 18 emails bounced back, resulting in 151 successful invitations. Of these, 99 responses to the online survey were received back, resulting in a 66% response rate. The percentages of respondents by category were: Industry (36%), Education (33%), NGO (11%), Consultant (12%), and Government (07%) (Note 2).

The online survey participants were from 16 countries including Canada, United States, Mexico, Ecuador, Brazil, Peru, Australia, Indonesia, Mongolia, Kenya and Spain. They consisted of individuals who work in the field of mining, and who are directly involved with at least one or more constituent elements of the SEMC Framework. There were three main objectives for distributing the online survey: 1) to assess how the SEMC Framework is perceived by the different Groups/Categories; 2) to rank the 10 constituent elements of the SEMC Framework in order of importance, and 3) to solicit feedback and comments on the overall SEMC Framework. In order to rate the elements according to order of importance, the online research subjects were asked to rank the elements from 1 to 10, where higher scores indicated higher importance and lower scores indicated lower importance. The respondents could also assign the same score to more than one element, a situation that was in fact observed. Table 2 below has been compiled to depict participants' average scores and standard deviations.

Table 2. Average scores and standard deviation responses—online survey participants

Elements	Industry	St.Dev	Educ	St.Dev	NGO	St.Dev	Consult	St.Dev	Govnt	St.Dev
Participation	9.38	0.95	9.31	1.06	9.40	1.20	8.20	3.12	9.00	1.78
Passion	5.95	2.20	6.00	2.34	7.60	1.49	4.60	1.35	6.75	2.58
Patience	7.33	1.88	7.85	1.51	8.40	1.20	5.80	2.03	7.36	1.66
Performance	8.43	1.49	8.54	2.30	9.20	0.74	8.40	3.20	9.58	0.49
Perseverance	7.33	1.78	6.54	2.37	7.60	2.57	7.20	1.93	7.92	1.97
Personality	6.65	2.30	6.67	2.35	7.20	1.93	5.40	3.00	7.08	2.66
Planning	8.86	1.93	8.75	1.73	8.00	0.89	7.80	3.48	8.67	1.34
Policy	8.43	1.43	7.31	3.19	8.20	1.16	7.00	2.68	9.08	1.20
Presence	8.19	1.84	7.92	2.73	7.00	1.00	5.80	2.71	7.92	2.09
Promotion	7.43	2.21	7.08	2.52	7.00	3.34	6.80	2.92	7.50	2.17

Although some similarities can be identified, as in the example that Industry and Education groups both considered that Participation, Planning and Performance were the most important elements in the SEMC Framework, there is no consensus between these groups regarding the order and weight of the proposed Framework. Table 2 is displayed in alphabetical order. Multiple comparison tests were conducted between the constituent elements of the SEMC Framework and the five different groups. Significant differences were found only in the element Passion (p-value 0.03) when compared NGO and Consultant's average responses, and in the responses for the element Presence (p-value 0.03) when compared the average responses between the Industry

and Consultant groups. Descriptive analysis of the responses is a useful tool through which to shed light on how people pertaining to these five groups see the elements of the SEMC Framework. Additionally, during the description analysis, some of the comments provided by the online survey participants were added to provide further explanation about their perceptions.

3.1 Industry Category

According to the 36 responses received from the category Industry, the element of Participation is the most important (AV = 9.38; SD = 0.95), followed by Planning (AV = 8.86; SD = 1.93), and Policy (AV = 8.43; SD = 1.43) and Performance (AV = 8.43; SD = 1.49). According to this group, the two least important elements are Personality (AV = 6.65; SD = 2.30) and Passion (AV = 5.95; SD = 2.20).

Some individuals from the category Industry also provided additional comments. These comments, such as “No one element is conclusive. It is the sum of them that makes the difference” (Industry 1), are relevant because they express the complexity that is involved in mine closure. Another important comment was made by a participant regarding the element Promotion; “in community relationship building, celebrating the successes - big and small - (and on an on-going basis) is a great way to encourage all the other aspects: participation, passion, etc.” (Industry 15). This comment speaks to how the elements in the Framework are intertwined. With respect to the element Promotion, another Industry respondent pointed out that companies should “be honest rather than chasing the truth [...]”. Establishing trust and building and maintaining relationships are more about the discussion and less about the details” (Industry 23).

3.2 Education Category

It is noteworthy that the responses from the Industry and Education category groups reveal strong correspondences. The 33 individuals who comprised the Education group ranked Participation (AV = 9.31; SD = 1.06), Planning (AV = 8.75; SD = 1.73) and Performance (AV = 8.54; SD = 2.30) as the most important elements in the SEMC Framework. The responses from the Industry category were strikingly similar: Participation (AV = 9.38; SD = 0.95), Planning (AV = 8.86; SD = 1.93) and Performance (AV = 8.43; SD = 1.49). Furthermore, those from within Education ranked Presence (AV = 7.92; SD = 1.84) as the 4th most important element. Finally, Personality and Passion were ranked as the 8th and 10th elements in order of priority for the Education respondents.

One of the respondents from the Education group underscored the importance of community participation in the process as “the community's role in mine closure remains unclear and is often still largely dependent on the company's commitment (resources) to a sustainable closure plan” (Education 1).

This situation was identified during the Mongolian fieldwork, where community members made the criticism that mining companies should create more opportunities for the community to participate in the decision-making process. It was however noted that a passive mentality existed in-as-much as community members tended to criticize, but did not take initiative towards changing the situation, and also did not express clear ideas regarding how participation towards change could take place.

3.3 NGO Category

In relation to the responses provided by the 11 individuals belonging to the NGO category, it was noted that the respondents placed high importance on all the elements that constitute the SEMC Framework. Participation (AV = 9.40; SD = 1.20) and Performance (AV = 9.20; SD = 0.74) were however the most important elements for this group. Two elements that deserve some attention are Planning (AV = 8.00; SD = 0.89) and Patience (AV = 8.40; SD = 1.20). Planning was rated 5th in terms of importance, and Patience was ranked as 3rd. Patience, in this context, has been defined as the ability to allow enough time for meaningful social and economic changes to take place. Particularly with respect to social and economic change, community projects need time to yield significant results. One NGO representative commented on the importance of Patience: “I like your proposition of patience in the Framework. Typically companies, governments and local communities underestimate the time required for changes to happen, resulting in frustration to all involved” (NGO 1). Local governments for instance, tend not to think beyond their 4 – 5 year terms and try to reap the benefits of mining projects as soon as possible. Similarly, mining companies strive to demonstrate that tangible benefits have been delivered to the host communities as of the early stages of the mine's life cycle. As result, short-term projects that focus on building infrastructure facilities have become the common approach. The aim of the discussion is not to stop short-term and infrastructure initiatives, rather the task is to find a balance between delivering important and badly needed short-term projects, with initiatives that require a longer time to produce results. The importance of community participation and organization was also expressed by a respondent from an NGO who said that, “all components [in the Framework] are highly relevant. A successful case [for mining closure] may imply a lead of the community on the post closure

vision and land use planning” (NGO 5).

3.4 Consultant Category

Maintaining presence in the community, fostering dialogue, promoting participation and building trust are critical to the success of any community development work (Veiga et al., 2001; Homan, 2004).

It is surprising to note that those in the category of “Consultant” ranked the element Presence in the 9th position in terms of importance. In fact, when compared to the other four groups (Industry, Education, NGO and Government) which placed Presence higher, those in the Consultant category assigned the elements of Presence (AV = 5.80; SD = 2.71) and Personality (AV = 5.40; SD = 3.00) the two lowest scores. Because the nature of community development requires active fieldwork involving the promotion of dialogue and engagement with the local citizens, it would be expected that the Consultant group would have assigned Presence a much higher score. These findings, in fact, point to some of the challenges regarding the element Presence in community development. As such, Presence is not only an issue that of concern to consultants in the field of mining, but it is also highly relevant to a variety of professionals who hold responsibilities in supporting community development, particularly in rural and remote regions.

One of the challenges of community development in mining relates to community access, since many mining communities are located in regions with rudimentary or non-existent access roads. Some of them are only reachable by boat or airplane. In addition, many of these communities lack basic infrastructure such as adequate housing and/or potable water. These challenges render Presence within the community more difficult for mining companies. Nevertheless, in their effort to improve this situation, some companies are creating community liaison positions whose basic role involves sharing and disseminating information, and providing feedback on community-company related affairs to both the mining company and the community. However, the existence of a community liaison representative does not eliminate the importance of having company officials, particularly those who have decision-making authority, having a concrete presence in the community. This situation was observed in the Mongolian case study where, after the community liaison positions had been created, the company community relations manager was noted to have reduced his presence in the community. The following quote summarizes the above discussion, “Presence is for me the single most important fact for a successful mine closure. People need to confirm that the company is there, close and caring about their future” (Industry 17).

3.5 Government Category

Performance (AV = 9.00; SD = 0.49) and Policy (AV = 9.00; SD = 1.20) were considered the most important elements in the SEMC Framework for the Government affiliates. It is interesting to note that Planning (AV = 8.67; SD = 1.34) was ranked in the 7th position of importance. With regard to overall Planning, one important issue identified in many mining communities relates to how the moneys provided by the mining companies are invested. For obvious reasons, mining companies and local governments tend to keep very close relationships and it is a common approach for mining companies to set up donation funds and financial compensation to support local development and improve the quality of life in the host communities. However, lack of participation and transparency regarding the use of the funds provided by the company, as well as a focus on short-term projects (e.g. construction of a sports center) to the detriment of long-term ones seems to be a common issue, as identified in the Mongolian case study which will be further discussed in the following section. As a result of this situation, communities commonly experience a variety of challenges when the flow of money ceases, and both governments and communities are forced to adjust to decreases in quality of life and increases in costs for maintaining the facilities that have been built over the course of the mining project. Many community members are aware the challenges of such a shortsighted approach. During the fieldwork, some study participants were vocal in speaking to the need for higher levels of community participation, as well as greater transparency regarding the use of the money.

4. Mongolian Case Study

Boroo Gold Company (BGC) owned by Centerra Gold is an open-pit gold mine in Mongolia that is located about 150 km northeast of the capital Ulaanbaatar. It was the first hard-rock gold mine established in Mongolia, and the largest foreign investment in the country at the time it began production in 2004. The mine has produced more than 1.5 million ounces of gold (Centerra Gold, 2009). Due to the exhaustion of its economically viable ore, it temporarily stopped mining at the end of 2010. In 2011, BGC began to process its stockpiled ore, and in 2012 it was granted a license to re-start heap leaching of the stored low-grade ore. Additionally, as a result of the high price of gold which makes mining this type of low-grade ore economically viable, the company restarted mining some small deposits in 2012. In spite of currently being in production, the lifespan of the BGC mine is destined to be short and although no exact closing date has been set, it is estimated that operations will continue until 2015. At its

peak, BGC had 800 employees, although the mine currently employs only around 300 people, of whom 97% are Mongolian citizens (Centerra Gold, 2012).

Boroo mine is located in two separate soums in Selenge province. The open pits and mill facilities are located in Bayangol and the tailing dams, power line and wells that supply water to the mine are located in Mandal soum. Mandal soum has 25,000 inhabitants, among which 28 people are employed by the mine. Bayangol soum has 5,000 inhabitants, of which 120 people are currently working at the mine.

Centerra holds a mine license in Gatsuurt, which is located in Mandal soum, 35 km to the east of the Boroo mine. Since Gatsuurt is located near the BGC mine site, Centerra's plan is to use the milling facilities at Boroo to process the Gatsuurt ore, which would extend the closing process of the Boroo site for another 10 years. The Gatsuurt project has obtained all the licenses needed to initiate operations, but a prohibition of mineral exploration in water basins and forest areas (as a result of the passing of the 2009 Water and Forest Law) has put the Gatsuurt and many other hard-rock projects on hold since they are situated in areas that are regulated by this Law.

Since 2004, as part of its policy of engaging with local governments and communities, Boroo has created and committed to donating USD \$250,000 every year to the Soum Development Fund (SDF). Mandal, Bayangol and the Selenge province each receive this amount annually for the SDF. In addition, a one-time USD \$40,000 Microcredit Fund was also given to both Mandal and Bayangol soums with the aim of supporting the development of small businesses in those communities. In total, to date BGC has donated over USD 5 million dollars to the province and the two soums. The SDF is managed by a Joint Working Group (JWG) which is formed by soum and bagh (Note 3) government officials, and other UB-based BGC management personnel. In principle, the JWG decides on the priorities for the soum and determines where the SDF should be invested.

Another initiative implemented by BGC in 2010 with the aim of improving its relations with, and increasing its presence in the community was the creation of the position of the Community Relations Officer (CRO). The CRO's main duty is to function as a liaison between the company and the community. Bayangol has one CRO, and two CROs were appointed for Mandal. Mandal is the largest soum in the country, with more than 25,000 inhabitants. In addition to mining, other major industrial and economic activities include a spirit factory that produces vodka, a brick factory, and the railway station. The region is generally agricultural, and both Mandal and Bayangol have high participation rates in farming activities, with many families operating economic gardens out of their backyards. As is true for virtually all Mongolian regions, herding also plays a significant role in both Mandal and Bayangol. Herding is a significant economic activity which results in the production of milk, wool and cashmere. Other than mining, there is no major industry in Bayangol.

4.1 Case Study Methodology

After assessing the SEMC Framework through the online survey, a fieldwork was arranged and conducted in Mongolia. The objective of this fieldwork was to assess the initiatives implemented by the mine company and to capture the perceptions of local residents in relation to these initiatives.

A thirteen day field visit to Ulaanbaatar, Mandal and Bayangol soums (Note 4) was undertaken in order to gain a better understanding of the initiatives implemented by the company regarding the closure of its mine and to examine the perceptions of residents from each soum regarding the company's closure plans.

Exploratory and descriptive methods were adopted as part of the research design. An exploratory study can be described as aspiring to reveal the situation at hand, and its main aims are to inquire about and assess the phenomena in a new light. A descriptive study in turn, can be seen as portraying a meticulous and accurate profile of persons, events or situations (Saunders et al., 2007). Additionally, due to the qualitative nature of the research, this study can also be classified as having a participant-observer approach since data collection was also drawn based on the researcher's observations during the gathering of the field data. Given that the researcher was embedded in the environment where the events and phenomena to be analyzed were spontaneously taking place (Yin, 2011; Spradley, 1980), employing a participant-observer approach can function as an effective strategy for capturing nuances, subtleties and patterns of phenomena that would not be possible using different methods of investigation.

The Socio-Economic Mine Closure (SEMC) Framework was used as a guide through which to build the structured surveys, which in turn were used for assessing company performance and capturing and understanding local government and community perceptions with regard to a broad range of topics that include governance, transparency, community participation, communication, local economic development, planning, monitoring and evaluation, etc.

The first steps towards understanding BGC's history, policies and procedures involved conducting a thorough review of the company's website as well as an examination of BGC's annual reports and internet publications. Additionally, a series of semi-structured in-depth interviews were scheduled with some of the company's management staff. Field trips to Mandal and Bayangol were organized. During these field trips, interviews and group sessions were held with government officials, company representatives and community members. A total of 29 interviews were held and 6 group sessions took place in the two soums. In total, 80 people were directly involved in the research, either through participating in one-on-one semi-structured in-depth interviews, group discussions, or by filling out the survey. In addition to the semi-structured interviews and the group sessions, a survey containing an average of 100 questions was distributed to three distinct groups: BGC, community and government. The survey was structured considering the elements and sub-elements found within the SEMC Framework, and an 11-point (0 to 10) Likert scale, was included. The Average (AV) of the responses was used to summarize the data. Additionally, Standard Deviation (DV) was also conducted to show variability or the distribution of the responses, helping in the assessment of how far the responses to the questions varied from the average. A lower average index indicated that people perceived that a specific situation needed to be improved, and higher scores suggested that individuals perceived a specific situation as positive.

4.2 Analysis of the Results

Planning, in the context of mine closure, refers to undertaking a baseline study that would include inventorying community assets, and gaining an understanding of the potential social and economic impacts that closing a mine would have on all stakeholders, particularly the local communities. Additionally, planning entails the process of developing a collective vision of how the community will look like after the mine has closed down. These steps would be followed by the creation of design projects that would be developed and implemented by the community. The results of these projects would then be measured through a participatory process in consideration of a set of performance indicators that had been jointly developed by all the stakeholders. Finally, the planning process requires that financial and technical resources are made available.

The overall interview results from the community indicate that people believe that BGC wants to leave a positive legacy after the mine has been shut down. However, concerns were raised regarding the belief that neither the local government nor the local citizens are fully aware of the company's closure plan. BGC is present in the community and maintains a close relationship with the soum government. Furthermore, Boro participates in the Joint Working Group (JWG) whose goal is to collectively decide where to invest the Soum Development Fund. However, it was revealed that many people are not aware of how the SDF works. The intent of the establishment of the SDF is to promote community wellbeing and to foster local economic development. Historically, the majority of investments made in both soums were directed towards the construction of buildings (the Governor's Building, a sports center, cultural center, and a sanatorium) and infrastructure (roads and a hospital). Relatively speaking, only a small share of the money went into investing in the promotion of local economic development. It is important to note however, that some local economic initiatives have been implemented in Tunkhel (near Gatsurt), as in the case of a co-operative dairy factory that was created in 2012, and which engaged 20 herders from the region. A recent update on the project however reveals that the dairy factory is now closed due to lack of leadership.

Although local citizens have acknowledged that they benefited from the infrastructure investments made with the money donated by BGC, it is clear that there are a variety of different perceptions regarding how the SDF should be managed and spent. Local citizens who participated in the survey were vocal in saying that neither of the soums "need another building." In fact, they suggested that what is needed is a "program that creates jobs." The survey also corroborates the findings from the interviews. When asked for their perceptions regarding whether the mining company understands the community's most critical social issues, the residents of both soums presented low scores (Bayangol – AV = 4.42; SD = 3.73 / Mandal – AV = 4.48; SD = 3.95). Both communities believe that the major challenge is to figure out how to create jobs and strengthen economic activity in the region.

Low scores were also obtained regarding the communities' perceptions about the manner in which the company takes the suggestions made by the community into account. Again, very low scores were obtained from the assessment of local residents' feelings about whether their ideas were taken into account by the mining company. The average score for Bayangol representatives was 3.08 (SD = 2.66). Similarly, Mandal average scores were 3.20 (SD = 3.36). It is clear from both the survey results and the interviews that community members want to have their voices heard and that they would like to participate to a greater degree in the decision-making process regarding the plans for closure.

For many years, BGC has chosen to invest in the community according to the three following approaches: donations, the Soum Development Fund (SDF) and microcredit. Donations are usually punctual, and sometimes not linked directly to the sustainable development of the communities, as in the cases when the company donated money to support a cultural event where a Mongolian student participated in an international music competition, or when money went to supporting athletes to compete abroad. Since 2006, BGC has received 403 proposals for donations and 86 were approved (TERI, 2012). On the other hand, as envisioned by the company, the SDF should be used to promote both the wellbeing of local citizens and the sustainable development of the communities. Although Mandal and Bayangol government officials and community representatives agree that SDF money should be spent towards promoting the sustainable development of communities, the majority of the investments made to date through the Soum Development Fund have been related to building public infrastructure that the governments are now having difficulties in maintaining. One such example is the case of the Sports Centre in Mandal, which is operating understaffed because sufficient budget has not been allocated to hiring an adequate number of staff members.

The third investment approach made by BGC is through microfinance. In relation to this, it was found that each soum has established its own rules regarding the dispersion of the microcredit funds. In Mandal, local citizens are allowed to borrow a maximum of 500,000 MNT (Note 5) (~ USD \$360). This is considered to be enough money to support local citizens who want to invest the money in a home-based-business type of crop enterprise, but is limited when it comes to supporting other projects that require more resources. In Bayangol the microcredit system is more sophisticated. There are two types of loans available, one, up to 1,000,000 MNT (~USD \$700) and another one up to 5,000,000 MNT (~USD \$3,600). In the Bayangol soum, for loans of up to 1 million MNT, the decisions are made directly by the soum governor. This situation is seen by the local citizens as an issue of concern due to the lack of transparency in the process.

An arrangement to manage the microcredit funds has been made with a local bank. This arrangement includes collecting overdue payments and making sure that the original microcredit money is not depleted. In relation to amounts of up to 5,000,000 MNT, a Joint Working Group formed by 6 company representatives and 9 local authority representatives evaluates and pre-approves the projects. In these cases prospective borrowers need to comply with a more stringent set of requirements and, for the applicant to successfully receive approval for the money, the final decision is made by the local bank branch that is responsible for managing the funds. Although the interest rates in such cases are lower than market rates, the requirements imposed by the bank are quite stringent, rendering it more challenging for ordinary people to access these loans. However, the most important issue regarding governance and transparency was raised by a government official when he bluntly stated that the bank managing the USD \$200,000 microcredit fund is not too concerned about the high requirements for lending the microcredit money since the bank can offer its own money with less rigorous requirements, but with higher interest rates. This system, in addition to having a conflict of interest, defeats the purpose of microcredit, which is intended to make resources available to people who do not have access to the regular banking system.

Since 2006, 1127 micro loans have been made available to community members. Of these, 837 loans were disbursed in Bayangol and 290 loans were provided for residents from Zuunkharaa and Tunkhel, in Mandal (TERI, 2012). Although the population of Mandal (25,000 inhabitants) is 5 times larger than that of Bayangol (5,000 inhabitants), Mandal disbursed 4 times less loans. In terms of amount disbursed, the ratio is comparable, where Bayangol disbursed approximately 800,000,000 MNT (US \$570,000) and Mandal lent approximately 200,000,000 MNT (US \$140,000). These numbers again raise questions regarding the effectiveness of microcredit and suggest that the program needs to be reviewed.

During the interviews, individuals from both soums criticized the microcredit system. In Mandal, people believe that 500,000 MNT (US \$350) is not enough money, while in Bayangol people say that it is too complicated to get a loan as a result of the higher requirements from the bank. As noted during the interviews with the soum Governors, BGC keeps a very positive relationship with the governments of both soums, and it is clear that the governments appreciate this and see BGC as a good partner. On the other hand, this close relationship with the local governments also provides the company with additional challenges. In fact, one of the main obstacles related to the funds provided by BGC concerns the role performed by the local governments with respect to how / where to direct the SDF moneys. People perceive that at the end of the day, the local governments from both soums are the ones making the decisions on where and how the SDF money should be invested. As pointed out earlier, the majority of SDF investments were made towards building infrastructure. During the interviews, it became evident that the local government had not planned or budgeted for the additional expenditures it would take to operate and maintain the new facilities. This is the case with regard to the Sports Centre in Mandal, where the facility remains understaffed because there is neither a budget to maintain the building nor to support

an adequate number of employees to run the facility. Although the Sports Centre is officially a government building, some people believe that BGC should be responsible for the maintenance of the facility. This illustrates how lack of planning, budgeting and communication create negative perceptions towards both the company and the government, and attributes responsibility to BGC whereas in this case, the maintenance of the building should be a government responsibility.

5. Conclusion

This paper sought to assess a framework on socio-economic mine closure. To contribute to the analysis of the framework and its elements, this paper draws on data gathered from an online survey distributed to a 151 individuals. Additionally, it draws on data gathered from a case study that took place in Mongolia. These results, combined with the analysis of the data from the fieldwork, reveal that the SEMC Framework can be adopted at any phase of the mine's life cycle. Additionally, the importance and weight given to each element constituting the SEMC Framework may vary depending on contextual elements such as social, economic and political circumstances.

In relation to the results of the fieldwork and perceptions of local people regarding the company's closure activities, it is of note that despite the fact that people believe that BGC is committed in implementing a successful closure of the mine, there is clearly a need for further planning, comprehensive community engagement and a sound communication plan. Additionally, current activities taking place on the ground also need to be reviewed and perfected, as in the case of the microcredit funds and Soum Development Fund. Another important element that requires action relates to the role of local governments. The relationship between BGC and the local governments seems to be excessively close. As a result, these relationships tend to overshadow the initiatives implemented / sponsored by the company. The main example of this relates to the SDF money donated by Boroo, which has resulted in the perception that the funds have been provided solely by the government. Focusing on the development of small business enterprises seems to be a judicious strategic path for BGC to undertake, since in addition to creating jobs and income, it is also in alignment with the wishes manifested by local citizens. Finally, in order to address the challenges uncovered through the course of the study, the creation of a mine closure working group to assist in the process of easing the concerns which have been voiced and educating local residents regarding the closure process would be both helpful and advantageous. Additionally, the establishment of such a working group would likely to result in better community engagement and participation, which are also key to the process of successfully closing a mine.

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Notes

- Note 1. e.g. Equator Principles, ICMM Community Development Toolkit, Towards Sustainable Mining (TSM), MMSD 7 Questions to Sustainability, ICMM Planning for Integrated Mine Closure and ICMM 10 Principles
- Note 2. The numbers in parenthesis indicate the number of responses received on the online survey by category.
- Note 3. Bagh is a subdivision of a Soum.
- Note 4. Soum is the equivalent of a county/district.
- Note 5. Mongolian Tugrik

Strategic Corporate Responsibility and Sustainability Performance Management Model

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Abstract

The cross industries overall business performance instability is non-exclusive of the prevalence of corporate responsibility and sustainability (CRS) performance instabilities. Contributing to CRS performance instabilities, are deficiencies of existing CRS descriptive frameworks to support delivery of CRS performance management. This is in the light of stakeholder's demands for business implementation of economic multiplier oriented CRS programmes. To address the problem of CRS performance instability, the Strategic Corporate Responsibility and Sustainability (CRS) Performance Management Model is built to enable business engagement in delivery of economic multipliers programmes to create CRS value convertible into Cash Value Added (CVA) for distribution among stakeholders and for business survival. The results from pilot testing indicate capability of the model's integrative processes to deliver CRS performances that are verifiable and acceptable to stakeholders. However this requires business leader's CRS Values as a driving force.

Keywords: strategy, corporate responsibility and sustainability, performance management

1. Introduction

There are no shortages of theoretical frameworks describing business and society relationships in terms of expected responsible and sustainable performances. Despite the plethora of corporate responsibility and sustainability (CRS) oriented frameworks, their descriptive tendency has been found not to be fit for purpose with respect to changing the nature of CRS programmes. As cross industries cases of CRS performance instability are increasing, stakeholders are demanding business to go beyond philanthropic activities to the implementation of the economic multipliers CRS programme. Thus the deficiency of existing CRS frameworks to guide CRS performance management are clearly manifested (Nelson, 2003; Katsoulakos & Katsoulacos, 2006b, 2007; Visser, 2013). The consensus from both academics and practitioners is the need for a stakeholder led integrative CRS performance management model (Katsoulakos & Katsoulacos, 2006b, 2007; Bhattacharyya, 2008; European Commission, 2011; Corporate Citizenship, 2012; Visser, 2006, 2013; Egbeleke, 2013, 2014). There have been academic responses to the challenge of developing operable CRS performance frameworks to address the prevalence of CRS performance instability (Egbeleke, 2013, 2014). While these attempts have been significant in tackling issues such as the creation of shared value by way of linking CRS programmes to the operations value chain (Porter & Kramer, 2006), determining of strategic CRS programmes from options of CRS initiatives (Egbeleke, 2014; Bhattacharyya, 2008), CRS performance measurement and reporting (Katsoulakos & Katsoulacos, 2006b; Egbeleke, 2013), and transformative CRS and profitability reference models (Katsoulakos & Katsoulacos, 2007; Visser, 2013). There have not been any CRS frameworks that integrate all the components aforementioned above that deals with various issues of CRS performance management. This paper attempts to fill this gap by building an operable Strategic CRS Performance Management Model and pilot testing the model's capability to deliver cash value added (CVA) for stakeholders.

1.1 Research Objective

To build a strategic CRS performance management model through innovative integration of existing CRS frameworks that have addressed key issues relating to CRS performances.

1.2 Research Question

- 1) Can economic multiplier's CRS programme design and implementation contributes to the creation of CRS values that inspire customer stakeholders brand loyalty and re purchase generation?
- 2) Can a strategic CRS performance management model support the creation of CRS Value convertible through business core competencies and dynamic capabilities into cash value added?

1.3 Literature Review

The reality of global prevailing social, economic and environmental problems has impacted the nature of programmes that businesses are expected to get involved with by stakeholders. Stakeholder's demands are constantly pushing for changes in business- society engagement programmes from philanthropically dominated practices to more developmental oriented practices (Nelson, 2003; Katsoulakos & Katsoulacos, 2006b; Harvard University, 2007; Corporate Citizenship, 2012; Visser, 2006, 2013). The changing nature of business- society programmes was captured by the International Business Leadership Forum—IBLF as they identified eight economic multipliers area of concentration for CRS programmes that can be implemented especially in developing countries (Nelson, 2003). Furthermore, Katsoulakos and Katsoulacos (2006a) emphasise on some of the economic multipliers CRS programmes as they expressed that companies need to accept a new proactive role in shaping the future of the world by supporting and developing the social dimension of globalisation. They also when necessary need to take a leading role in organising responsible supply chains; investing in innovative health, energy and environmental products; establishing business models that will work in poorer countries; transferring knowledge and improving conditions and infrastructure in developing countries; and engagements in partnerships and dynamic coalitions to strengthen the world's sustainability capacity. Even though, it was argued that economic opportunity programmes as highlighted above are where firms have the greatest potential to create "shared value" or value for both business and society, if linked with the operational value chain (Harvard University, 2007; Porter & Kramer, 2006). Still many in the academic, not-for-profit and business fields continue to ask is the economic multiplier programmes CSR? However, describing the wide variety of activities companies undertake, or are being asked to undertake to enhance the net impact of business in the society might not all be covered by the generic definition of CSR. Therefore, this paper's point of view is that economic multipliers and its enhancer's is not CSR! It is Corporate Responsibility and Sustainability CRS (Harvard University, 2007)! CRS is about enabling companies to incorporate the creation of social, environmental and economic values into core strategy and operations. Thus improving management of business risks and opportunities whilst enhancing long-term social and environmental sustainability which is critical for business survival and sustainability in this present complex and interconnected trading world (Cranfield University, 2013; Egbeleke, 2010).

EC (2011) view small and medium enterprises as more likely to engage in economic multiplier CRS programmes for delivery of shared public value because the CRS strategy process are informal and intuitive. However, some practitioners view that economic multipliers CRS programmes offers in theory, the creation of shared value for both communities and companies, but express that it is so hard to articulate the benefits inside most companies (Harvard University, 2007). This is because CRS performance measurement remains a challenge (Visser, 2013). The need to focus on CRS performance was echoed through the result of Accenture and UNGlobal compact—2010 survey of 766 Companies CEO's as 34% cited lack of CRS performance recognition by financial market as a key barrier to achieving their CRS goals (Lacy, Cooper, Hayward, & Neuberger, 2010). This brought forwards the problem of CRS key performance indicator -KPI's argued to be crucial for CRS performance measurement and reporting (Henriques, 2010; Egbeleke, 2013). The summary points are that businesses cannot articulate the share value benefits from CRS programme implementations because they can't measure CRS performance, and the CRS performance they can't measure, they can't manage (Visser, 2013). Thus, leading to cross-continental and cross industries breakdown of CRS values with widespread of CRS performance instability as consequences (Katsoulakos & Katsoulacos, 2006a, 2006b; Egbeleke, 2009, 2010; Schwab, 2010; Mallenabaker, 2013).

There have been attempts at development of CRS models such as CSR Pyramid, Stakeholders theory, Corporate Social Performance Framework, Triple Bottom Line reporting, Bottom of the Pyramid (BOP) Model, Strategic CSR concept, and very lately the CSR DNA model to guide CRS performance delivery. But all remain descriptive in nature and this is inclusive of the CSR DNA model that was argued to have integrated what has been learnt till date from the other models listed to present a holistic description of transformative CRS (Visser, 2013). The descriptive orientation of existing frameworks made them unsuitable to provide guidance for CRS performance measurement, reporting and management. CRS performance management frameworks need to

integrate the full lifecycle of CRS strategy formulation, implementation, evaluation and evolution incorporating stakeholder participation to ensure it contributes to overall business performance stability (Katsoulakos & Katsoulacos, 2006b, 2007). Because the existing CRS frameworks are not producing strategic information that would enable CRS Values to be formed, business leaderships are setting up of rules guiding decision making about business right and wrong, should and shouldn't and good and bad actions are deficient (Nelson, 2003). These deficiencies clearly manifest with lack of leadership emotional investment in CRS programmes implemented by companies as many of such programmes did not make strategic sense (Bhattacharyya, 2008). Likewise, the narrow perspectives for changes that need to be made to drive CRS performances improvements affect business leadership's ability to promote responsible business with managers and young professionals who are the next generation of business leaders (Nelson, 2003). As a result, voluntary business –driven and multi-stakeholder CRS programmes that are business responses to stakeholder's demands to share responsibility for world sustainability by way of addressing value chain operational negative externalities within industries neither achieves CRS performance improvement nor develops capacity for significant contribution to sustainable development target delivery (Fransen, 2012). This provides a justification for the need for an integrative CRS performance management model (Katsoulakos & Katsoulacos, 2006b). To buttress the position of this paper to attempt the building of an integrative framework tagged "Strategic CRS Performance Management Model" needed to correct CRS performance instability, a review of cross- industries cases of CRS values breakdown leading to performance instability would suffice and are presented in the next section.

1.3.1 CRS Values Breakdown Leading to CRS Performance Instability

The gradual erosion of *values* in the processes of business creation of *value* for their shareholders has been observed over the years. This erosion of societal values has progressed to a complete breakdown of CRS values particularly in the business world and has necessitated the call for a fundamental rethink of the development of our morals and our ethical norms in relation to regulatory mechanisms that underpin our economy, politics and global interconnectedness, if social peace is not be undermined (Schwab, 2010). However the current set up of the entrepreneurial system is in such a way that trading strategies management decision-making processes are completely decouple from the responsibility of managers from their own risk-taking and CRS principle violations (Schwab, 2010; Egbeleke, 2010). Thus, means enterprise is no longer an organic community noted for creation of goods and services for the common good; but has metamorphosed into a functional "profit-generating machine" by which the entrepreneurial system becomes perverted (Schwab, 2010). The breakdown of CRS values lead to CRS performance instability demonstrated by social crisis negative outcomes. To explain this, a brief review of recent events in the financial services, oil and gas, pharmaceuticals and readymade garment industries would suffice.

1.3.2 Financial Services Industry Performance Instability

Egbeleke (2009) argued that the banking crisis leading to economic recession in 2008 was due to strategic governmental policies to relax financial services industry regulations. However, Schwab (2010) argued as noted earlier that it was the breakdown of values by reason of unethical practices based on excessive risk taking within the financial services industry that caused the global economic recession. However the year 2012 brought into the limelight how bank traders have been artificially fixing the price of money by distorting the London Interbank- Offered Rate (Libor). There is no doubt Barclays and others understood the importance of Libor in the financial industry and the consequences of acts that distort its calculation on rate integrity with risk of serious harm to other market participants and many organisations that includes schools and municipal authorities hedging against interest rates risk. Yet Barclays took a leadership role in Libor fixing conspiracy with Citigroup, JPMorgan, Bank of America and others to manipulate the rate figures. The reported fixing of Libor rates reverberated globally with far reaching effects not only in the derivatives markets and for an estimated US\$360 trillion of assets, mostly consumer debts tied to Libor (MallenBaker, 2012; DiStefano, 2012). So, after over 51 years of the first major business Enron price fixing scandals, the then cowboy mentality of trading driven by short-term profits as influenced by compensation and bonus schemes with utter disregard for risk-adjusted returns is still prevalent in the 21st century (DiStefano, 2012).

1.3.3 Oil and Gas Industry Performance Instability

The strategic position of the oil and gas industry within the global economy cannot be overemphasised. Likewise, social –environmental damages the industry is causing to the global community are irreparable. The US Gulf of Mexico Transocean and British Petroleum (BP) rig explosion is a notable example of a complete CRS values breakdown as the oil spill caused the deaths of 11 people, devastating damages to the gulf, its wildlife, its people and their livelihoods (Robertson, 2010). For CRS principles violations US\$6.9 billion was paid in case

settlement fines for environmental damages that should have carried the potential fine of an estimated US \$21 billion for the spill under the Act and BP paid a civil fine of \$525 million for misleading investors (Krauss & Schwartz, 2012; Schwartz, 2013).

Another on-going example that shows serious CRS values breakdown and consequences of performance instability is the Niger Delta region of Nigeria Oil companies–Communities–Government conflicts. The consequence is “Guerrilla Warfare” conflict situations that have turned oil company security spending into a bottomless pit. An analysis of Shell’s global security expenditure between 2007 and 2009 reveals that Shell spent at least \$1 billion on security. Shell spent more on security in the Niger Delta than in the Americas, EU and Russia combined with almost 40% of this; some \$383 million which was spent in securing Shell’s operations in the Niger Delta region. This security cost estimate does not include security expenditure on the Shell operated Liquefied Natural Gas (LNG) plant in Bonny. Nor does it include an estimated annual \$200 million of ‘community development’ funds, which are frequently distributed to groups that threaten Shell’s operations, sparking serious violent conflicts. The same high cost of security applies to Chevron, ExxonMobil, Eni/Agip and other oil companies operating in Nigeria (Amunwa, 2012). This shows commitments to verifiable CRS performances alternatives foregone by oil and gas companies is at a high financial cost, the operating infrastructure and human costs as security spends on private security companies, regular payments to government forces in Nigeria, direct cash distribution to some members of communities and this has only exacerbated the conflict, and proved incapable of protecting Shell’s and others pipeline infrastructure facilities and personnel (us-eia, 2012; Amunwa, 2012).

1.3.4 Pharmaceutical Industry Performance Instability

The practice of providing incentives to doctors to promote the use of drugs is common within pharmaceutical industry. So, GlaxoSmithKline’s (GSK) provision of extravagant entertainment for doctors to promote the use of its drugs is not an exception. Even though, it is reported that the company CEO at the period of CRS principles violation was focused heavily on the role of the company in society. However, the management took a very aggressive approach to ensure CRS practice compliance from its employees. They took disciplinary actions against any employee and terminated their employment if they didn’t get the application of Company corporate responsibility policy application right. Yet, GlaxoSmithKline (GSK) was fined \$3bn in the US for selling drugs for unapproved uses amongst other breaches in 2012 during the same period of harsh enforcement of CRS practice (Mallenbaker, 2012).

1.3.5 Transnational Ready Made Garment Industry Performance Instability

For many years there have been widespread allegations of unethical practices within the supply chain of transnational garment industry (Egbeleke, 2010). The transnational garment supply chain situation has progressively got worse from poor wages, to fires and then to the total factory building collapse in 2013. It was reported that 1,100 factory workers were dead at Rana Plaza in Bangladesh. A show of appallingly dangerous working conditions in Bangladesh’s clothing factories, for which some very big retailers lack values to take leadership for its renovations despite all the profits made from operating within the RMG supply chain (NewYork Times, 2013). Many believe that the problem of worker’s safety within the transnational garment supply chain is neither lack of policy statement on workers safety nor factory audit and inspection by Brands operators. The truth is that it costs more to produce under good working conditions than in bad working conditions. It was argued that the price pressure mounted by cloth retail companies on their suppliers to deliver rock bottom prices pushes factories to cut corners to cut costs. The implication of retailer demands for lower prices effectively ensured the safety goals contained in Brands policy statements are virtually ignored by factories. Also, it was reported that leading apparel corporations with reference to Wal-Mart and Gap dismissed the idea that they should pay higher prices to fund the renovation of dangerous factories in Bangladesh during a fire safety meeting held 2011 (Nova, 2012). Nonetheless, while the retailers have left the issues of victim compensation unattended, they have put in place the Accord on Fire and Building Safety signed by global unions and over 80 fashion brands and retailers. The Accord is a five-year programme aimed at ensuring health and safety measures, including the assessment and remediation of structural integrity and fire safety in factories used by the signatories (International Labour Organisation—ILO, 2013). Why the accord now after 1100 dead factory workers? Why not accord at the fire safety meeting held 2011 to keep them alive?

All the above cases present a strong evidence of CRS values breakdown with performance instability as consequences. Thus, solutions to performance instability require a two prong approach emphasising long term performance optimisation rather than short term profit maximisation and developing responsiveness capabilities in terms of CRS strategy, knowledge management and reporting. To action this solution an attempt is made to

build a strategic CRS performance management model to facilitate a change from agency to stakeholder approach that aligns CRS programmes with corporate strategies integrated into value chain activities to deliver Cash Value Added—CVA inform of financial, social and environmental values contributing to CRS performance stability (Nelson, 2003; Porter & Kramer, 2006; Katsoulakos & Katsoulacos, 2006a, 2007; Bhattacharyya, 2008; Egbeleke, 2013, 2014).

1.3.6 The Building of Strategic Corporate Responsibility and Sustainability Performance Management Model

The CRS programmes and performance issues discussed earlier in this paper pointed out key components of the strategic CRS performance management model and what the model should help achieve. Thus the model should provide (1) process guidance for transparent CRS programme implementation and a performance verification tool; (2) stakeholders driven methodology that integrate social, economic and environmental factors to establish sustainable business operations; (Katsoulakos & Katsoulacos, 2006b; EC, 2011); (3) mechanism for decision on choice of CRS programmes that makes strategic sense to sustainable business operations with capability of managing CRS programme investment risk and delivery of shared value (Porter & Kramer, 2006; Katsoulakos & Katsoulacos, 2006a; Bhattacharyya, 2008, Egbeleke, 2014). To proceed with development of the model, a review of existing scholastic works related to operational tools for CRS performance management was carried out. Egbeleke (2013) framework that reveals the importance of corporate responsibility and sustainability key performance indicators (CRS KPI's) and integrated impact assessment (IIA) data gathering and reporting methodology in delivery of corporate responsibility and sustainability performance reporting system is found notable. The innovative way of operationalizing the strategic CRS programme selection decision process through Set Theory Oriented Strategy CRS programme Axiom Filter Elements integrated with firm value chain operational activities is found useful. This operational tool is considered to have satisfied the mechanism for decision making on choice of CRS programmes that make strategic sense to sustainable business operations (Bhattacharyya, 2008; Egbeleke, 2014). Even though, the Strategic CRS programmes design and implementation is embedded within logical decision making mechanism to produce sustainability value (Egbeleke, 2014). Still CRS competencies strategies are required to engage with company's core competencies and dynamic capabilities in the processes of conversion of sustainability value into sustainable innovation for the creation of cash value added (Nelson, 2003; Katsoulakos & Katsoulacos, 2007). So, as suggested by Egbeleke (2014), an integrated impact assessment driven corporate responsibility and sustainability performance measurement and reporting system is integrated within the Strategic CRS programmes design and implementation framework to develop a Strategic Corporate Responsibility and Sustainability (CRS) Performance Management Model in Figure 1 below.

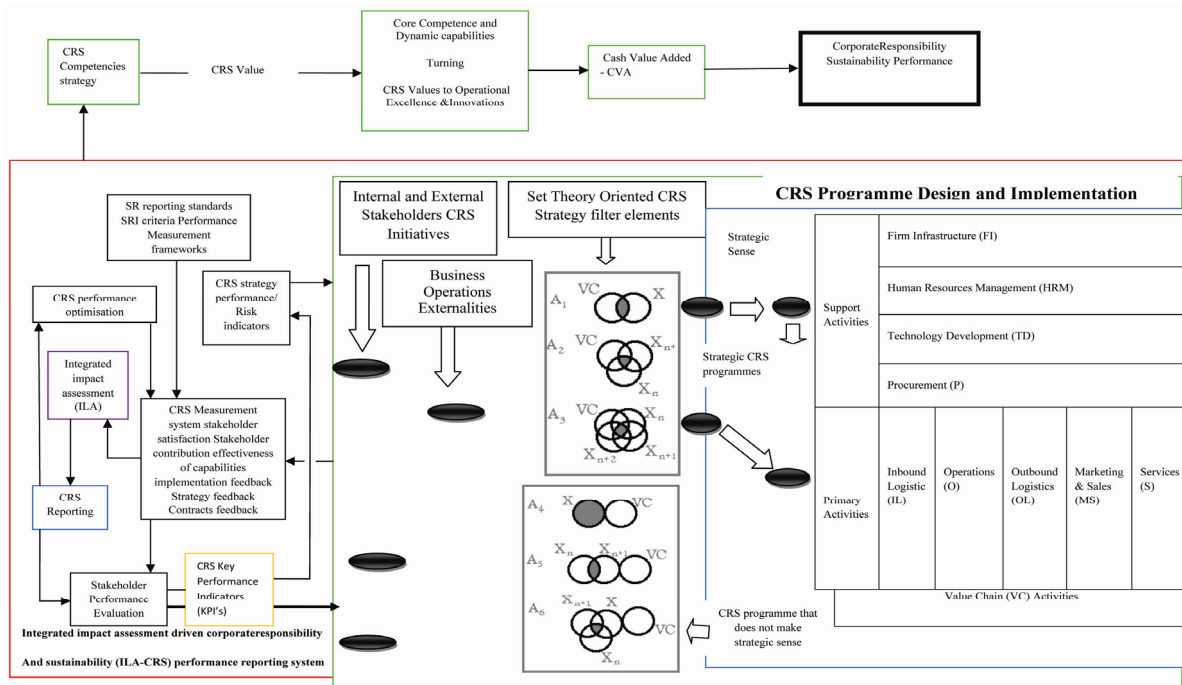


Figure 1. Strategic corporate responsibility and sustainability (CRS) performance management model

Furthermore, core competencies and dynamic capabilities components of the Figure 1 model strategically position the companies to understand stakeholder's perception on companies responsibilities and sustainability strategies and performance in such a way that sustainability innovation leverages other resources along the value chain to deliver superior economic/marginal value (perceived customer benefits and cost reduction) (Katsoulakos & Katsoulacos, 2007). With a strategic CRS performance management model in place, attempt is made to pilot test its CRS performance delivery capability. The data analysis and results are presented in the next section.

2. Research Methodology

The research started with a review of existing CRS theoretical frameworks and those that were found to be operable were integrated to build a Strategic CRS performance management model. Next field work was carried out to answer the research question posed by this paper, through which indication of the model's capability to deliver CRS performance stability is found. The field survey was guided by a mixed-methods sequential explanatory design which consists of two distinct strands of data collection and analysis with quantitative followed by a qualitative phase as informed by inference overflow link (Creswell, Plano Clark, Gutmann, & Hanson, 2003; Tashakkori & Teddlie, 2003; Ivankova, Creswell, & Stick, 2006). Quantitative (numeric) data was collected from the administered structured questionnaire on customers –stakeholders CRS – retail brand loyalty perception. The retail brand loyalty perception survey was hosted on survey console platform, an independent survey organisation agency. Through the Survey console data collection platform, survey was sent to respondents in parts of the city of Bradford in West Yorkshire, United Kingdom. The data analysis from Survey console platform was based on 89 responses received out 200 expected. However, inferences from the survey console re-presented quantitative data analysis enabled Haqs, a local retail brand to be identified based on the result that this local business commands 4% of Customer Groups as their Retail Brands Choice. An in depth qualitative interview was conducted with Haqs to explain statistical results and validate the strategic CRS performance management model's capability to deliver CVA. The data was collected through semi-structured open ended questionnaires used for conduction of the interview from a one (Individual) business leader perception. Content analysis was carried out on qualitative data set to produce meta-inference's (Weber, 1990; Tashakkori & Teddlie, 2003). The summary findings and its implications for CRS objectives was discussed to reach a conclusion on acceptability of this paper's theoretical contribution to both management theory and practice (Ivankova et al., 2006).

3. Data Analysis and Result Presentation

To assert the view point that a strategic CRS performance management model can provide theoretical guidance and be developed into an operational tool for delivery of stakeholder accepted CRS performances, this paper proceeded to conduct a Customer–stakeholder–CRS brand loyalty perception survey with focus on the retail industry. The below tables presented result of analysis of survey.

Table 1. Percentage level of repurchases by customer groups

How many times have you repurchased from this retail store brand?	Percentage of Response
Once a month Customers	12%
2-5 times a month Customers	50%
More than five times a month Customers	38%

Table 1 shows a significant level of repurchase across the customers groups. This indicates that the voice of the customer on CRS strategies in relation to CRS programme design and implementation by retail brands cannot be ignored, if CRS performance stability within the supply chain of retail industry is to be achieved.

Table 2. Customers' perception of CRS programmes by percentage response

Customer Perception of CRS Programmes	Percentage of Yes response	Percentage of No response	Percentage of I can't say response
Do you agree that retail companies should commit to social responsibility, community, and green economic development projects?	91%	3%	6%
Does Retail Brand/Company commitments to doing any of the social responsibility, community, and green economic development projects listed appeals to you, and inspires loyalty to Brand?	67%	10%	23%
Do you know what social responsibility, community, and green economic development projects you choice retail store are committed to?	30%	52%	18%
Have you donate money in support of your local retail store social responsibility, community, and green economic development projects before?	12%	82%	6%

Based on the importance of voice of customers to CRS strategies, table 2 above reveals customer's approval for CRS programme implementation with a sizeable percentage of customers saying it would inspire brand loyalty. While customers that have gone extra mile to donate money in support of their retail brand CRS projects strengthen the view that CRS programme can drive brand loyalty. But customers that do not know anything about CRS programmes of retail brands are equally high.

Table 3. Customers' perception of IBLF economic multipliers CRS programme

IBLF Economic Multipliers CRS Programme	Percentage Response
Generate investment and income	13.50%
Produce safe products and services	17.25%
Create jobs	20.75%
Invest in human capital	11.25%
Establish local business linkages	12.25%
Spread international business standards	7.50%
Support technology transfer	7.00%
Build physical and institutional infrastructure	10.50%
None	0.00%

Furthermore, table 3 shows customer's approval of retail brands commitments to any of IBLF economic multipliers CRS programme, although job creation rank highest.

Table 4. Retail brands choice by customer groups

Respondents Choice Retail Brand	Percentage of Response
Asda	15%
Tesco	29%
Morrison	13%
Haqs	4%
Lidl	9%
Co-operatives	3%
Sainsbury	5%
Marks and Spencer	1%
H&M	1%
New Look	1%
River Island	1%
Chattan	1%
Farm foods	1%
AL Halal	1%
Convenient store	1%
Multiple Retail Brands Choice	13%

Table 4 above simply reveals customer choices from multinational retailers to a one store retail operation in the local area. None are exempted by customers from CRS programmes commitments. Also, there is sizeable percentage of customers that does not have a single choice of retail brand.

However, some customer's responses were able to mention some CRS programmes of their choice retailers, such as "Schools projects; water projects in Kenya; buildings schools, helping the widow, borehole water for local communities in Africa etc". One respondent mention "Active Youth"; another one expressed as follows "By purchasing of goods and services to certain amounts helps get vouchers for certain projects -Let grow projects - providing free gardening equipment's to schools (Morrisons)". While other customer respondents expressed what type of CRS initiatives they expect their retail brand to be committed to such as "Create new opportunities for millions of young people around the world; Help and encourage our colleagues and customers to live healthier lives; Lead in reducing food waste globally; Reducing Impact on the Environment by aiming to be a zero-carbon business by 2050 and to use scarce resources responsibly; including in the supply chain; Supporting Local Communities; Future Farmer Foundation".

The above customer responses reveal that the majority of retailer's projects currently undertaken or expectation falls within IBLF economic multipliers CRS programmes. Likewise, the results show that CRS programme can drive or inspire brand loyalty. Where brand loyalty with evidence of high repurchases outcome is marginal value in form of cash value added (CVA).

An attempt was made to pilot test the ability of strategic CRS performance management model processes to ensure CRS value creates CVA. Also, the model manages CVA sharing between employees, governments, providers of capital and local communities. And support risk management through retained CVA in the business or invested for future growth and benefit of stakeholders in the future (Nelson, 2003).

Therefore, an in-depth interview on the capability of strategic CRS performance management model to deliver CVA was conducted with the Founder and CEO of Haqs foods retail supermarket. A brief company background gathered during the interview with extracts of responses in relation to all components of the model is analytically presented below:

Haqs food retail supermarket is a one branch retail store operation located in the city of Bradford, United Kingdom. It is a small enterprise established as a family business in July in 2000 employing 24 staff with a steady annual turnover of £ 3 million (pounds). The food produce sold are sourced through agents or suppliers importing such as vegetables from Kenya and Ghana; spices from India and Pakistan; and rice comes from India and America. Haqs store does not have direct dealings with the communities that produce these products. Yet, they have number of CRS projects engagements with communities and villages in Kenya, Africa. The following questions were posed by the researcher to Haqs CEO with responses as follows:

Researcher: What sort of CRS projects are you involved with?

Haqs: We are involved with Kenya, giving free education to children, bringing water to the villages. We have two schools up and running. So, villages where people have got water problem and we give water to them. So it's mainly giving water and free education. So we have not just these two main projects, we have a lot of other little projects going on at the same time. We help some people who have got very severe illnesses; like somebody had cancer some time ago, we help to bear the cost of treatment. So we have other little bits as well going on, but our main concentration is the water well.

Cross analysis of Haqs responses above with IBLF economic multipliers CRS programmes reveals the water and school projects falls under "build physical and institutional infrastructure" enjoying 10.5% of customers stakeholders approval as per earlier survey result reported in this paper. Likewise, there are other social -welfare and philanthropic CRS programmes engagements.

Researcher: Who are the people that decide on choice CRS projects you do and why your choice projects goes to Kenya?

Haqs: As I said earlier we have understanding of needs of communities in Kenya, so it is based on our preexisting knowledge of community projects needs of the people there. We decide ourselves, I mean us the directors, but we only concentrate on Kenya, nowhere else.

Researcher: Are there others stakeholders including your employee, community's leaders, suppliers, customers that are involved in decision of choice and where you company implement the projects?

Haqs: No.

Researcher: I can see that you have displayed pictures of your projects your company implemented in Kenya both in front of your store and as well as at strategic point of sale areas within your store , are you trying to report your CRS project activities performance through this form of public display ?

Haqs: No, the only reason why we have displayed that is to create awareness between our customers. It's partly to our customers, that they see the project, they see awareness from this. Of course, some of them do help; they contribute whether it's a pound or 10 pounds or whatever, towards our water project. So we collect enough money every month to keep on building a new well. So there is a new water well build every month.

Researcher: Do you have any kind of performance indicator in place for measuring your company CRS projects performance progress towards set target the projects delivery need to meet?

Haqs: No, we haven't. We are a family business, we don't set target for our community projects delivery. May be that would be ideal for big businesses to have in place.

Even though, Haqs does not consider their strategic display of CRS project activities publicly as a form of reporting. However, a look at the below display of CRS images reveals a form of *Ethical Advertisement* practices by Haqs.

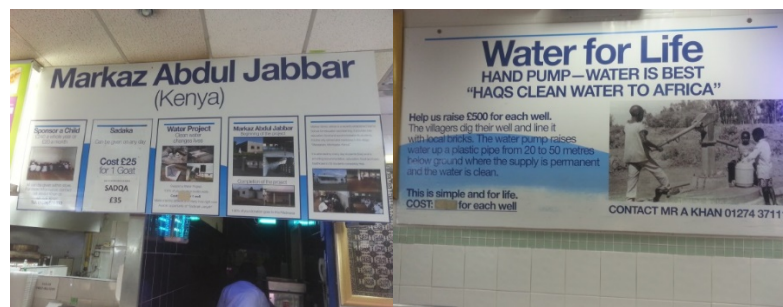


Image 1. Haqs retail supermarket in store point of sale display of CRS project in Kenya

Based on this discussion above, the paper proceeds to test Haqs strategic CRS program design and implementation in relation to delivery of CVA.

Researcher: Looking at the model, which of or all of the factors do you think would have affected or influence your choice of CRS projects?

Haqs: I think the linkage of our CRS projects with our value chain would be beneficial.

Researcher: In what ways?

Haqs: It would be good for the community that are producing the foods we retail to get extra more back through our project and for us we would be happy to help a lit bit more the farmers, if we knew exactly where the produce was coming from. However if our CRS project goes to the farming communities, I think our customers that contributes tokens would appreciate it as well. So, if we knew exactly where the village growing our produce, then we would do something in that village.

Researcher: What this model is trying to say is that for CRS programme to be strategic, it must at least contribute to the value chain, do you agree?

Haqs: Yeah, I agree. Linking of CRS projects to value chain would be more beneficial to us and many other businesses. But for us until we find out exactly which village it's coming from, what are the conditions, what they need to work, what their facilities are, then we could make things better.

This willingness of Haqs to link their CRS projects with their produce procurement by way of delivery of infrastructure projects that directly benefits the farming communities in Kenya is stepping into *Ethical Trading* . Thus, leading to how CVA is created.

Researcher: Looking at the CRS projects you are implementing, does it affect your profitability in any way?

Haqs: Yes, because all the running cost for the projects are paid from the business. So, about 4-5% of our profit goes towards the projects a year.

Researcher: Does your business expect or get value from the implementation of this project either directly or indirectly?

Haqs: No, it doesn't -- at the end of the day we are not doing it to get any reward here on earth. We are not looking for rewards here from the people. So these projects and other contributions are really for long-term, for the future –eternal when we are dead and gone. That's what we are looking at. That's the only reason behind it. So we strongly believe that what you spend in God's way, help the poor, who are less fortunate than yourself, you get rewarded for that. So that's our reward. That's what we are looking for, but not rewards from any contemporary.

Researcher: You are a small business, 3 million turnovers; you are going into infrastructure project-education, and water, social welfare project, whereas big businesses, multinationals are finding it difficult to take decision to do such projects. Again, is it because you are a family business that's made it easier for you to take such decision?

Haqs: I think only -- I will give you an example, we have many suppliers we deal with who are very big compared to ourselves. We might be on 3 million turnovers, they are on 50 million turnovers, and these are huge suppliers of food. Now, I think at the end of the day it's God, if He wants you to do something, you will do it, and He doesn't give everybody the ability to do it. We are small, well thank God; He has given us opportunities to do a lot more. So just recently, in our Ramadan period, when we were fasting, we contributed food to nearly 6,000 people a day for the full month. And that's not a big cost 120 pounds per day. Now, we spoke to our suppliers and we thought 30 days it's easier; I deal with over a 100 suppliers. So we spoke to about eight or nine and we said, look, you can contribute for one day, it's only 120 pounds. And not a single one did. They said, times are hard, we have got bills coming in, insurance is really difficult, and diesel is going up. So, I personally think, it's whether God wants you to do it, you do it. So big companies, they are very tight. The bigger they are, they will not spend the money. So it's just one of those things. So some people have the conscience. At the end of the day we believe that everything given to us is from God, it's not ours, and we can spend a little bit, even if you give a little bit, that's nice. Some people don't. They think no, that's my money, I can't give anything. Now, a lot of people are selfish; we are just hoping we are not.

Research: So it's about your values. I think that's what it comes down to.

Haqs: It's your personal values.

The analysis of the above discuss reveals the importance of CRS values at board of director level. With strategic CRS performance management model capability to create CVA from integration of CRS programmes with operational value chain can lead to development of CRS values. The discussion of summary findings and its implication is presented in the next section below.

4. Discussion of Findings

4.1 Stakeholder's CRS Initiatives Diversity

This relates to arrays of initiatives and propositions convertible to CRS programmes. The survey results show diversity of the stakeholder's proposed CRS initiatives open to business and Haqs range of CRS programmes in Kenya did confirm CRS initiatives diversity (Visser, 2013; Egbeleke, 2014). The test of IBLF economic multiplier CRS initiative through a stakeholder–Customer perception survey show significant approval of CRS programme design along this line from the result. Thus, answering any question about CRS categorisation of such projects. Further, the survey results show sizable number of donors expressing support for economic multiplier CRS projects. Haqs' collection of donations from customers to support the company funding of the water project in Kenya is a confirmation of strong support for business engagement in building physical and institutional infrastructure project and others listed by IBLF (Nelson, 2003; Harvard University, 2007; Visser, 2013).

4.2 Value Chain Integrations Factor in Determining Strategic CRS Programme

The CRS initiatives emanating from the stakeholder–customers survey show some propositions that are value chain activities inclined and others CRS initiatives that are not. While discussion analysis of the interview with Haqs did reveal their CRS projects have been unconsciously integrated into the company value chain. The business consideration of water and school projects as a main focus implies they are strategic CRS programmes. Other social-welfare and philanthropic CRS projects are not regarded as strategic. Again, because feeding people during Ramadan fasting does not make strategic sense to the Haqs "Suppliers" value chain activities for it to warrant the suppliers company CRS investment, thus Ramadan's CRS initiative was dropped (Porter & Kramer, 2006; Katsoulakos & Katsoulacos, 2006a; Bhattacharyya, 2008; Egbeleke, 2014). Therefore, this finding

provides confirmation for set theory oriented filter elements with contribution to value chain as the main intersection for determining which CRS initiatives becomes strategic CRS programme and those that does not make strategic sense (Egbeleke, 2014).

4.3 Strategic CRS Performance Management Model Improvement of CRS Communication

The customer–stakeholder survey revealed that a total of 70% of customers did not know or can't say anything about CRS programmes of retail brands. This finding provides a confirmation of problems with companies CRS performance reporting (Henrique, 2010, Egbeleke, 2013). However, findings from a study of the ways Haqs communicate CRS performances has enabled stakeholder's engagement indirectly in the legitimisation of CRS programme choices and decision process and impact assessment driven CRS programme design and implementation reporting. This is evidenced in project activities images of a public showing of delivery progress achieved. Haqs has managed to use its innovative way of CRS performance communication as a sustainable source of competitive advantage (Katsoulakos & Katsoulacos, 2007; Egbeleke, 2013, 2014). Undoubtedly, Haqs' CRS strategies has delivered advantage-creating knowledge and advantage-creating stakeholder relations ensuring mutual trust and reciprocity; common understanding of shared CRS values and goals between the business and its stakeholders (Katsoulakos & Katsoulacos, 2007). While Haqs expressed that Egbeleke's (2013) IIA–CRS performance measurement and reporting system operationalization might not be suitable for their type of small enterprises–family business as a formal statutory CRS reporting is not required. However, they view that big businesses that are required to do formal CRS reporting would find it useful. The usefulness in terms of fostering shared CRS values and goals, enable early identification of risks, vulnerabilities and contribution to corrective and mitigation actions in relation to improve product and services offering from the point of view of investors, customers, employees, suppliers and the society at large (Katsoulakos & Katsoulacos, 2006a, 2007; Egbeleke, 2013).

4.4 Strategic CRS Performance Management Model Delivery of CVA

Haqs' CRS project engagements discussion analysis did reflect informal strategic CRS performance management model processes to a significant extent. The informal process supported the choice of water and school as the company's main CRS programme (EC, 2011). The survey results showed 91 % of customer's approval for business enterprises of any size and ownership commitments to social responsibility, community and green economic development projects. This validates Haqs' involvement with the building of physical infrastructure projects (Nelson, 2003; Katsoulakos & Katsoulacos, 2006a). 67% of customers surveyed reveal that doing economic multipliers CRS projects inspire their brand loyalty. Thus, apart from other factors, it could be inferred from the findings that Haqs has innovatively created and showcased a responsible desire to build its retail brand within the local community of Bradford. Therefore, Haqs' CRS performance image displays is a form of ethical advertisement meant for public notice for customers especially to convey business CRS values information, invite patronage and seek for donations in support of the business choice of CRS programme (HHCL & Partners, 2006). Furthermore, Haqs show a strong willingness to deliver projects to villages in Kenya where its produces are coming from, a move towards brand ethical trading. The pursuance of ethical trading CRS initiatives can only strengthen their ethical advertisement position and reduce brand reputations damage risk (HHCL & Partners, 2006; Egbeleke, 2010).

At present, the CRS competencies strategies deployed by Haqs have delivered a CRS value in form of a tool for advertisement. The CRS value tangible picture image of CRS activities from villages in Kenya output has been converted through the enterprise core competencies and dynamic capabilities to innovation in the form of an ethical advert. The use of an ethical advert to promote non-personal communication about Haqs CRS values and its products to targeted customer audiences through a point of sale display are not directly paid for. Thus they represent a cash return on a CRS Investment benefiting financial plan of marketing and sale operational value chain activities. The consequence of reduction in cost of marketing is a measure of operational excellence and a contribution to CVA. Furthermore, the market share of 4% of local customer's respondent sample attests to CRS drive of brand loyalty. This has contributed to Haqs having a fair share of repurchases towards maintaining of a steady CVA inform of financial turnover (HHCL & Partners, 2006; Katsoulakos & Katsoulacos, 2007; Bloomberg, 2012; Egbeleke, 2014).

4.5 Importance of Business Leader's CRS Values in CRS Performance Delivery

Analysis of Haqs reveals that CRS Initiatives stemmed out of very strong Islamic religious beliefs. These religion beliefs has helped develop CRS values of the Haqs Directors to the extent that it has shaped CRS programme's design and implementation in such a manner that is similar to what is prevalent among small and medium-size enterprises in Latin America (Vives, 2006). Also, one can see that Haqs' CEO has managed to

mobilise the boards of directors, managers, and employees to embrace CRS values towards delivery of CRS performance delivery. They attempt to act as ambassadors for values-driven leadership through the selling to suppliers companies CRS initiative that they can use to engage with society (Nelson, 2003). The strong Haqs business leadership CRS values display is contrary to the view held by many that there shouldn't be expectation of any moral epiphanies in the boardrooms of the leading apparel retail corporations with supply chain CRS violations as a consequence (Nova, 2012).

5. Implications of Strategic CRS Performance Management Model for Business Enterprises CRS Objectives

The manifestation of cross-industry CRS performance instability is demonstrated by the prevalence of green washing where companies present themselves as ethical without any, or at least a commensurate, change in their CRS values and behaviour (HHCL & Partners, 2006). Although green washing by companies does produce profit for shareholders through the perverted entrepreneurial system but not CVA to be shared by stakeholders and retained for enterprise survival (Schwab, 2010). The consequences are numerous CRS principles violations within the operational value chain resulting into case settlement fines and penalty in fees and high security costs paid by companies such as examples discussed earlier in this paper (Mallenbaker, 2012; Amunwa, 2012). However, Bloomberg (2012) expressed that CRS principles are important factors in improving business processes and operational efficiency that deliver CRS value. This implies that businesses can only move away from green washing to creation of CVA through new CRS values. New CRS values can be converted into innovation in products, services, processes, markets, alliances and business models capable of changing companies from a mind-set of 'do no harm' to 'do positive good' and from a framework of corporate social responsibility to corporate responsibility and sustainability opportunity (Nelson, 2003). However, better data quality and organisation is needed to ensure that the board of directors and managers see a CRS opportunity and enable execution of strategic CRS performance management decision that delivers CVA (Bloomberg, 2012; Egbeleke, 2013).

The case of Haqs discussed in this paper showed business engagement in economic multiplier CRS programmes can lead to the creation of new CRS values and open up doors of CRS opportunity and contribute to delivery CVA. Even though, it is viewed that most small and medium-sized enterprise, the CRS process is likely to remain informal and intuitive. This is because enterprises such as cooperatives, mutuals, and family-owned business have an ownership and governance structure that can be especially conducive for responsible business conduct. However the only difference between small enterprises such as Haqs and large or multinationals like Wal-Mart, GSK, Shell, and Barclays is the complexities of integration of CRS into business operations (Visser, 2013; EC, 2011). The implication is that if informal and intuitive strategic CRS performance management model processes can deliver Haqs CRS objectives in form CVA, then large companies' operationalization of the model can enable the required integration of CRS values into the business operational value chain. As the model would ensure prevention of CRS value breakdown and limit the use of a management aggressive approach to ensure CRS practice compliance from employees in the case of GSK (Schwab, 2010; Mallenbaker, 2012). Many other companies that appear to have a low market share from the result of the customer perception survey result may be able to convert some percentage of 13% multiple brand choice customers to themselves by way of improving their brand loyalty though strategic CRS performance management model deployment.

6. Conclusion

The build of a strategic CRS performance management model with operability as its main uniqueness represent a new addition to the exiting array of CRS framework. The model is a response to the call for an integrative approach for management of CRS performance instability. Results from the pilot testing reveals model processes support creation of CRS Values from business engagement with society through economic multipliers CRS programme delivery. It enables convertibility of CRS value created into CVA for distribution to stakeholders and business survival towards delivery of overall CRS performances. The CRS performance delivery in turn aids development of pre held CRS Values at business leadership and organisational wide fronts.

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Eco-Cities in China: Ecological Urban Reality or Political Nightmare?

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Abstract

The dual challenges and complexities of global climate change and rapid urbanization have prompted international engagement in the promotion of sustainable cities around the world. In recent years, China has shined on the international stage thanks to its commitment to ecological sustainability and the strategies it has deployed to ensure that this commitment would not only remain ink on a chapter of its latest (12th) Five Year Plan. Besides its insistence on subsidizing the national production of solar panels, China is particularly commended for its work on eco-cities. The Beijing Urban Planning Museum explains that eco-cities are a way for China to further its urban development whilst creating more ecological opportunities for its population, and helping out the country with its commitment to cleaning and restoring its environment and diminishing its global environmental footprint. Despite this, the eco-city in China still remains at an experimental stage, and displays weaknesses that may leave an observer doubtful of the future of urban ecology in China. In an attempt to contribute to the limited literature on Chinese eco-cities, this research investigates three eco-urban megastructures—Tianjin Eco-city, Dongtan Eco-city, and Qingdao Eco-park—and compares them in their successes and observable limitations in urban ecology. The study finds that although China's effort at promoting ecological urban development is commendable, there are major challenges that threaten the success of these projects which can be attributed to the particular relationship between China's political and bureaucratic systems and the practice of urban ecology.

Keywords: Eco-city, Chinese Politics, Tianjin Eco-city, Dongtan Eco-city, Qingdao Eco-park

1. Introduction

On August 14, 2011, CNN's Nadia Bilchik reported on American national television that “around a hundred miles outside of Beijing” the first eco-city “of its kind” was being built (Note 1). Embracing a safe and proactive green-friendly demeanor, she praised the “sustainability” of this Chinese construction, emphasized the energetic independence of this new city, and further motivated her audience by reminding them how General Motors—the leading American car company—had taken part in this project by furnishing the futuristic-looking electric cars that would be allowed to roam within the city's green walls.

These kinds of reports where China is praised for creating eco-cities and trying to combat global warming, the polluting of the ecosystem, and other human-caused phenomenon are mainstream on the web and international media. Eco-aware blogs such as Treehuggers.com, or more highbrow media such as the BBC, the New York Times, France 2, or ABC, to name a few, have all, in recent years, introduced their audience to the topic of the People's Republic's green urban revolution: “The gain for us is not monetary; it's about building a new socialist rural society.” (Note 2) Both citizens and observers seem to respond rather well to such eco-projects, and China's popularity is soaring as a result: one observer commented “...excellent effort there China. Hopefully this project will create a chain effect for more green cities around the world.” (Note 3)

Self-explanatorily, this change in China's approach to its development has caught many's attention, and put the country under the world media's spotlight; the Middle Kingdom has, in 2015, indeed surpassed the United States in terms of pollution emissions, hence becoming the world's largest polluter (Note 4). Where some would want to blame the People's Republic industry for recklessly dumping pollutants into nearby rivers, or for not filtering the toxic gases that emanate out of their production chains, other scholars focus on a more unexpected actor: the city. In 2009, the World Bank estimated that “urbanization is projected to rise to about 64 percent by 2025,

which translates to slightly over 350 million more people living in urban areas. The annual population increase in China's cities over the next 20 years is forecasted to be about 17.7 million—the equivalent of adding one global megacity, such as New York City, each year.” (Note 5) Beyond the heart-lifting promise that this transition may translate into continuous economic development and poverty alleviation stands the cruel reality of the stress that this gigantic influx of people into China's urban centers will bring on the country's urban development and, more importantly, on the country's environment.

Why blame the city for environmental degradation, though? Indeed, it seems more pragmatic to blame big polluting companies, incinerators whose owners refuse to change the filters of, or maybe to focus on what the world's media like to report the most: the aggressive oil lobbyists who oppose a switch to more eco-friendly means of transportation and are backed up in their crusade by greedy officials. Far from saying that all the actors listed here above should not be regarded as important problems that China should restrain sooner rather than later, the city has to be given particular attention as it accommodates, causes, channels, and aggravates the destruction caused by these very actors.

A city such as Beijing stands a paroxysmal example of this situation. After the opening reforms of 1979, the capital grew and modernized its urban landscape erratically: the old, traditional, and insalubrious hutongs (traditional neighborhoods) were destroyed, their communities displaced to far-off and newly built areas, and skyscrapers mushroomed on the ashes of the northern capital's urban history. Beijing however quickly realized that this exponential urban revolution had a price that no one had envisioned: the more the city grew, the more polluted and polluting it became. The story within this causal relationship follows one simple, yet deadly, vicious circle: the more economically powerful Beijing became, the more it attracted people; the more it attracted people, the more it had to spread its urban footprint and ask for more energy to accommodate all those new urban dwellers, and the greater the pressure on the environment.

Aware of the challenges associated with rapid economic growth without proper recourse to sustainability protocols, the Chinese government put in place institutions and measures to address the country's sustainable development needs. The following table highlights the various institutions and policies enacted by the Chinese government to ensure environmental protection and sustainability (Note 6).

Table 1. Chinese government's institutions and policies for environmental protection

Year	Institutions and Policies
1979	State Environmental Protection Law
1980-1990s	Fundamental pollution-regulating policies
1998	State Environmental Protection Agency of China (SEPA)
2003	SEPA issued “The Constructing Indices of Eco-county, Eco-City and Eco-province”
2006	The Eleventh Five Year Plan's Energy Efficiency Goal + The Renewable Energy Medium-Long Term Plan
2007	China Climate Change Program
2008	China's Policies and Actions for Addressing Climate Change (White Paper) + National Land Use Master Plan
2012	The Twelfth Five Year Plan's Sustainable Development Goal

Reportedly, one of the most important sustainability decisions taken by China, in recent times, was to embed at the very core of its Twelfth Five Year Plan (12th FYP) an entire section that sets guidelines for sustainable development. Among the tools suggested by the Plan is the eco-city development agenda. Indeed, the eco-city, and its green spaces, resilient architecture, small-scale urban development agenda, and ecological approach to urbanism, is envisioned by China as a “pioneering” enterprise that may help the country solve its environmental issues. To date, more than 230 projects (Note 7) have been initiated and strive to create cleaner and greener cities that respond to the exigencies of the 11th and 12th FYP, and to the quantitative and qualitative national standards set by the Ministry of Environmental Protection (MEP) and the Ministry of Housing and Urban-Rural Development (MoHURD).

The general response of the public has been quite positive (Lee and Chen, 2012), and the eco-projects launched by China seem so promising that they attract a quantitatively appreciable amount of foreign investments (Note 8&9). Reports from the world media are all encouraging and hopeful, and present China as one of the countries whose green (urban) revolution should be followed closely, as it appears to hold the keys to “the city of the future” (Moore, 2012). However, in 2010, a cloud appeared in this perfect blue sky: the Dongtan Eco-City project, one of the most talked about eco-enterprises in China went through a rough patch when its project coordinator (in the Chinese Communist Party) was charged with corruption and subsequently incarcerated. The

celebrated foreign consulting firm, Arup, was also criticized for engaging in projects whose ecological stance was questionable. This allowed for more arrows to be fired into Dongtan's heart. In fact, the Dongtan Eco-City project has not been touched since 2006 (Note 10).

Less talked about but equally illuminating is the case of Huangbaiyu Ecovillage, which highlights another aspect of eco-cities in China that leaves doubt regarding the success of these projects. This ecovillage was built in Liaonang (northeast China) as part of a project launched by Deng Xiaoping's daughter to reshape a farming village into a more sustainable community. However, major conceptual problems that reportedly emanated out of a lack of concern for local economic realities (e.g., houses were built with garages, but farmers in this area didn't own any cars) brought the project down.

In the light of these emerges a puzzle: how can it be that, in a country where the government seems so committed to promoting a global agenda for sustainability, so many eco-projects present such a disturbing amount of cracks, imperfections, and a visibly high rate of failure? As Dongtan seems to epitomize, there may be a correlation between China's political system and the lack of success in eco-cities projects. Huangbaiyu, on the other hand, tends to show us a more economic side of the coin, and forces us to wonder whether the premier objective of eco-city projects is not, in fact, the promotion of economic development.

In short, we need to ask how the lack of connection between the goals championed by the Twelfth Five-Year Plan in terms of ecological growth, and the results achieved by eco-cities (one of the tools that local officials are strongly advised to use) can be explained by the interaction between the eco-city and local political and economic factors. This paper seeks to answer these questions (via the use of three case studies) by providing the reader with a clear understanding of the way Chinese eco-cities come to life, the challenges they face, and the solutions that one may want to consider to make the eco-city an agent of change for China's sustainable development.

2. Interaction between Chinese Political System and Urban Ecological Aspirations

Several commentators have pointed out the notable failures among China's eco-city efforts. Among many, one will find Austin Williams' "Dongtan: the Eco-city that Never Was" (Note 11), Hilary Brenhouse's "Plans Shriveled for Chinese Eco-City" (Note 12), Christiana Larson's "China's Grand Plans for Eco-Cities Now Lie Abandoned" (Note 13), or Marlies Uken's "Grüne Geschäfte: Warum Prestige-Ökocitys nicht Chinas Zukunftsind [Green Business: Why Prestigious Eco-Cities are Not Part of China's Future]" (Note 14). According to these articles, the failure of these projects is to be blamed on either the local officials who push for projects that cannot actually be implemented in their particular district because of economic or social conditions, or on the local leader who cannot see the project to completion because he is removed from office or rotated to another location after a corruption scandal.

Unfortunately, there is no piece of literature that may explain this phenomenon more in depth, and one has to believe newspaper articles or blogposts on their claims that there is a causal relationship between the failure or success of eco-projects in China and the country's political bureaucracy in its handling of these projects. What the literature can teach us, on the other hand, is that this positive relationship between China's decentralized bureaucratic network and the failure or success of its ecological enterprises has been highlighted in other instances. The authors proffer that using these other pieces of academic writing is a valid way to understand what might be going wrong with China's eco-cities.

To begin with, one should start by using Kenneth Lieberthal's (1997) analysis of the relationship between China's governing system and environmental policy implementation to open up the conversation. In his piece, Lieberthal explains that the Chinese governing structure affects every action taken by any layer of the government on sustainability issues. Similar to any reflection on the Chinese tax system or health care system, for example, sustainability and environmental policy implementation must be understood through a decentralized and pyramidal prism. The core sends directives to the peripheries that, in turn, divide goals and quotas layer-of-governance by layer-of-governance (locality, township, village...) in a top-down fashion. Lieberthal argues that a crucial key point of this system is how "units of the same rank cannot issue binding orders to each other. Operationally, this means that no ministry can issue a binding order to a province, even though on an organizational chart it appears that the ministries (which are at the Center) sit above the thirty-one provinces" (Lieberthal, 1997, p. 3). This system, as suggested by Lieberthal, creates mistrust between each layer of governance, and is sometimes prone to engendering scenarios in which the core's wish for environmental sustainability appears to be met by the periphery but actually turns out to be a ruse whereby the periphery lies to the center in order to hide further environmental degradation.

Lieberthal's analysis can be furthered thanks to Jonathan Schwartz's (2003) piece "The Impact of State Capacity

on Enforcement of Environmental Policies: The Case of China". Schwartz explains that notwithstanding the over-layered essence of China's governing structure, state capacity enforcement is greatly injured by the structurally thin window of opportunity for transparency and accountability. One has to know how the Chinese legal network operates to understand this statement: when the Chinese political core wishes to set the country onto a legal path, it promulgates laws, as we could expect; however, these laws are not final and immutable: they are known as "falü" and, while being the highest level of legislation in China, remain extremely general and vague. This vagueness is explained by the fact that each falü is complemented by other sets of laws that are edited at lower political levels. Schwartz lists at least two other types of "laws" or regulations: (1) Fagui, which are edited by the State Council; and (2) Guizhang, which are edited at the ministry level (Schwartz, 2003, p. 8).

This division of the legal framework in China can be understood in the same way that one understands the fiscal structural segregation in China: the core sets goals, and gives the peripheries the choice to use whichever tools they wish to meet those goals: it does not matter which cat catches the mouse, as long as it does catch it. In the case of environmental protection, the core relies on the Ministry of Environmental Protection—MEP (formally known as State Environmental Protection Agency—SEPA) for the promulgation of rules. The MEP has been mandated by the core since 1978 to advise on the promulgation of rules and regulations regarding environmental protection, and disseminates the findings from mandated research centers which it supervises and manages (Qiu & Li, 2009). Everything the MEP does is done with one single idea in mind: finding the best way to promote and enforce environmental sustainability throughout the nation.

Similar to Lieberthal's formulation, Beyer (2006) points out the hard reality of China's decentralization: goals and achievements usually differ from one another by a few million light-years. Let's exemplify this statement with the tragically well-known case of Taihu Lake in Jiangsu Province. The lake was at the center of the Chinese and global media coverage in 2007 after a local industry, which had been spewing pollutants into its waters for years, turned the lake green (Note 15). The central government, backed up by the 1984 Water Pollution Prevention and Control Law (WPPCL—amended in 1996), instructed that the situation be solved immediately, and the culprits found out and punished in accordance with the WPPCL's noncompliance provisions. At the time, this case was pointed to as the epitome of China's profound care for the environment. To date, though, the waters of Lake Taihu are still green, and its benthic and macro organisms are still dead (Note 16), little is known of the punishment meted out to the perpetrators.

The reason? Just as Lieberthal, Beyer, and Schwartz explain in their respective pieces, the structural segregation and lack of transparent accountability of China's governing network allowed the local government to bypass the core's wish to see polluting industries closed down or sanctioned, in order to protect the locality's economic sector. As expressed by Muldavin (2000), economic development and environmental sustainability are seen as two intrinsically different agenda in most parts of China (Note 17), and a locality will more often choose to focus on economic development rather than spend money for sustainability projects and/or close polluting industries that hire people and help the locality meet its taxation requirements and economic growth targets.

What is fascinating, on the other hand, is the extent to which local governments go out of their way to please the core and respond to its sustainability agenda. A summary of the previous scholars' analysis of the battleground between the different layers of the government that is created by China's decentralized system indeed clarifies a keystone element: the notion of compliance is often misunderstood and leads observers to an incomplete reading of China's sustainable enterprise and its consequences. As discussed by Muldavin and Schwartz in their respective pieces, the notion of compliance refers to the various cogs and mechanisms that the central government has at its disposal to see its agenda turned into concrete, operational, and efficient projects; however, compliance is quite a tricky term to use when one speaks about China, as the distinction between wholehearted, rational, and enlightened compliance and careerist political soothing or corruption is often rather thin.

Based on their analysis, compliance is hard to achieve in China because of too great a dissonance of agenda between different layers of the administration; put in a simpler fashion, the core may well want to focus on sustainability, but some of the peripheries may have neither the will nor the means to actively comply with the core's will. Going back to the case of Lake Taihu, it is worth noting that the reason the lake has not yet been entirely depolluted is because the local government decided to only displace the polluting industries to different locations around the lake, and provided them with tax incentives to compensate for the loss occasioned by the monetary sanction that the WPPCL dictated. This naturally cancelled the disturbance that may have been created for those industries, and suppressed any deterring factor that may have prevented them from committing subsequent environmental offenses. This behavior is not limited to one particular sector of activity in China, and can also be seen in tax related issues where the periphery lies about its financial health to please the core (Stone, 2011).

This scenario leads one to believe that ecological enterprises such as eco-cities must follow similar patterns. What it would imply is that the Eco-City in China is, indeed, understood by the core as a good initiative, as it constitutes a technically effective alternative to current urbanizing patterns, but that its success as a project will depend on the compliance of lower levels of the government and their capacity to (1) integrate the eco-project into their constituency's global development scheme; (2) understand the necessity and value of the eco-city; and (3) formulate and operationalize well thought-through projects whose existence is not merely intended to please their superiors. The presence of quantitative and the qualitative standards set by the MEP and MoHURD suggest that eco-city projects are well conceived as far as urban ecology is concerned, but the difficulties of Huangbaiyu or Dongtan eco-projects, for example, present a major problematic situation that one needs to clearly understand before any judgment on Chinese eco-cities may be formulated.

3. Methods

To adequately capture the nuances and idiosyncrasies of Chinese eco-cities, three case studies were conducted to present three different degrees of ecological soundness i.e., the Sino-Singapore Tianjin Eco-City; the Sino-United Kingdom Dongtan Eco-City; and the Sino-German Qingdao Eco-Park. As noted by Bengtsson (2009), multiple case studies help to achieve a more robust result relative to single case study. The Tianjin Eco-city was the first study on the list because it is an eco-city that many western media have reported on over the last couple of years, and that many informed experts and observers regard as an example of a perfect ecological urbanism. Similar to Tianjin Eco-city, Dongtan Eco-city was chosen as the second case study but not for the same reasons. Dongtan Eco-city is, indeed, a case of failed urban ecology, as the eco-city was never built. Preliminary research into this case suggests that this failure was presumably connected to political factors that worked against it, notably corruption. Finally, the Qingdao Eco-park was chosen as the third case study. During a lecture that he gave at the Beijing Normal University's School of Development and Public Policy on March 22, 2012, Christian Junge, a German architect and urban planner based in Beijing, introduced Qingdao Eco-park as a promising project that had, however, greatly been modified by the local political authorities, and made—to some extent—less sustainable than what had originally been designed. Albeit, he still considered Qingdao Eco-park to be a sound and promising project which we believe could serve as the middle-ground of this research.

In the first place, the research called for a deeper acquaintance with the literature and theories of the eco-city, official documents on eco-projects, archival documents, and media reports etc. The approach adopted was international and transdisciplinary, therefore, data collected were not only limited to sources in English but also scholarly articles in Chinese, French, and German that reflected on concepts of ecological urbanism, garden cities, eco-cities, and urban ecological restoration. Some sources were, however, very similar in their orientation, thus, leading to the inclusion of only the ones that were very relevant to the study in the list of works cited. Interestingly, works on sustainable development such as Shimon Peres and Jacques Attali's "Avec nous, après nous..." [With Us, After Us...] (2013) published, or discovered after the completion of this research, like Jean Haëntjens' "Le gouvernement des machines" [Governing the machines] (2010) reinforce the researchers' conviction that the initial literature used in order to develop the following reflection was justified.

The study primarily aims to assess how China's political system interacts with Chinese eco-city conceptualization and implementation. The research question lends itself to a more qualitative investigation, than quantitative analysis, to explore this phenomenon. Accordingly, semi-structured interviews were conducted to seek the views of respondents on the subject matter. A semi-structured interview is noted to encourage interviewees to freely discuss the subject under study, and also allows the researcher to probe the thoughts of respondents where necessary (Note 18). Morse et al. (2002) identify a good use of probing questions as a major contributor to the quality of data collected and subsequent analysis conducted. Besides, qualitative research allows for an iterative approach to gathering and sorting responses to questions to avoid inconsistency in research objectives, literature, and analysis.

In this regard, a purposive sampling approach was used to identify as many scholars, consulting firms, urban planners, and Chinese officials as possible, who have relevant knowledge of the research topic to achieve optimum quality data and minimum dross. No concern was given to the repartition of the respondents; solely to their level of expertise with the topic this research is interested in. The last category of informants identified above turned out to be the hardest to access (it is quite hard to talk to a Chinese official due to their extremely busy schedule and the procedures that one has to go through—especially as a foreigner—before being granted an interview). In terms of the three other categories identified, four persons agreed to grant the interview: Christian JUNGE (March and April 2012), Richard REGISTER (October 9th, 2012), Professor CHEN Bin (December 5th, 2012), and Professor WANG Zhifang (December 6th, 2012). The depth of knowledge and expertise of the respondents on the subject under study, in no doubt, lends credence to the worth and quality of information

elicited during the interviews: Christian Junge is a practicing urban planner in China; Richard Register is one of the most prominent theorist on sustainable development and Eco-cities; Professor Chen Bin is the Assistant Dean of the Beijing Normal University School of Environment and notably collaborated on a series of sustainability assessment projects and eco-city projects for the Chinese government; and finally, Professor Wang Zhifang is an associate professor and Dean Assistant at Beijing University who, at the time this research was conducted, was working on a book on sustainability in China in which she intended to address the Tianjing Eco-city case.

The interview with Mr. Junge was purely informal and is not directly used in this work, though reference is occasionally made to his lecture at SSDPP on March 12, 2012, and our conversation from April 2012 when analyzing the data. Moreover, interviews with Professor Chen and Professor Wang were not recorded for technical and practical reasons, but interview notes were taken and subsequently validated via email by both participants to ensure the reliability of the data (Burnard et al., 2008). Finally, the skype interview with Richard Register, along with a brief verbal interaction with Professor Wang Rusong (after his presentation in a symposium on “Frontiers in Urban Ecological Research and Planning: Linking Ideas from the East to the West” at East China Normal University on November 25, 2012), were recorded and then transcribed with respondents’ permission. Unfortunately, efforts made to interview Arup, the organization in charge of Tianjin Eco-city, and the German Chamber of Commerce proved unsuccessful because of lack of interest expressed by the respective organizations.

The interviews and conversations that were used in this research were all prepared in advance, and all made use of an interview guide that was adapted to each interviewee. To establish trustworthiness of this study, data collected were carefully verified to identify and correct errors in the course of the interviews to avoid subverted analysis and difficulties arising out of post hoc assessments of qualitative research (Morse et al., 2002). Interviews were conducted with proper recourse to ethical issues. For example, interview participants were made aware of their right to withdraw at any stage of the interview without any consequences. They were also made to understand their right to answer or not to answer any question(s) they found uncomfortable to discuss. Also, a consensus was reached as to how to quote respondents: either by name or anonymously.

The following sections introduce the three case studies: the Sino-Singapore Tianjin Eco-City; the Sino-United Kingdom Dongtan Eco-City; and the Sino-German Qingdao Eco-Park (Note 19). The analysis of the three cases were organized as follows: Tianjin Eco-City, Dongtan Eco-City, and Qingdao Eco-City. This order will allow for a successful case to be made that the vitality and successful implementation of Chinese eco-city projects is strongly connected to the political milieu in which they are implanted.

4. Sino-Singapore Tianjin Eco-City: Politics and Green Urbanism

The Sino-Singapore Tianjin Eco-city (SSTEC) project began in April 2007 when Singapore Senior Minister GohChok Tong and Chinese Premier Wen Jiabao signed a Framework Agreement under the flag of inter-governmental cooperation. This is the second eco-project that involves a joint venture between the two countries—the first was Suzhou Industrial Park. SSTEC was envisioned as an ecological alternative to urban planning and urban design that would help China transition from an industrial to a more eco-friendly nation, fuel the drive for more eco-friendly alternatives in China by setting an example for others to replicate, and allow for both Singapore and China’s economies to grow together and learn from one another (World Bank, 2009). As explained by the official webpage of the Eco-city, “This vision [was] underpinned by the concepts of ‘Three Harmonies’ and ‘Three Abilities’.

The “**Three Harmonies**” refers to: (1) People living in harmony with other people, i.e. social harmony; (2) People living in harmony with economic activities, i.e. economic vibrancy; and (3) People living in harmony with the environment, i.e. environmental sustainability. Furthermore, the “**Three Abilities**” refers to the Eco-city being: (1) Practicable—the technologies adopted in the Eco-city must be affordable and commercially viable; (2) Replicable—the principles and models of the Eco-city could be applied to other cities in China and even in other countries; and (3) Scalable—the principles and models could be adapted for another project or development of a different scale.” (Note 20)

The site for this project was not imposed by either parties but criteria were established: in accordance with the Chinese leaders’ will to see eco-cities help with the nation’s environmental reconstruction and cleaning effort, and the future eco-city would have to be built on non-arable land and in an area facing water shortage. This ecological endeavor eventually led to the new industrial zone of Tianjin being chosen by the bilateral consortium. The master plan that was adopted for the project is also a model of urban ecology at first glance: SSTEC is implanted 40km north of Tianjin on 34.2 (non-arable and highly polluted) square-kilometers of the Tianjin Binhai New Area (TBNA)—an industrial development project of the municipality of Tianjin.

SSTEC is built in a cocoon-like shape (see figure 1 below) and adopts a basic eco-structure expressed in a hierarchy of “live-work-play” spaces, eco-cells, walkable districts, high and tight housing structures and neighborhoods, green and blue spaces—the green represents vegetation, and the blue water spaces—that contrast with and complete the city’s outgrowth of concrete, and embedded transportation networks (Note 21). On the energy issue, SSTEC envisions a city where “clean energy sources will be used in addition to traditional energy supply. Practical energy solutions such as solar water heaters and geothermal heating systems will be adopted. Energy efficient solutions such as energy saving light bulbs will also be promoted” (Sino-Singapore Tianjin Eco-city: A Practical Vision for Sustainable Development, p. 14).

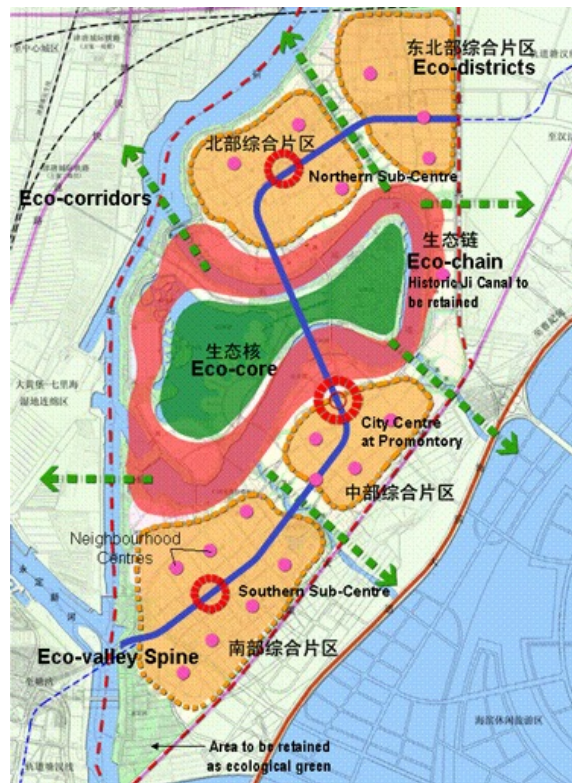


Figure 1. Master plan of the Sino-Singapore Tianjin Eco-city

Source: http://www.tianjinecocity.gov.sg/bg_masterplan.htm

The World Bank, in its 2009 report, pointed out that this target is far from extraordinary or commendable in comparison with some European countries (Sweden was then nationally powered by renewable energies by up to 33%. To date, this number is up to 48% and should reach 50% by 2020) (Note 22) and other Chinese cities (Caofeidian eco-city plans a 50% coverage by 2020). SSTEC’s carbon emission estimations—which are always intrinsically linked to the energetic supply of any city, should it be ecologic or not—are also quite disappointing, as they rise up to 150 ton-C per one million US dollars, whereas Japan reaches 59 ton-C (World Bank, 2009, p. 29). SSTEC however fares well by Chinese and international standards in the matters of green building and recycling of hazardous chemicals (World Bank, 2009, p. 29, 79).

Another major discrepancy between SSTEC and the vision that one may have of *the Eco-City* appears when attention is given to the plan for the city’s transportation network. Contrary to what Richard Register’s vision of the eco-city prompts us to imagine, SSTEC does not ban cars from within its city limits but rather tries to limit their access to some districts. The master plan provides for the integration of traditional and green means of transportation, with priority being given to green transportation at “family and individual levels” (Sino-Singapore Tianjin Eco-city, 2009, p. 13) but still gives cars a lot of places to roam free on four- to six-lanes high-speed arterial roads. One may however object that only electric cars will be allowed within the actual eco-city (Note 23), which compensates on an ecological level since “certain electric-powered vehicles ... provide environmental benefits over carbon-based vehicle fuels” (World Bank, 2009, p. 61).

For most writers, the strong political back-up, accountability, and adaptability that SSTEAC enjoys are key to explaining the success of this enterprise. In all fairness, SSTEAC was designed from the very beginning to become a political success: the Chinese government deployed the best of what Chinese decentralization has to offer by ordering the creation of an independent managing organ, the Sino-Singapore Tianjin Eco-City Administrative Committee (SSTEAC), and both the Chinese and Singaporean consortiums keep on releasing countless official documents, reports, and promotional documents on the two bilingual official websites of the eco-city (SSTEAC, 2008 and Government of Singapore, 2012). The active involvement of international agencies such as the World Bank, along with international and Chinese external consultants such as Richard Register and Professor Wang Rusong (Note 24), is also a positive approach that allows SSTEAC to fully make use of its made-for-adaptability nature and allows for more transparency. And this is maybe one of the strongest features of the eco-city: it strives for an ecological perfection but is also humbly aware of its limitations and goes beyond welcoming criticism by simply asking for it (Bardsley, 2012).

Indeed, despite the fact that SSTEAC will only be completed in 2020, Tianjin's party boss Zhang Gaoli was recently promoted to the highest rank in the Chinese government, the Standing Committee of the CPC Politburo. According to a conversation with Beijing Normal University School of Environment's Professor Chen Bin, this promotion is to be understood as a clear recognition of—and reward for—Zhang Gaoli's accomplishments with the municipality's development.

If anything, this proves that as presupposed by the literature, the success of the building of an eco-city relies primarily on the will of the leadership. With the Chinese political core rewarding Zhang Gaoli with a promotion to the Standing Committee, one can easily understand that the hidden purpose of this move is to inspire/pressure other local officials in search of political advancement to turn towards eco-city building or similar spectacularly successful environmental projects. With this in mind, it is needful to look at other eco-city projects in China to try out these two assumptions.

5. Sino-United Kingdom ChongmingDongtan Eco-City: Requiem for an Eco-Dream

The Sino-United Kingdom ChongmingDongtan Eco-City (Dongtan Eco-City) started around the same time as SSTEAC but tells us a completely different story, which adds a layer of complexity to the eco-political equation that SSTEAC just unveiled. With SSTEAC, there is a risk to conclude that this Eco-city presents but a benign case of the need for politics—with Chinese characteristics—to enter the realm of sustainability to see change occur. But Dongtan Eco-city shows that the reality is unfortunately more complex than the previous assumption and presents worrying characteristics that may well cause one to doubt the success of the eco-city in China, and the positive impact of the Chinese enforcement system on ecological development.

The Dongtan story started in 2005 when the municipality of Shanghai, via the Shanghai Industrial Investment Corporation (SIIC), commissioned the British consulting and design firm Arup to build an eco-city on Chongming Island, northwest of the city of Shanghai (designbuild-network.com). The original idea was to create a city that would be as close to an ecological urban dream as possible, would perpetuate and improve China's long-lasting tradition of satellite cities, and emphasize the nation's latest commitment to green development since China is one of the signatories of the 1992 "Agenda 21." (Note 25) This eco-city was supposed to be developed and built in time for the 2010 World Expo that was hosted in Shanghai, and was envisioned as a way to showcase China's commitment to sustainability. Unfortunately, the project is however far from being completed (Fox, 2009; Pearce, 2009; Brenhouse, 2010).

The first reason for this situation is corruption. The project's champion, Shanghai Communist party Chief Chen Liangyu, was found guilty of corruption and sentenced to 18 years in prison in 2008 (Brenhouse, 2010). His downfall sentenced the Dongtan project to death, if not partial oblivion, by unveiling the many cracks and tumors that had corroded it from the very beginning. Secondly, if Tianjin Eco-city can be criticized for allowing cars within its walls, or not striving enough for green energies, Dongtan presents a master case of poor planning. As mentioned earlier, the eco-city was to be built on Chongming Island (see figure 2 below). Located at the mouth of the Yangtze River and some 25 km away from Shanghai, Chongming Island is not connected to the mainland by any natural route, and was planned to be made accessible from Shanghai via an approximately 25 kilometer-long bridge-tunnel and a highway. As independent observers have noted, the remote location of the eco-city and its connection to Shanghai via a highway might greatly jeopardize the ecological stance that Arup was striving for (Sigris, 2009).



Figure 2. Chongming Island

Source: www.tunneltalk.com

Dongtan eco-city was also to be constructed on an island that is subject to floods and although Arup claimed to have addressed that situation thanks to a “water-city flooding management” system (Head, 2006), the literature warns us about the dangers of constructing an eco-city on a terrain or environment that is subject to predictable climatic disasters (Register, 2006, p. 12). Moreover, it seems that Dongtan pushed the boundaries of eco-dictatorship by expropriating the land of farmers who already inhabited the island. The financial compensations that China’s laws provide for were reportedly not given to the farmers and the eco-city project was, as a result, met with significant local opposition (Larson, 2009). This really tumultuous start reminds us of Peter Sigrist’s summary of the predictions that Dongtan might turn out to be an eco-city for a particularly high-end audience which would automatically transform the eco-city into a green amusement park or, at worst, a dormitory satellite city, rather than a vibrant and neuralgic city that would inspire other similar projects throughout the country.

Against this background, it is worth noting the various factors that contributed to the failure of this project. The literature, without pointing at corruption as the twisted villain of the story, unveils that the strong political ties of the project precipitated its fall. The “economic restraints” that the new leadership points out as the main reason Dongtan Eco-city has not been built should be read as a clear rejection of the project. Indeed, as explained by Schwartz (2003), Chinese officials want to identify with projects they have initiated or will bring them direct political benefits. Therefore, the fact that there is no rush to revive Dongtan Eco-city shows that the initial political back-up was so important that without it the project will only remain a white elephant. Arguably, had Dongtan Eco-city been more popular among the people, or vital to the environmental improvement of Shanghai’s serenity, the new leadership would have possibly gone beyond the corruption case and seen it implemented. Instead, they started anew with eco-projects such as Linggang New City or the eco-restoration of Suzhou (Williams, 2009).

6. Sino-German Qingdao Eco-park: Three Cases Suggest a Pattern

The available literature suggests that, unless some gigantic conspiracy is unveiled in the near future, Dongtan eco-city was flawed because of economic pressures (i.e., the race to development) and political malfunctions. Without too many surprises, these two impeding factors were highlighted in the SSTECH case as factors of success, and that one may expect similar scenario with the Sino-German Qingdao Eco-Park (SGQEP). It is important to note that although the official name of the SGQEP differs from the other projects by not being called an “eco-city” an analysis of the master plan demonstrates that the difference between SGQEP and an eco-city is minimal, and that the different terminology does not create any ambiguity for this paper.

During the visit of Germany’s Chancellor Angela Merkel in China, the partnership between both countries took a new turn when China and Germany signed a memorandum to jointly create an Eco-Park in Qingdao. The SGQEP aimed to make use of Germany’s leading position in Europe to create a green and economically vibrant new [city] that will “offer German enterprises office space, consultancy services, conference facilities, a business center and a startup company ‘incubator’ [and] will also make a contribution to introduce more advanced technologies and management practices in various sectors, such as renewable energy, energy saving and environmental protection, to Qingdao” (Lin & Xie, 2012).

According to the master plan, the actual eco-park should be composed of nine centers divided into two sections: one that will host business activities, and one that will be reserved for housing and leisure facilities (GMP, 2011, p. 23). Although polluting industries should naturally be banned from the eco-city, nobody ventures into claiming that the eco-city should not be conceived to facilitate any industrial activity; quite the contrary, an eco-city is to allow and promote such activity at the same time that it protects the environment and provides its inhabitants with a better and healthier lifestyle. Accordingly, Richard Register (2006) sees the eco-city as a vibrant economic actor that integrates ecology and business as two of its pillars.

The energy needs of the eco-park are to be met with 50% of renewable energies (geothermal, waste-incineration, biomass, solar- and wind energy), and the ecological landscape is to help with the purification of the environment. Besides, the eco-park also plans to connect each of the five pieces of its fabric in an integrated network of transportation systems that comprises subways, buses, bikes, and cars (GMP, 2011, pp. 48-65). The presence of cars, although not especially surprising since Tianjin Eco-city—which could be considered the “good example” of an eco-city in China—also allows them inside its city limits, nevertheless suggests that closer attention needs to be given to the road-layout of the eco-park. Indeed, it always seems surprising to see that architects let cars roam free in an eco-city while scholars and idealists wish to see them banned altogether.

With regard to this particular detail, SGQEP’s ecological agenda starts to look unfocused and inadequate: in contrast with Dongtan Eco-city (which would have banned cars from the city but required their existence for people to get access to the Eco-city) and Tianjin Eco-City (which is careful enough to limit the access that cars have to the Eco-City to very reserved areas), Qingdao Eco-park fails at containing cars and seems to give them free access to the downtown and to every part of the city (GMP, 2011, p. 47). This triggers questions regarding the ecological stance that SGQEP is putting on the table. An article by Bernhard Bartsch (2011) also questions the ecological readiness of SGQEP, and notes that the idea behind Chinese eco-projects is not to protect the environment or the climate, but to bring in more international investments.

Christian Junge (Note 26), in his lecture on March 22, 2012 at the School of Social Development and Public Policy (Beijing Normal University), noted that cars were initially not allowed within the core of the eco-park but that the Chinese consortium (i.e., the local government) favored opening up the downtowns to free movement of cars. He, however, acknowledged that the provision of roads that seem to allow for high-speed acceleration, and the remote location of the project from the city of Qingdao could be detrimental to the eco-ability of the SGQEP since it, just like Dongtan would have done with Shanghai, creates an unnecessary distance between the new eco-park and the current and more economically active city of Qingdao. In saying this, one is reminded of the energy consumption that navigating from one city to another will require, but also to the infamous city of Ordos in Inner Mongolia that was so far away from any economic activity that it is now more of a ghost city.

Similar to Dongtan’s or Tianjin’s aspirations, SGQEP’s preference for “companies in green energy, environmental protection and mechanics, electronics and food and beverage”(Lin & Xie, 2012) is, for now, not backed up by any estimations regarding the footprint of such business, nor the types of industries that may be rejected by the Eco-Park. Therefore, it is completely plausible to imagine that BMW or Volkswagen may be allowed to establish a Research and Development Center in Qingdao Eco-Park. We do not seek to enter the debate on whether allowing the car industry (whose reliance on, and promotion of, a life-style dependent on fossil fuels is obvious) to enter the Eco-Park is an ecofriendly decision, but we, however, want to point out that such a possibility may threaten the already weak eco-consensus that surrounds the project. As emphasized earlier, thanks to Bernhard Bartsch’s analysis of the situation, most of those concerns seem to emerge out of a lack of commitment from the political leaders:

“The first challenge is the conflict of two cultures. Germans are more careful and concrete in the way they work, and will proceed only with the utmost caution. Chinese officials like to do things as fast as they possibly can.”Bartsch (2011).

A concern that many Germany investors have is whether the ecological standards agreed on in talks will remain consistent as the project proceeds (Lin & Xie, 2012).

7. Discussion and Conclusion

The story that Tianjin Eco-city, Dongtan Eco-city, and Qingdao Eco-park have to tell is not as positively green as one could hope and it shall be made obvious that reading Richard Register’s “Eco-Cities: Rebuilding Cities In Balance with Nature” gives more hope for the future than the three cases above. The conclusion of this research is that this dichotomy between the discourse of the Chinese central government and the eco-cities that are now being developed is caused by a series of powerful pressures that prevent the optimal development of the eco-city in China. Moreover, allowing private cars undermine the green environment those project aim to create. Even if,

just as Tianjin Eco-city wishes to do, those cars are electric, the production costs for the environment will still remain greater than not producing cars at all and simply creating a city where people can walk, bike, or use public transportation. Echoing this point, Richard Register, during his interview, confided that Tianjin Eco-city would have been much more ecological had it not wasted so much space on building roads.

During the interview that he granted the researchers, Professor Chen Bin commented (Note 27) that the Chinese eco-city is in no way supposed to be the perfect and sustainable jewel that Western journalists and bloggers fantasize about, but rather a practical and realistic tool that is to help China meet its own guidelines in terms of polluting emissions, and to secure foreign investments. His point on foreign investment is self-evident when we just glance at Qingdao Eco-Park and Tianjin Eco-city, and we can only imagine how western investors in search of a sustainability stamp for their Corporate Social Responsibility (CSR) department may be interested in finding shelter in a Chinese eco-city. Furthermore, Professor Chen's first point on how the Chinese eco-city is only a tool towards a brighter future is however much more interesting, and echoes a discussion that many participants in a symposium on "Frontiers in Urban Ecological Research and Planning: Linking Ideas from the East to the West" (Note 28) engaged in at the end of the seminar: is the eco-city a goal, or just a step towards a more sustainable world? If this question creates tumultuous debates in the West, it becomes a frantic topic for a developing country in search of solutions to limit pollution in its environment.

Indeed, as the three case studies have demonstrated, there is a relationship between Chinese politics and the degree of ecological sustainability in Chinese eco-cities. Therefore, (and while keeping in mind that the discussions that unfolded during the 2012 workshop on Frontiers in Urban Ecological Research and Planning all agreed on the fact that we now have the technology and know-how to create truly ecological urban environments), we may want to interrogate ourselves on the validity of an argument that only blames the imperfection of Chinese eco-cities on the country's development status, and leaves out the curious relationship between decisions taken by the local leadership and the development of the eco-cities. Discussions with both Professor Chen and Wang Zhifang (of Peking University College of Architecture and Landscape Architecture's) suggest that China's development status is in no way a major impediment to sounder work on eco-cities—politics is.

In the interview she granted the researchers, Professor Wang pointed out that the lack of knowledge on ecology in China proves to be quite a strong impediment, as it enables a stagnation of Chinese urban ecologies. She noted that there is a clear will to enact ecological sustainability, but there are very few who know how to do it; and if they do, they are faced with a larger group of agents who are either completely unfamiliar with or even hostile to the principles of urban ecology. Professor Chen confirmed this reading of the situation when he suggested that what is important is not to have eco-cities, but enlightened leaders who understand what the eco-city they are building is supposed to achieve.

It is also imperative to define the motivation behind China's eco-city agenda. Maybe the eco-city that China needs, is not one that sustains its corroded lifestyle, but one that actually fights for a different development path for China. An article published by Channel News Asia explains that some of the new inhabitants of Tianjin Eco-city did not decide to move there because of the ecological frontier that this mega-structure had created, but rather because it proposes decent standards of living:

"I like the good geographical location. It's central, convenient, and located right next to the commercial street. The apartment comes with warm flooring and 24-hour solar energy generated hot water. There's also a fibre-optic connection combining telephone, television and Internet." (Note 29)

Noticeably, the need for ecological urban development in China is only felt in a top-down bureaucratic fashion: the core tells the periphery what to do. Although the interview participants of this study, along with the speakers and participants of the SHUES (Shanghai Key Lab for Urban Ecological Processes and Eco-Restoration) symposium, were adamant about the Chinese political system being a huge and positive driving force for eco-projects, one cannot ignore the fact that a purely top-down process is the reason Taihu Lake is still polluted today, or the reason Dongtan Eco-city failed so completely. Therefore, one can safely argue that if a strong top-down political process is vital for China to move towards a more ecological future in its urbanization, it is also equally important to stress the need for a strong down-top stream of knowledge to ensure that ecology is a topic that the entire Chinese population is comfortable with, and feels concerned about. This will create local support for the projects and eventually ensure their successful implementation and sustainability. As Haëntjens noticeably explains in his work "Le gouvernement des machines" (2010), a better technopolitical—or technologically sustainable future has to start with a strong political momentum. The down-top green revolution that think tankers from the 1970's envisioned can only happen in a welcoming, sane, and willing political

environment. China is clearly striving to provide this; all it needs to become a third generation technopolitical country is to further down its commitment to sustainability (Note 30), and to couple its national fight for more political transparency to economic incentives. As long as they'll "keep building", Chinese eco-cities will "prove to be successful" (Note 31).

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Antecedents of Turnover Intention Behavior among Nurses: A Theoretical Review

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Abstract

The employees' turnover intention is one of the most popular subjects in the field of Human Resource Management. Moreover, the turnover problematic phenomenon is also still one of the most costly issues for HR managers in their efforts on human capital. Although turnover intention has been one of the most researched phenomenon in Human Resource Management (HRM), researchers still return to restudying this phenomenon because of its impact on service quality in any organization, moreover turnover intention has direct and indirect costs, both costs are critical, complicated, and serious. While the phenomenon of turnover intention in the nursing sector has a more serious impact than on any other sector, it has been recognized in both developing and developed countries. Organizational factors (Leadership, Pay Level, and Advancement Opportunities) have excessive impact on turnover intention among employees. Thus, this conceptual paper focuses on the organizational factors as the determinant of turnover intention among registered nurses. Approach: The literature was explored to acknowledge the accessible relationships among cross organizational factors (Leadership, Pay Level, and Advancement Opportunities) and turnover intention among registered nurses public hospitals. Conclusions: This conceptual paper provides an updated review of the literature on organizational factors and turnover intention. The practical implications as well as academic contributions were also presented.

Keywords: turnover intention, leadership, pays level, advancement opportunities

1. Introduction

Turnover intention behavior of employees is a major issue nowadays all over the world organizations, and almost among all industries. Turnover intention is one of top issues that has been researched and studied more than any other Human Resource Management (HRM) phenomenon, which is mean that this issue has not been solved yet. However, from time to time scholars and researchers return to restudying and digging deeper into this issue; the reason for that being the importance, influence, and cost of turnover intention on any organization. In addition to that, service quality which mainly provided by employees is another issue that could cost any management a large amount of cost and time, and could have several negative influences on any outcome (Morrell et al., 2004; Frank et al., 2004).

While the phenomenon of turnover intention in the nursing sector has a more serious impact than on any other sector, it has been recognized in both developing and developed countries. However, the increasing of elderly people in the developed countries with the shortage of nursing staff, combined with the shortage of nursing education institutions, and the age level of the nursing workforce in many countries (one out of four nurses in some developed countries is over 50 years old). In that the nursing sector has the highest turnover intention percentage, 41% of the nurses in USA, and 32.9% of the Canadian nurses are dissatisfied with their job, and they are planning to leave their present jobs. If this is the situation in the developed countries, what is the situation in developing countries. This amount of rating dissatisfaction among nurses confirms that it is a global problem, which means it is rising among nurses, knowing that turnover intention is the most serious ultimate result of job dissatisfaction (Aiken et al., 2002).

Scholars who studied behavioral intentions development suggested that the only significant predictor of people behavior to be measured is the reasoned action model and it is used to report the intention to conduct that behavior, stressing turnover intention as the main factor in the modeling of individual turnover behavior. Overall, turnover

intention has been strongly recognized as the antecedent of actual turnover, however, job satisfaction as well has been found to have a converse relationship with turnover intention (Egan et al., 2004).

2. Theoretical Development

Turnover intention is inevitable in the life of an employee. Based on a US Department of Labor study on the 20-24 age group, the average employee will shift from one job to another 6.6 times during his/her lifetime, but those in the 24-34 age group will shift 4.8 times, while those who are in the 45-54 group perhaps will change their jobs 1.4 times before they got retired, assuming that the employees basically discharged for 2 main causes: inability to perform and unwillingness to perform (Josef C. Augustine, 1986).

Employee retaining strategies have a great influence on the individual attachment both direct effect (higher salaries) and indirect effect (through organizational experience) on turnover intention (Anvari, 2010).

Because of the nature of the direction of influence, the complexity of defining and measuring the antecedents and predictors of turnover intention required further research to expose additional antecedents and predictors of turnover intention (Trevor & Nyberg, 2008)

However, (Holtom et al., 2005) suggested other reasons could be the cause of turnover intention: Level of pay, Lack of promotional opportunities. A career with promotional opportunities will be more likely to be to keep employees away from turnover intention or even actual turnover. Employees will stay longer if they believe that their job has a career promotion (Valencia, 2002).

Furthermore, supervisors and managers in the nursing workplace are working as a model and mentor. They are responsible to deal with directing and working out all issues in their units along with their job in future planning in the strategic level (Kotter, 1999). Mobley (1979) and others suggested some other variables like pay level, commitment, social integration, promotional opportunities.

Theoretically, there is not enough effort which has been done to investigate the correlation between leadership behavior and turnover intention in nursing. However, they confirmed that high performance managers and supervisor's leadership style will lead their employees perceive a high satisfied work environment and an exceptional work climate and as a result high job satisfaction (Sellgran et al., 2007).

Cook (2001) points out five features which have very significant effects on nursing leaders: supporting, creativity, highlighting, influencing and respecting. He emphasizes that creativity is a significant component of a strong leadership style.

Organizational factors aspects have different effects on turnover intention, particularly among registered nurses; thus, studying these aspects is necessary. In the previous studies, there is a lack of studies that have been conducted to examine the effect of organizational factors and turnover intention among registered nurses. Considering these studies have focused on the importance of different organizational factors such as job related, and individual factors, and still there is a gap in investigating the effect of leadership, pay level, and advancement opportunities on turnover intention among registered nurses.

3. Materials and Methods

In this article we will provide a logical understanding of turnover intention and organizational factors contributions on registered nurses workplace. For this purpose, a thorough search of journal articles, doctoral dissertations, research studies, reports and web sites were done, we developed a comprehensive model that contain the relationships organizational factors, registered nurses' turnover intention. Finally, our discussion consists of four sections and each section literature to support the relation between the organizational factors: leadership, pay level, advancement opportunities and the turnover intention.

4. Discussion

4.1 The Organizational Factors Competences

Since turnover intention in the health care system is a very serious global dilemma, human resource managers are demanding to search and to find solutions. Scholars and researchers suggested organizational variables such as pay level, promotional opportunities, and supervisors (leadership) have a significant influence on turnover intention among nurses Mobley (1979). In this paper, organizational factors are examined under three components, (leadership, pay level, and advancement opportunities) and is defined as "the perceived properties or characteristics found in the work environment that result from actions taken consciously or unconsciously by an organization and that presumably affect subsequent behavior" (Steers & Lee, 1983, p. 82). The elements of organizational factors are as follows:

4.1.1 Leadership

Supervisors and managers in the nursing workplace are working as a model and mentor. They are responsible to deal with directing and working out all issues in their units along with their job in future planning in the strategic level (Kotter, 1999). Many scholars in this day believe that success in managing or supervising in modern and sophisticated workplace or any organization involves leadership capabilities. However, the manager's function is more likely to be focusing on the relationship between his/ her staff, ensuring high efficiency with high quality of his/her unit outcomes, and ultimately his/ her role as coach to his/her own staff (Yuki, 2002).

The type of supportive leaders has been considered as one of the leadership behavior styles that has significant effects on job satisfaction and retention and diminish the rate of employee's turnover intention in the nursing workplace (Albaugh, 2003).

4.1.2 Pay Level

The rewards system in any organization is the technique to barter the employee's services in their efforts to achieve the organization's objectives, by the organization's rewards and compensation system. However, monetary pay is the most common and the most important element (Bartol & Locke, 2000; Graham & Welbourne, 1999). No doubt that pay can be the most significant motivation factor and the best element to encourage the employees to stay and increase the retention level among them (Lum et al., 1998).

On the other hand, money could be issues of inequity among the employees that weaken the positive pay impact and instead have a negative consequence. As a matter of fact, most of the employees all over the globe feel unsatisfied with their employer's compensation system (Tekleab et al., 2005).

4.1.3 Advancement Opportunities

Career advancement is given a higher rank in terms of value to an organization, as every employee is eager to know about it whenever he/ she enters his/ her life's career. The career advancement opportunities have to be clear, enlightened, and known to every new employee. To most scholars career advancement is related to seniority, advantage and merit. Moreover, for others, especially psychological scientist and management as well, advancement opportunities are often being seen as a sign of the significant reason for some employees to dislike their work, and could act as factor which affects the degree of job satisfaction, which could ultimately be an enhancement for turnover intention among new employees and old ones as well (Edem, 2000).

Wei Zhao (2008) argued that the decision to leave or turnover intention among employees will rely on steady considerations of the advancement opportunities within their present job in comparison with other jobs in the labour market.

Job status or job position typically refers to the supremacy and power along with the prestige within the workplace. In this perspective, high job position refers to more individual's self-esteem (Wei Zhao, 2008).

4.2 *The Relationship between Leadership and Turnover Intention*

Sellgren et al. (2007) confirmed that there is a strong relationship between leadership styles and the organizational work environment and they emphasized that this relationship is very important because there is a great correlation between work environment and work climate and job satisfaction level which as a result have a significant relationship with the nursing turnover behavior. Furthermore, Supervisors or managers in the nursing work place have very significant roles in nurse retention and their turnover behavior. Their results show the effect of leadership styles on employee's turnover intention with the mediating role of job satisfaction.

Numerous scholars and researchers have been exploring the nature and notion of the relationship between leadership style and employees' turnover intention. In the same context, Bass (1990) suggested that most of previous studies show that leadership behavior could be a key element and a vital key in reducing and justifying staff turnover intention. Furthermore, it was found that leadership style was in many different ways related in one way or another to employee's turnover intention among staff for numerous firms and organizations, and in the nursing workplace. It was found that there is a stronger relationship between leadership style and turnover intention among the nurses (Bycio, 1995). In their attempt to investigate the nature of the strength of the relationship between leadership style and turnover intention, Wells & Peachey (2011) carried out a study among 200 National Colleges assistant coaches, and in U.S.A, they found that there is a strong negative relationship between leadership style and turnover intention.

4.3 *The Relationship between Pay Level and Turnover Intention*

Two key issues should be considered regarding the salaries or pay level within the organization. These two issues of unfairness usually are complaints by the employees which are distributive justice and procedural justice.

Distributive justice as an essential matter and procedural justice is a secondary issue. In all cases, distributive justice means the level to which staffs perceive pay quantity as fair, while procedural justice is about the fairness in the technique or system used to estimate the employee's amount of his salary or payment. However, most of the studies till recent time is still mixed. The effects of these two types are on pay justice on the employee satisfaction and eventually, turnover intention (Bergmann & Scarpello, 2001; Gerhart & Rynes, 2003).

Most of the studies have examined the impact of justice compensation on employees' turnover intention. Obviously, the outcome of those studies suggested that employees who are dissatisfied with their salaries because of unfairness of distributive and procedural justice as a result will have a higher desire and willingness to quit their jobs. In many turnover intention research models, pay satisfaction is assumed to be a key factor impact on the willingness of the employees to leave the organization and subsequently as a turnover behavior among the organization's employees (Tekleab et al., 2005). Furthermore, numerous related studies have suggested that a negative relationship existed between pay level satisfaction and employee turnover intention (Lum et al., 1998).

Folger and Konovsky (1989) suggested a key relationship between pay raise and organizational commitment, which will have a negative impact on employee's turnover intention.

4.4 The Relationship between Advancement Opportunities and Turnover Intention

Turnover intention could be very disturbing to any employee's career progress and destroy his/ her career achievement. Unsatisfactory career progress is a dynamic pushing force in turnover intention. Logically, if an employee has a very successful career status and his/ her future advancement in this career show signs of brightness, he / she will not have any intention to leave the organization. On the other hand if he/ she is not satisfied with his/ her advancement opportunities within the organization, this will enhance the turnover intention desirability. Based on that, they presume that unsatisfied advancement opportunities are a significant trigger for turnover intention (Wei Zhao, 2008).

Employee's position and rank promotion means that he/ she is the manager's favorable choice, promotion stand for the employee superiority among the other employees in the organization in terms of the organizational standard skills and qualifications (Lazear, 1999). On the other hand, poor upward mobility could mean that an employee has reached his/her career peak advancement. Such image will push the employees to seek better job alternative with favorable advancement opportunities, and make negative impact on job satisfaction degree within the organization which will lead to turnover intention (Lee et al., 1996).

Poor advancement opportunities within the organization compared with other organizations within the industry may trigger the feeling of comparative deprivation. Career promotions lower than the expectation could harm the reputation of organization's justice which will lead to employee dissatisfaction. Eventually this will increase turnover intention or actual turnover among the employees (Aquino, 1999; Heslin, 2005; Wei Zhao, 2008).

5. Conclusion

This paper contributes to both organizational factors literature and turnover intention in many ways. Firstly, it provides a theoretical support for the relationship between organizational factors and registered nurses turnover intention. Secondly, this paper contributes to the nursing workplace literature by shading more light on some of the organizational components and the relationship between these components and how effects nurses turnover intention. Thirdly, this conceptual paper enriches the nursing workplace literature by explaining some of the organizational factors can affect nurses' effectiveness in nursing workplace all over the world.

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An Analysis of Wedding Services of the Sub-District Office of Religious Affairs Cipocok Jaya, Serang: Seen from Public Satisfaction and Employee Performance

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Abstract

This study was conducted to determine and analyze the wedding service, which was seen as a community of customer satisfaction and employee performance religious affairs office. This research was conducted by using quantitative methods. The sample was 120 heads of family communities of religious affairs office. The research was conducted in the office of religious affairs Cipocok Jaya District of the City and District of Petir, Serang. The instrument (questionnaire) of the research was data collectivity tool. The data study was analyzed using descriptive analysis and Pearson correlation analysis to determine the relationship of employee performance against service wedding, employee performance to the satisfaction of society, and the relationship of people's satisfaction wedding services.

Keywords: public satisfaction, wedding services, the performance of employees, office of religious affairs

1. Introduction

Religion has a very central role position in public life in the State of Indonesia. Religion is the foundation of morals and ethics in public life, state and nation. Religious life in to the philosophy of Indonesia is stipulated in the first principle of Pancasila as the deity supreme one, from the first principle gives meaning. The role of religion has a strong position as the basis of life.

Office of Religious Affairs into a government agency is established as managing activities related to the religious. Religious affairs office is in charge of organizing most common tasks of governance and development in the field of religion. Religious affairs office is part of the structure of the Ministry of Religious Affairs of Indonesia as stipulated in the Decree of the Minister of Religion No.517 of 2001 that the office of religious affairs in charge of carrying out some tasks of the Office of Religious Affairs Regency/City in the field of islamic affairs in the District. Service to the community is a top priority of religious affairs office. Provision of quality service is the embodiment of the role and functions of the office of religious affairs. Satisfaction with the community is a top priority, in every task and function of religious affairs office, relating to services provided religious services, especially Islam.

Various problems arise in the religious affairs office in the provision of a quality service to the community. There are several problems that often occur. The cumulation of the workload at the office of religious affairs is not correlation to the quality and quantity of human resources in the office of religious affairs. Thus results inservice in the office religious affairs unfocused and not optimal, especially in carrying out tasks. To finally, efforts were made to improve services in the office of religious affairs, through improving the quality of human resources, including service to the wedding.

According to Koo and Tao (1998), the attitude of employees is one of the most vulnerable elements in the organization. According Warnaen (2002) is the tendency of a person to re-do or not do certain behavior. So the attitude of is not only the internal condition of the individual purely psychological (purely psychic interstate). The attitude is more a process of awareness of the individual nature.

As a public service provider, religious affairs office continued public scrutiny associated with lower quality of service that has yet to implement the principles of good public services (Suhanah, 2005, p. 3, Ruhana, 2008, p.

156). Complaints are about the complicated service procedures, the lack of certainty and the timing. The cost is very expensive, requirements that are not transparent. The attitude of service personnel who are less responsive frequently encountered and almost evenly in all areas of government services today (Sarijadi, 2012, p. 7). Demand change and improvement of services provided religious affairs office require the government's role. The development and improvement was made in the improvement of the quality of the human resources office of religious affairs.

The purpose of this research is to investigate and analyze the service wedding or marriage in religious affairs office in terms of satisfaction of the user community as well as the performance of religious affairs office employee. In detail, the objectives were to determine the relationship of people's satisfaction with marriage ministry of religious affairs office, knowing the relationship of employee performance against marriage ministry of religious affairs office, knowing the relationship of employee performance to the satisfaction of the people in the office of religious affairs.

2. Literature

2.1 Wedding Services

Ministry of religious affairs office wedding in a public service related to religious matters. Public services according to Agung Kurniawan (2005, p. 4) are the provision of services needs of people or communities who have an interest in the organization in accordance with the basic rules and procedures that have been set.

Definition of marriage, according to Law No.1 of 1974 concerning marriage in Article 1 says that the inner and outer bond between a man and a woman as husband and wife with the aim of forming a family (household) are happy and eternal based on one supreme divinity. In particular national law in the Law 1 of 1974 is still visible legal nuances that sourced on the values and legal sense (be grip) or the concept of Islamic law, Customary Law and the Civil Code.

In connection with the wedding service in the religious teachings of Islam, marriage is a translation of the Arabic language is taken *nakahaan dzamija*. Both formed the principal terms of the Qur'an to refer to marriage. *Zawaj* term or word meaning 'partner', and the term *nakaha* means come together.

Marriage is the laws in which there is a great boon for the survival of human life. Marriage is the most helpful and most *afdhal* in order to realize and maintain the honor, because with this marriage one can awaken him from what Allah has forbidden. Appreciation of Islam against the marriage bond is very high to the extent that the bond is set proportional to half of the religion. Anas Bin Malik *radiallahu anhu* said: "It has been said the Prophet *sallallahu 'alaihi wasallam*:

'Meaning: Whoever got married, then he has completed half of his religion. And let him maintain apious to God in the other half' (Hadith History Tabarani and Judge).

Marriage has a strong legal basis in the Qur'an which can be explained in a letter *Ar-Rum*, namely: And among the signs of His power is that he created for your wives from your kind it self, so you tend to be and feel at ease to him, and made him among you a sense of love and affection. Verily in this is truly there are signs for a people who think." (Surah *Ar-Rum* (30): 21).

Mas'udradi ' anhu , that the Prophet *sallallahu 'alaihiwasallam* said,

ومن لم يستطع فعلها بالصوم فإِنَّه لهُو جَاءَ , يامعشر الشباب من استطاع منكم الباءة فليتزوج

"youths, one of you who have been able to bear a living, he should get married, because married will be lower his gaze and guard genitals. While Anyone Who is not able, he should fast, because it could be lust for his shield." (HR. Bukhari 5065 dan Muslim 1400).

God commanded to marry, and if they are indigent surely Allah will help to provide sustenance to him. God promises a relief to those who married, in his words: "Meaning: and marry people who alone among you and decent people (spouse) of servants that men and women. If they are poor God will enable them with his gifts and Allah area (His gift), knowing" (An-Nur, p. 32).

In the Islamic perspective of marriage or marriage is seen not only as a sacrament, but a contract made by both parties (Nasr, 2003, p. 80). It is reaffirmed by Abdul Ghofur Anshori (2006, p. 26) that marriage or marriage also the agreement of both parties. Sudikno Mertokusumo in Rahman, (2007, p. 11) explained that the legal norms is typically interpreted as a rule of life that determines how people should behave, act in the interests of society to another person protected and legal norms essentially function is to protect the interests of human or group of humans, then the goal is public order.

Handling marriage or marriage in the State of Indonesia is under the auspices of the Ministry of their beliefs through the Office of Religious Affairs who is in each district. The task of Religious Affairs Subdistrict is fully served the public. The function of the Office of Religious Affairs is accordance with KMA No. 373 of 2002 Article 88, Religious Affairs Office has the function:

- 1) Implement the service and guidance in the field of marriage and reconciliation and empowerment of Religious Affairs Office
- 2) Implement the service and guidance in the development of harmonious family
- 3) Implement and guidance services and initiatives in the field of Muslim brotherhood, of partnership and community problem solving
- 4) Implement the service and guidance in the field of endowments, charity, donation and shodaqoh
- 5) Implement the service and guidance in the field of Islamic Center
- 6) Implement and guidance services and consumer protection in the field of halal products
- 7) Implement the service and guidance in the field of Hajj

In connection with the service according to Barata (2003) is that all the business of providing services or facilities of certain activities in order to realize the satisfaction of the prospective buyers and customers. In the ministry of religious affairs office of the delivery of services to the community by promoting quality in the achievement of community satisfaction. Services are activities carried out by a person or group of people with foundation material factors through certain procedures and methods in order to attempt to satisfy the interests of others in accordance with their rights (Moenir, 2010, p. 26).

Furthermore, according Moenir (2006, p. 88) good service should be a factor supporting among others: awareness factor, factor rules, organizational factors, factor income, skill factor, factor facilities and infrastructure. In order to improve the quality of service to the community, the government apparatus in this case need to realize the religious affairs office services in accordance with the wishes of the people, as expressed by Moenir (2001, pp. 44-45) namely: 1) the ease in handling service, fast without artificial barriers; 2) obtain services fairly; 3) get the same treatment in the service; 4) honest services.

Sianipar (2000) states that public services can be expressed as everything forms of public sector services are implemented government apparatus in the form of goods and services, in accordance with the needs of society and the laws and regulations in force. The success of the government organizations in providing public services, is determined by the individuals concerned public services (Authority, 1994).

Mahmudi (2005, p. 229) states that in the administration of public services, government officials responsible for providing the best service to the community in order to create public welfare. Principles of public services according to Ratminto and Winarsih (2005, pp. 19-20) that to provide satisfactory public services must fulfill: 1) transparency; 2) accountability; 3) conditional; 4) participatory; 5) equal rights and 6) the balance DAK and obligations.

Moenir (2001, p. 88) also gives an explanation of the internal factors that affect the quality of government bureaucracy quality of public services, namely: 1) the factor of awareness of government officials perform service functions; 2) factors that adequate measures within the organization, that organization and the work can be berjalan regular and systematic; 3) organizational factors as a mechanism system in achieving the quality of service; 4) factor income employees of the government apparatus; 5) factors abilities and skills of employees; 6) factor of the availability of services.

Ministry of religious affairs office quality satisfaction oriented society as religious affairs office service users, Lukman and Sutopo (2003, p. 19) mentions one of the measures of success presents quality service depends heavily on the level of satisfaction of customers served. It is also reinforced with Dwiyanto statement (2002, p. 47) states the performance appraisal of public services is not enough simply done by using indicators attached no bureaucrats, such as efficiency and effectiveness, but must be seen also from the indicators attached to the service user, such as service user satisfaction, accountability and responsiveness.

2.2 Public Satisfaction

Society as a religious affairs office customer service priority, according Rangkuti Customer satisfaction is the customer response to the discrepancy between the previous interest rate and the actual performance he felt after use (Rangkuti, 2002, p. 30).

According to Decree No. MENPAN 63 In 2004, as the minimum elements that must exist for the public satisfaction index measurement basis is as follows: procedure of service, conditions of service, clarity care workers, care workers discipline, responsibility care workers, care workers ability, speed of service, Justice gets service, courtesy and hospitality personnel, fairness cost of service, cost of service assurance, assurance service schedules, environmental comfort, security services.

According Zeithaml et al, in their study (1990, p. 20) consumer satisfaction in the business services can be measured by the gap between customer expectations and perceptions of service that will be accepted. Customer expectations has two senses. First, what customers believe will occur at the time the service is delivered. Secondly, what the customer wanted to happen (expectations). Perceptions what is seen or experienced up on entering the environment is expected to give something to her. In the traditional sense of satisfaction or dissatisfaction of customers is the difference between expectations and perceived performance (perceived performance).

The level of satisfaction is a function of the difference between the perceived performance with expectations. If performance is below expectations, then the customer will feel disappointed, when performance exceeds expectations, then the customer will feel very satisfied (Anonymous, 2005, p. 105). Public satisfaction index is the data and information about the level of satisfaction obtained from quantitative and qualitative measurements over public opinion in obtaining the services of public service providers apparatus (Anonymous, 2005, p. 104).

Tjiptono (1998, p. 24) says satisfaction or dissatisfaction of customers is the customer response to the evaluation of mismatches (disconfirmation) perceived between prior expectations or other performance expectations and actual performance product that is felt after use.

According to Engel et al. (1995) satisfaction is an evaluation of customer satisfaction after purchase in which alternative is selected at least give the results (outcomes) of the same overshoots consumer expectations. dissatisfaction arises when the results do not meet consumer expectations. While Kotler (1997) mentions customer satisfaction as levelone's feelings after comparing the performance (results) are perceived compared to expectations.

Islamic standards serve as benchmarks in assessing customer satisfaction in view of Islam. In the standard sharia, sharia view of society as customer satisfaction can be seen from the level of the comparison between the desired expectations of society for products or services received by the fact that it receives in accordance with the Islamic sharia.

2.3 Employee Performance

Performance by Bastian (2001, p. 329) overview of the level of achievement of the implementation of an activity or program or wisdom in realizing the goals, objectives, mission and vision of the organization as stated in the formulation of an organization's strategies scheme. According Handoko (1984, p. 97) performance is a comparison between the work that was obtained by the number of labor resources used.

Performance means the achievement or accomplishment some one pleased with the tasks assigned to him. The work that can be accomplished by a person or group of people within an organization in accordance with the authority and responsibilities of each, in order to achieve the goals of the organization in question legally, do not violate the law and in accordance with the moral ethics (Sedarmayanti, 2007, p. 260).

Otley in Mahmudi (2005) said that the performance refers to something that is related to the activities of doing the job, in this case include the results of the work accomplished. Performance owned by some one employees acquired through effort and hard work as well as through along process. Employee performance appraisal is the culmination of a process management (Indra Widjaya, 1983).

While Hasibuan (1990) said that the performance of the work is the result that can be achieved by a person carrying out the tasks assigned to them based on skill. Steer (1985) suggested that individual performance is basically a combination of three important factors: (1) the ability, temperament, working person's interest; (2) clarity and acceptance of clarity of roles a person works; and (3) the level of employee motivation. While Ranupandojo and Husnan (1984) state sa person's ability to be seen from th equality of the work apparatus which includes the precision, discipline, skills, and work hygiene.

According Timpe (1992, p. 31) performance factors consist of internal factors and external factors. Internal factors (dispositional) factors associated with the properties of a person. External factors are factors that affect the performance of some one who comes from the environment.

Employee performance is the level of work of employees in achieving job requirements given requirements. Performance is the work of employees in terms of both quality and quantity based on the standard of work that has been set (Simamora, 1995, p. 500).

According Mangkunegara (2007, p. 7) the performance is commensurate with work performance, which is the result of the quality and quantity is achieved by an employee in carrying out their duties in accordance with the responsibilities assigned to him. Similarly, Irawan (2000, p. 588) states that "Performance is the work of concrete, observable, and measurable". So performance is the result of the work achieved by the employee in the execution of tasks based on the size and time specified. According to Cascio (2003, pp. 336-337) the performance measurement system criteria areas follow:

- 1) Relevant. Relevant has meaning (1) there is a strong correlation between the standard for certain job with organizational objectives; and (2) there is a clear link between the critical elements of a work that have been identified through the analysis of positions with dimensions that will be assessed in the assessment form.
- 2) Sensitivity. Sensitivity means the ability to distinguish the performance appraisal system in an effective employee and the employee is not effective.
- 3) Reliability. Reliability in this context means the consistency of assessment. In other words, even if the instrument is used by two different people in assessing an employee, the results of the assessment will tend to be the same.
- 4) Acceptability. Acceptability means that the design performance measurement can be accepted by those who use them.
- 5) Practical. Practical mean that the instrument is easy understandable assessment agreed by the parties involved in the assessment process.

In Islam has taught his followers that the performance should be assessed. Verse that leads into the performance appraisal is the letter at-Tawbah verse 105.

وقل اعلموا ان الله يعلمكم و سؤلهم المؤمنون سؤلهم دونالي عالم الغيب والشهادة فينبكم بما كنتم تعملون .

"Work ye, then, Allah and His messenger, and the believers will see your work and you will be returned to God would knowing the unseen and the visible, and preached unto him what you do".

Prophet, has been reminded of the importance of seeing the results of one's work or charity. This is evidenced by a tradition from Imam Ahmad from Anas Ibn Malik. The Prophet said: "you do not need to be amazed (proud) on a person until you see something that generates". Islam considers the results of a work is preferred, this is due to a person who works with is sincere intentions and have high morale will give good results, as Muslims lying is not recommended because it will hurt your self.

3. Research Methods

Research is a type of correlational research with quantitative approach. Quantitative research is a research guided by a particular hypothesis, which is one of the goals of this research is to test the hypothesis that a predetermined (Ahmad, 2008). According Sugiyono (2012, p. 7) quantitative research methods can be interpreted as a research method hat is based on the philosophy of positivism, used to examine the population or a particular sample.

The population in this study is related directly with the public ministry of religious affairs office wedding in Cipocok Jaya District of the City and District of Serang District Petir, that serves citizens of the local community in the religious affairs office. Total population of 312 heads of families, of the total of 120 samples were taken sample by using random sampling techniques. This is in accordance with the opinion Arikunto (2008, p. 116) "Determination of sample collection as follows: If less than 100 is better take gallup to research a population study. If a large number of subjects can be taken between 10-15% or 20-25% or more depending from some is: 1). The ability of researchers views of time, energy and funds; 2). Narrow vast area of observations from each subject, because it involves a lot of lack of funds; 3). The size of the risk borne by researchers for researchers that the stakes are huge, of course, if a sample of the results will be better.

In this research essentially intended to get an idea of how much the relationship of community satisfaction, and performance of teachers to the wedding service at the office of religious affairs Cipocok Jaya District of the City and District of Petir, Serang District. In the data collection instruments to be used was a questionnaire in the form of Likert scale. According Sugiyono (2008, p. 199) "Questionnaire is a technique of data collection is done by giving a set of questions or a written statement to the respondent to answer". The data collected in this study was analyzed using inferential statistical techniques are descriptive analysis and Pearson correlation analysis. According to Nazir (1988, p. 105) that: "descriptive research is a study to find the facts with proper

interpretation, including studies to accurately describe the nature of some phenomenon, group or individual". Interpretation of descriptive analysis as expressed by Nunnally (1978), namely: 1:01 to 2:00 Mean scores (low); 2.01-3.00 (simple low); 3:01 to 4:00 (simple high); 4:01 to 5:00 (high). Correlation study "aims to detect the extent of variations on a factor with regard to variation same one or more other factors based on the correlation coefficient" (SumadiSuryabrata, 1992, p. 24).

Instruments of wedding services in public service standards according to the Decree of the Minister of State for Administrative Reform (MENPAN) No.63/KEP/M.PAN/ 2003, on Guidelines for the Implementation of the General Public Services (AgkaIB) include: 1) a standard service procedures; 2) stipulated completion time from the time of submission of application; 3) Cost, including the details set out in the process of service delivery; 4) Results of the services to be received in accordance with the provisions; 5) the provision of adequate services and infrastructure; 6) Competence giver officer services totaling 30 item.

Community satisfaction instrument, in this study, according by on Public Satisfaction Index Unit Government Agencies for the development of the instrument is an element of community satisfaction. The elements in question: 1) Procedure service; 2) discipline care workers; 3) Ability care workers; 4) Justice get service; 5) Friendliness and courtesy clerk; 6) Convenience environment, which amounts to 32 items.

In measuring the performance of employees in the office of religious affairs in the opinion according by Cascio (2003, pp. 336-337) the performance measurement system criteria areas follows: 1) Relevant; 2) sensitivity; 3) Reliability; 4) Acceptability; 5) Practical, totaling 30 items.

The study was carried out by using a measurement instrument testing instrument. Measurement instruments are used validity and reliability, validity test performed with SPSS item by looking at the correlation between each item with the total score on the price corrected item total correlation greater than or equal to 0.41 (Singgih Santoso, 2000). Reliability testing of all items or questions used in this study are considered reliable if the alpha value cronbach >0.6. This instrument measurement results shown in table 1 below:

Table 1. Correlation between value score each item with total scores public satisfaction cronbach alpha reliability index for the study variables

No	Variables	Item Number	Dimension	Item Correlation With the Total Score	Alfa
1	Wedding Services	30	1) Public satisfactionard service procedures.	0.467-0.717	0.723
			2) Turn around time is set from the time of submission of application.	0.510-0.841	0.750
			3) Costs, including the details set out in the service delivery process.	0.489-0.770	0.724
			4) The results of the services to be received in accordance with the provisions.	0.486-0.730	0.703
			5) Provision of adequate services Public Satisfaction infrastructure.	0.570-0.629	0.731
			6) Competence attendant care providers.	0.547-0.668	0.743
2	Public Satisfaction	32	1) Service procedures.	0.431-0.711	0.746
			2) Care workers.	0.429-0.699	0.744
			3) The ability of service personnel.	0.490-0.666	0.720
			4) Justice get service.	0.592-0.754	0.757
			5) Friendliness public satisfaction courtesy officer.	0.296-0.610	0.654
			6) Environmental comfort.	0.397-0.736	0.701
3	Employee Performance	30	1) <i>Relevance.</i>	0.432-0.675	0.711
			2) <i>Sensitivity.</i>	0.442-0.729	0.723
			3) <i>Reliability.</i>	0.409-0.732	0.713
			4) <i>Acceptability.</i>	0.526-0.703	0.752
			5) <i>Practicality.</i>	0.599-0.726	0.758

From Table 1 shows the value and validity of the research instrument reliability wedding services, community satisfaction and employee performance. Variable wedding services can be seen from the dimensions of a standard service procedure consists of five items with a value of correlation between the item score corrected number is 0.467-0.717. Cronbach alfa index reliability for standard service procedures dimension 0.723. Completion time is set from the time of submission of application consists of five items with a value of

correlation between the number of items corrected score is 0.510-0.841. Cronbach alfa index reliability for dimensions specified turn around time from the time of submission of application is 0.750. Cost sort tariffs, including the details set out in the process of service delivery, consisting of five items with a value of correlation between the item score corrected number is 0.389-0.770. Cronbach alfa index reliability for dimensions fees or tariffs, including the details set out in the process of service delivery is 0.724. The results of the services to be received in accordance with the provisions, consisting of five items with a value of correlation between the number of item score corrected is 0.486-0.730. Cronbach alfa index reliability for dimensions outcomes that will be accepted in accordance with the provisions is 0.703. The provision of adequate infrastructure services, consisting of five items with a value of correlation between the item score corrected number is 0.570-0.629. Cronbach alfa index reliability for dimensions provision of adequate services and infrastructure is 0.731. Competence officer service providers consists of 5 items with a value of correlation between the item score corrected number is 0.547-0.668. Cronbach alpha reliability index for the service provider personnel competence dimension is 0.743. This analysis shows each item in the wedding service variable has more validity and high reliability.

Community satisfaction variable dimension value service procedure, consisting of 6 items with a value of correlation between the item score corrected number is 0.431-0.711. Cronbach alfa index reliability for service procedures dimension is 0.746. Discipline dimensions of service personnel, consisting of 6 items with a value of correlation between the item score corrected number is 0.429-0.699. Cronbach alfa index reliability for dimensions discipline workers is 0.744. The ability of service personnel, consisting of 6 items with a value of correlation between the item score corrected number is 0.490-0.666. Cronbach alfa index reliability for care worker stability dimension is 0.720. Obtain justice ministry, consists of 5 item swith correlation between the item score corrected number is 0.592-0.754. Cronbach alfa index reliability for juice get service is 0.757. Friendliness and courtesy officers, consisting of five items with a value of correlation between the item score corrected number is 0.296-0.610. Cronbach alfa index reliability for the dimension of hospitality and courtesy clerk is 0.654. Environmental comfort, consists of 4 items with a value of correlation between the item score corrected number is 0.397-0.736. Cronbach alfa index reliability for environmental comfort dimension is 0.701. This analysis shows each item incommunity satisfaction variables have high validity and reliability.

Employee performance variables visible from the relevant dimension consisting of 6 items with a value of correlation between the item score corrected number is 0.432-0.675. Cronbach alfa reliability index for relevant dimensions is 0.711. Sensitivity dimension consisting of 6 items with a value of correlation between the item score corrected number is 0.442-0.729. Cronbach alfa index reliability for sensitivity dimension is 0.723. Dimensions reliability, consisting of 6 items with a value of correlation between the item score corrected number is 0.409-0.732. Cronbach alfa index reliability for reliability dimension is 0.713. Dimensions acceptability, consisting of 6 items with a value of correlation between the item score corrected number is 0.526-0.703. Cronbach alfa index reliability for acceptability dimension is 0.752. Practical dimension consists of 6 items with a value of correlation between the item score corrected number is 0.599-0.726. Cronbach alpha reliability index for practical dimension is 0.758. This analysis shows each item in employee performance variables have high validity and reliability.

4. Research Results Public Satisfaction Discussion

4.1 Research Results

4.1.1 Descriptive Analysis

Descriptive data in this study included the mean and standard deviation of the three variables of the study; the raw data were processed using descriptive statistical methods. More descriptive statistical methods associated with collecting and summarizing the data, as well as the presentation of the summary data. Descriptive research results can be seen in table 2 below:

Table 2. Descriptive statistics of wedding services, public satisfaction, employee performance

No	Research Variables	Dimension	Mean	Public Satisfactor Deviation	Interpretation
1	Wedding Services	1) Public satisfaction and service procedures	18.05	2.707	High
		2) Turn around time is set from the time of submission of application	16.99	2.915	High
		3) Costs, including the details set out in the service delivery process	16.73	3.188	High
		4) The results of the services to be received in accordance with the provisions	17.03	3.170	High
		5) Provision of adequate services public satisfaction infrastructure	16.17	3.681	High
		6) Competence attendant care providers	17.84	2.890	High
2	Public Satisfaction	1) Service procedures	20.06	3.475	High
		2) Care workers	20.42	3.345	High
		3) The ability of service personnel	19.46	3.889	High
		4) Justice get service	16.48	3.125	High
		5) Friendliness public satisfaction courtesy officer	16.81	3.131	High
		6) Environmental comfort	14.84	2.490	High
3	Performance Employee	1) Relevance	20.78	3.066	High
		2) Sensitivity	18.74	3.895	High
		3) Reliability	19.86	4.137	High
		4) Acceptability	17.55	4.421	High
		5) Practicality	20.21	3.859	High

Overall the wedding service shown by the respondents is higher for the wedding service of variable dimensions of a standard service procedures (mean = 18.05, SD= 2.707), completion time is set from the time of submission of application (mean = 16.99, SD= 2.915), the cost or service rates (mean =16.73, SD=3.188), the service will be accepted in accordance with the provisions (mean = 17.03, SD=3.170), the provision of adequate services and infrastructure (mean = 16.17, SD=3.681), the competence of personnel service providers (mean = 17.84, SD=2.890).

Community satisfaction dimensions variable service procedures (mean = 20.06, SD=3.475), discipline care workers (mean = 20.42, SD=3.345), the ability of service personnel (mean = 19.46, SD=3.889), justice get service (mean = 16.48, SD=3.125), hospitality and courtesy officer (mean = 16.81, SD=3.131), environmental comfort (mean = 14.84, SD=2.490).

Employee performance variable has a value of the relevant dimension (mean = 20.78, SD=3.066), sensitivity (mean = 18.74, SD=3.895), reliability (mean = 19.86, SD=4.137), acceptability (mean = 17.55, SD=4.421), practical (mean = 20.21, SD=3.859). The formulation of the above results proves that the dimensions of each variable have a high interpretation.

4.2 Correlation Analysis

To see the relationship between variables, the author used the instrument (questionnaire) which was answered by 120 members of society, through the Pearson correlation analysis. The correlation analysis provided Pearson correlation coefficient the same shape that is a positive (+) or negative (-) to indicate a form of interaction between variables. Coefficient values between 0.00 and 1.00 also show the strength of the relationship. Value 'rule of thumb' by Johnson and Nelson (1986) is used to describe the strength of the correlation: no correlation (0.00); very low; low; simple; very high and perfect relationship (1.00).

4.2.1 Relationship Employee Performance and Public Satisfaction

Relationship to the satisfaction of the public employee's performance can be seen in Table 3, which shows that the variable employee performance to the satisfaction of the community has a value of correlation ($r=0.349$) and the overall relationship of employee performance against significant public satisfaction, the relevant dimension does not have a relationship to the whole dimension satisfaction of the people, it can be seen from the absence of

a significant relationship between the dimensions of the stretcher, as well as the dimensions of sensitivity that does not have a strong relationship with the dimensions of public satisfaction. Reliability dimensions have been associated with service procedures for ($r = 0.182$) with the ability of officers ($r = 0.195$) and to the satisfaction of the people of ($r = 0.205$). On the other dimensions that has a low correlation dimension officer discipline, justice services, hospitality and courtesy and convenience services. Dimensions acceptability has a relationship to the dimensions of the officer's ability ($r = 0.307$). The ministry of justice ($r = 0.180$) as well as on job satisfaction of ($r = 0.285$) the practical dimension has a relationship to the dimensions of the officer's ability ($r = 0.261$) and to the satisfaction of the people of ($r = 0.178$) as well as employee performance variables have a relationship to the dimensions of the service procedure ($r = 0.235$) with the dimensions of the officer's ability ($r = 0.338$) ministry of justice ($r = 0.208$). Adaptive research the relationship between employee performance to the satisfaction of society can be seen in table 3, namely:

Table 3. Relationship between employee performance on public Satisfactions

Performance Employee	Relevant	Sensitivity	Reliability	Acceptability	Practical	Employee Performance
Public Satisfaction						
Prosedur	0.023	0.127	(0.182*)	0.069	0.145	(0.235**)
Dicipline	-0.041	0.074	0.152	0.065	-0.143	0.056
Ability	0.113	-0.099	(0.195*)	(0.307**)	(0.261**)	(0.338**)
Friendliness	0.041	0.112	0.030	(0.180*)	0.118	(0.208*)
Etic	-0.104	0.011	-0.070	0.136	0.167	0.073
Comfortable	0.048	0.072	0.055	-0.004	-0.096	0.029
Satisfaction	0.034	0.090	(0.205*)	(0.285**)	(0.178*)	(0.349**)

*Significant at the direction of $p < 0.05$.

4.2.2 Relations Employee Performance and Wedding Services

The relationship of employee performance against service wedding visible in table 5, the variable performance of employees have a relationship to the wedding service at ($r = 0.345$) which indicates that the marriage service can be affected by the performance of employees. There is a significant relationship between the dimensions relevant to the standard of care procedure ($r = -0.188$) to the designated settlement time from the time of submission of application for ($r = 0.188$) as well as to the provision of adequate services and infrastructure for ($r = -0.221$) sensitivity dimensions have been associated with the wedding service at ($r = 0.183$). On the other dimension has a low correlation; reliability dimensions have been associated without comes that will be accepted in accordance with the provisions of ($r = 0.280$) as well as to the wedding service at ($r = 0.270$). Acceptability dimensions have a relationship with the dimensions of the provision of adequate services and infrastructure for ($r = 0.380$) as well as to the wedding service at ($r = 0.229$). Practical dimension has a relationship with the dimensions of the provision of adequate services and infrastructure for (0.265) the competence of personnel by service providers ($r = 0.278$) as well as to the wedding service at ($r = 0.190$). Employee performance variables have been associated with the provision of facilities and adequate infrastructure for services ($r = 0.265$) as well as to the competence of personnel service providers ($r = 0.188$). Results of research on the relationship between employee performance wedding services can be seen in table 4 below:

Table 4. Relationship between employee performance and wedding services

Performance Employee	Relevant	Sensitivity	Reliability	Acceptability	Practical	Employee Performance
Public Satisfaction						
Procedure	-0.188*	0.028	0.025	0.052	0.059	0.011
Time limit	0.188*	0.168	0.105	-0.068	-0.163	0.079
Cost	0.057	0.178	0.109	0.012	-0.129	0.094
Outcome	-0.050	0.074	0.280**	-0.030	0.124	0.175
Facilities	-0.221*	0.008	0.103	0.380**	0.265**	0.265**
Officer Competency	-0.038	0.060	0.024	0.159	0.278**	0.188*
Wedding Services	-0.113	0.183*	0.270**	0.229*	0.190*	0.345**

*Significant at the direction of $p < 0.05$.

4.2.3 Satisfaction Relations Society of Wedding Services

The relationship of people's satisfaction wedding services seen in Table 5, the variable of people's satisfaction with the services linked by marriage ($r = 0.198$) it gives the sense of community satisfaction with the services linked marriage, dimensions service procedures have been associated with the provision of infrastructure services adequate amount ($r = 0.202$) ministry of justice dimensions have a significant relationship to the standard of care procedure ($r = 0.190$) as well as the satisfaction of the people have a significant relationship to the provision of adequate services and infrastructure or ($r = 0.192$). While another dimension has a low and weak ties.

Table 5. Relationship between satisfaction communities and wedding services

Public Satisfaction Wedding Services	Public Satisfaction						
	Procedure	Dicipline	Ability	Outcome	Friendliness	Comfortable	Public Satisfaction
Procedure	0.063	0.139	0.036	0.190*	0.066	0.095	0.178
Time Limit	-0.049	-0.067	-0.037	0.115	0.045	-0.056	-0.017
Cost	0.123	0.096	0.082	0.092	-0.046	-0.041	0.106
Outcome	0.068	-0.138	0.068	0.024	-0.043	-0.029	-0.009
Facilities	0.202*	-0.014	0.157	0.128	-0.085	0.031	0.192*
Competency	-0.099	0.102	0.024	-0.125	0.107	0.079	0.022
Wedding Services	0.144	0.039	0.146	0.174	0.085	0.028	0.198*

* Significant at the direction of $p < 0.05$.

5. Discussion

The study of the wedding service satisfaction and employee performance in community religious affairs office in the district Cipocok Jaya City and District of Petir, Serang district has a high value. Quality community and employee satisfaction have been associated with an increase in the marriage ministry of religious affairs office, low marriage ministry of religious affairs office can be caused by a fall or poor people's satisfaction and employee performance in the district office of religious affairs Cipocok Jaya City and District of Petir, Serang District.

Community satisfaction a priority in the provision of wedding services, maintenance of a marriage that is conducted is one of the duties and functions of religious affairs office, marriage is the sunna of the Prophet, the Messenger of Allah said.

النكاح سنتي فمن رغبني فلا يسمني

“Marriage is the *Sunnah*, those who do not like my-*sunnah* means not of my line age “Besides Allah Almighty says:

ومناياتها خلقكم من أنفسكم أزواجاً لتسكنوا إليها وجعل بينكم مودةً ورحمةً

“and among His signs is that He created him for you wives from among your selves, that you may find repose in them, and He put between you love and compassion. “(QS. ArRum, p. 21)

Marriage is the way of nature that can resolve biological turmoil in man, to raise the lofty ideal softcrosse Sharpie then the couple can produce offspring. The purpose of marriage pursuant to Law No. 1 of 1974 has been formulated is ideal because it doesn't just look in terms of birth, but both at the same time there is an inner linkage between husband and wife are intended to raise a family or house hold that is eternal and happy for both of them and the corresponding with the will of God Almighty (Djoko and Ketut, 1987, p. 4).

Gardiner & Myersin Papalia, Olds & Feldman (2004) adds that marriage provides the intimacy, commitment, friendship, love and affection, sexual fulfillment, friendship and the opportunity for emotional development as a new source for identity and self-esteem.

The importance of the position of marriage in Islam, the religious affairs offices trivial ways to provide services of the best wedding or marriage, people's satisfaction with marriage services have a positive effect on the image of the religious affairs office, which always puts the interests of the people, especially the interests of the Moslem community.

According to Lovelock (1994) a product when added to the service will generate a force, which benefit the company in gaining profit that to face the competition, although the organization with another one having a different product but basically supplement the services each company has similarity. Lovelock's opinion can be

seen that good service will provide more value to an organization or institution, including religious affairs office. Good or bad service wedding in religious affairs office looks from people's satisfaction with the service.

To that end, produce a good service requires qualified human resources, human resources who have a good performance. The performance of employees to contribute and considerable influence on the formation of a quality wedding services, to provide a high public satisfaction. Employee performance was seen from the completion and implementation of employee tasks in the office of religious affairs, in line with the opinion of Harley (Siagian, 1996) and Nawawi (1997) states that the performance can be seen from the efforts of employees in completing the job do neat a particular time or period certain. Thamrin research results (2006) stated that the performance of government officials transportation sector 70.2% effect on the quality of service, in Mahmudi Rogers (2005) said that the performance is defined as the work it self, because work provides a strong link to the strategic objectives organization, customer satisfaction, and economic contribution.

6. Conclusion

The results showed public satisfaction and employee performance have a relationship with a wedding service in the office of religious affairs Cipocok Jaya District of the City and District of Petir, Serang District. The relationship did not occur among all dimensions on community satisfaction, employee performance with dimensions of wedding services. The overall community satisfaction and employee performance has been associated with the wedding service. This suggests that the marriage service can be improved quality of service and satisfaction can be assessed from the community as well as the performance of employees in the office of religious affairs Cipocok Jaya District of the City and District of Petir, Serang District.

Society as a customer of religious affairs office, becoming a reference in the improvement of service quality high service quality will be visible from the public satisfaction. Employee performance in serving the public very direct impact on the satisfaction of the people, for the employees to work with a full sense of responsibility in an effort to produce the satisfaction of the people, to improve the best service.

To produce the best service, improvement of human resources is a top priority in the religious affairs office Cipocok Jaya District of the City and District of Petir, Serang district, in the absence of human resources, the improvement of public service there will be no significant increase, causing people's satisfaction with the service given will be low and even decreased.

7. Suggestions

In improving the quality of wedding services in religious affairs office Cipocok Jaya District of the City and District of Petir, Serang district, requiring employee performance evaluation centered on leadership, leadership should dare assess objectively (excellent, good or bad enough). So that the leadership has a picture and information about the performance of employees is the basis in determining service improvement policy.

The existence of bonuses and compensation to the employee, as a tribute to the high performance of employees, produces good service, require a high quality performance, so their bonuses and compensation of employees into motivation and moral product quality service in the office of religious affairs District of Cipocok Jaya City and District of Petir, Serang District.

Also in Islam employee in the office of religious affairs Cipocok Jaya District of the City and District of Petir, Serang as a Muslim should intend to provide a service that is expected by society and the human as a whole.

The existence of education and training of technical employees with regard to marriage, as well as administrative capacity, skills are general knowledge get that can assist in quality wedding services. Education and training is carried out regularly and gradually.

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Housing Affordability by Federal Civil Servants in Minna, Nigeria: Emerging Issues

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Abstract

In Nigeria, the 1999 constitution recognises housing as a fundamental human right; hence it is imperative that Nigerians have access to decent and comfortable accommodation at affordable costs. This study examined housing affordability by Federal Civil Servants in Minna by analysing the average annual emoluments of federal civil servants and the annual rental values of houses occupied by them, and subsequently established the percentage of annual income spent on rent. A total of 200 federal civil servants spread across all grade levels were sampled. Simple descriptive statistic, likert scale, relative index and pearson product moment correlation were used to analyse collected data. Findings showed that federal civil servants in the study area spend between 7.3% and 23.8% of their annual income on rents. The study also revealed that civil servants' level of income having a relative index of 0.96 is the major factor influencing the choice of residential accommodation by federal civil servants in the study area. It further revealed a strong positive correlation between their annual income and rental values of residential properties occupied by them. The sampled respondents expressed varied levels of satisfaction with the houses they occupy, with as much as 59% being unsatisfied with their rented housing units; these were attributed to poor housing quality, small sizes of housing units and densely populated neighbourhoods, among others. Housing Affordability Index was also adopted and used to determine housing affordability levels in the study area. The study recommended a home ownership scheme to enable federal civil servants purchase or build their own houses and pay conveniently because all respondents desired to own their own houses.

Keywords: housing, affordability, rents, civil servants, income

1. Introduction

Man as a social being have needs and among these needs, three have been identified as basic and important. Shelter is one of them which provide covering from harsh environmental factors such as sunshine, wind, rainfall, humidity, frost and other forms of precipitation. Although, housing is an integral part of human settlement that fulfils basic need and has a profound impact on the quality of life, health, welfare, as well as productivity of man; large proportion of urban residents in developing countries do not have access to decent housing at affordable cost (Ibem & Amole, 2010). As a result of this, inadequate housing has become a challenge that has continued to receive attention from governments, professionals, developers and individuals in most developing countries (Ibem & Amole, 2010). As observed by Mitlin and Satterthwaite (2007) and quoted in Ayeniyo (2011), by year 2000, some 900 million urban dwellers in low and middle income households worldwide were "living in poverty" suffering from poor quality housing, insecure tenure and/or inadequate basic services.

Housing affordability is an issue of ability and willingness of the householder to back up his or her housing demand with the required financial resources (Egunjobi, 1994; Jinadu, 2007). It has been argued that a maximum of 30% of household income spent on housing be used as a yard stick for measuring housing affordability across Europe and elsewhere (Andrews, 1998; Aribigbola, 2011; Pittini, 2012). However, what is termed affordability problem in a given place or nation might not be applicable in other places and this is for no other reason but for the dynamics in economic and social variations. Meanwhile, the increase in the prices of conventional building materials which are imported and the fluctuating economy is contributing to the ailing problem of housing affordability (Gbadeyan, 2011). Aribigbola (2013) and Aribigbola & Ayeniyo (2012) haven reviewed past

housing policies explained that the Nigerian housing policy was basically aimed at providing affordable housing for Nigerians but this has not been successfully implemented.

In the past few years, Minna has been experiencing a high rate of urbanization and high population growth owing to the presence of a number of federal government establishments. A direct result of this is an increase in demand for housing by the staff of these establishments. This study is necessary to assess the impact of the new minimum wage being implemented by the Federal Government on Federal Civil Servants' ability to afford decent accommodation. The new minimum wage aimed at improving the working and living conditions of workers at the federal level, thus, an assessment of housing affordability by federal civil servants in Minna, considering their new income became imperative in order to adequately report the current affordability situation in the state capital.

2. Indices for Measuring Housing Affordability

Lau (2001) explained that three basic approaches have been identified for measuring housing affordability. These are normative, behavioural and subjective approaches.

i. Normative approach

Normative measurement defines housing affordability in terms of certain threshold values, that is, a household is experiencing affordability problem if the amount spent on housing with its respective income exceeds the benchmark rate. Lau (2001) submitted that the normative approach is the most developed of the various approaches and this embrace different measuring strategies such as: Rent-to-income ratio (RIR), Mortgage-to-income ratio (MIR) and House Price-to-income ratio (PIR). This is further buttressed by the earlier statement of Andrew (2008) and adopted by Aribigbola (2011) that "affordable housing" is that which costs no more than 30% of the income of the occupant's household.

ii. Behavioural approach

Peoples' housing consumption behaviour can also be used to measure housing affordability, that is, how much households choose to spend on housing with their respective incomes and characteristics. This means, how people view housing and what they spend on it should be given more consideration instead of setting a standard. Lau (2001) explained this as a better way of assessing housing affordability given adequate empirical data.

iii. Subjective approach

A completely different way to addressing affordability is taking into account the people's view on affordability and checking it against their financial positions as well as other quantitative indicators (Lau, 2001).

Ndubueze (2009) mentioned two other approaches to measuring affordability which are the basic non-cost approach and the quality adjusted approach. In his explanation, the basic non-cost approach otherwise known as the 'residual income' based approach or 'shelter poverty' approach, is the ability of a household to pay due to its sensitivity to the impact of housing cost on the capacity of the household to meet essential non-housing costs. On the other hand, the quality adjusted approach is conceived to distinguish between households who can afford housing with a given income level within the ambit of 30% of income and those who cannot afford.

2.1 Housing Affordability Index

In the most developed countries of the world, Housing Affordability Index is used to determine Housing affordability levels. Affordability Index measures whether or not a typical family could qualify for a mortgage loan on a typical home. A higher index ratio indicates more affordability. Two commonly used Affordability Indexes are:

i. The Composite Housing Affordability Index (HAI)

This Index measures median household income relative to the income needed to purchase a median priced house. In other words, the index measures whether or not a typical family could qualify for a mortgage loan on a typical home. According to the Federal Bank of San Francisco (2003), the Composite Housing Affordability Index provides a way to track over time whether housing is becoming more or less affordable for the typical household. Components of the index are house prices, interest rates and income. This Housing Affordability Index assumes a down payment of 20% of the home price and a maximum mortgage repayment of 25% of the gross monthly income of the household. It is published monthly by the National Association of Realtors. A higher HAI ratio indicates relatively more affordability.

ii The California Housing Affordability Index

The California Housing Affordability Index tracks the percentage of California and National households that can afford to purchase a median priced single family house. Upon computation, the percentage of households with incomes greater than or equal to the minimum qualifying income is the Housing Affordability Index (California Association of Realtors, 2014). The California Housing Affordability Index also assumes a down payment of 20%. It further assumes monthly property taxes to be 1% of the median sales price divided by 12, while monthly insurance payments on the house are assumed to be 0.38% of the median home sales price divided by 12.

2.2 Literature Review

Over the years, so much work has been done world over to address the problems of housing affordability with Nigeria inclusive. Some authors like Kabir and Bustani (2009) and Aribigbola (2013) among others have evaluated government efforts in a bid to tackle these problems. Others were interested in examining parameters for measuring affordability while some were keen on exploring the most suitable means of delivering affordable housing. For instance, Onyike (2007) carefully studied the situation of housing affordability in Owerri, Nigeria and explained the impact of the monetization of fringe benefits (residential accommodation, transport facilities, medical services and utilities such as electricity, water, and telephone) on the civil servants ability to own personal houses in the state. The results showed that levels 13 and above, and level 17 of the state and federal civil servants respectively were able to have access to what may be adjudged as decent housing. He further observed that majority of public servants in the state cannot afford adequate housing without substantial assistance from the government.

Aribigbola (2008) in his study of housing affordability as a factor in the creation of sustainable environment in the developing world, used data generated through a systematic survey of households within the nine political wards of Akure; The study aimed at assessing the extent of the problem of housing affordability and how it affects the creation of a sustainable built environment. Results revealed that affordability is a major problem and poses serious challenges to sustainable development of the built environment, hence it was recommended that institutional framework to promote, enhance and encourage affordable housing provision should be created in the city. Ndubueze (2009) concerned his work with the different affordability measurement approaches in order to carefully examine the nature of urban housing. Meanwhile, Nicholas (2010) explored the affordable housing situation in Ghana using Kumasi and Tamale as study areas, and reported that there are insufficient affordable housing units in Ghana, while the available units are poorly developed and are not habitable. The study further evaluated the affordable housing delivery system in Ghana and it was discovered that housing units with basic acceptable standards are unaffordable by many households in the study areas. Moreover, majority of the households in Kumasi and Tamale cannot afford mortgage credit, and adequate rented and owner occupied housing units because of their low income level, high unemployment rate, and high interest rates.

Udoekanem (2011) examined the financing of affordable housing through commercial bank real estate loans in Niger State; the study provided evidence that 90 per cent of the households in Minna cannot afford loans granted by commercial banks. Analysis also showed that the maximum they could repay through their salaries was one – third or 33.33% of their monthly salary which was even below what is required to offset a loan that will enable them acquire a 2 bedroom bungalow within residential neighbourhoods in suburb areas of the city, thus making the real estate loans from commercial banks unaffordable by the civil servants inclusive of those on a higher grade levels. From a global perspective, Pittini (2012) submitted that the current trend of housing affordability in European Union (EU) is not far from what is obtainable in most parts of the world. Findings from this study showed that on the average 33.8% of Europeans feel that they are experiencing disproportionate housing costs. The common perception in the European countries is that housing affordability has become much worse compared to previous years and was expected to further decrease in 2012. Moreover, cost of decent accommodation is particularly difficult in capitals and large cities. On the average, cost of housing for the overall EU 27 population amounted to 22.5% of disposable income (Pittini, 2012).

It is however important to note that the most acceptable definition of housing affordability which puts it at not more than 30% of household income was vigorously criticized by Eric et al. (2005) as it does not account for the trade-offs (sacrifices) households concedes to in order to achieve a lower cost of housing. This means that not everyone spending more than a certain percentage of their income actually have housing problem; for instance, a household might be spending less than 30% of its income on housing, but lives in a neighbourhood of poor quality and incur additional cost for transportation to work place, while another household for sentimental reasons (change in social class, change in taste and status) spends more than 30% of its income on housing. This

does not translate into affordability problem since it is a thing of choice. Lau (2001) opined that a household can only be said to have housing affordability problem if after paying housing costs which meets the socially-accepted norms of adequate housing standards, are unable to meet up with the living standard of those staying in social housing. HUD (2005) as cited in Aribigbola (2008) however argued that families who pay more than 30% of their income on housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Based on this, this study seeks to establish if federal civil servants in Minna are able to pay for their housing need and still meet up with their other basic needs. These are analysed by adopting the 30% measuring standard using the Rent-to-income ratio (RIR) and House Price-to-income ratio (PIR) as affordability measuring index to adequately report the current affordability situation in the state capital. Rent-to-income ratio is an expression of rent as a percentage of income, meaning the portion of the household's annual income expended on housing consumption within a given period of time. Whereas the House price-to-income ratio is that percentage or fraction of the total income of a household to the price of the housing unit. This strategy is considered capable of reflecting rapid changes in affordability conditions across time and has a comparability quality.

3. Methodology

The relevant population comprised of federal civil servants drawn from 15 randomly selected Federal Government Parastatals and Agencies in Minna. A total of 200 workers spreading across all grade levels that are also breadwinners of their respective households and occupy rented apartments were purposively sampled for the study. Workers in the sampled organizations/parastatals were categorized into higher, middle and lower cadres based on their income levels which also spread across, from the highest paid officer to the least paid officer. Questionnaire were employed and used to generate the primary data. These included data on the annual income of respondents, house type, rents paid and cost of houses purchased among others. Secondary data were obtained from the records of Estate Surveyors and Valuers on rental and capital values of properties within Minna metropolis. Simple descriptive statistics, Pearson Product Moment Correlation, likert scale and Relative Index were used to analyse the collected data. Results from analysis are presented in form of charts and frequency tables. This study further determined housing affordability levels in the study area using the Composite housing affordability index to measure whether a typical family could qualify for a mortgage loan on a typical single family house or not. The California housing affordability index was also adopted to measure the percentage of households in the study area that can afford to purchase a median priced single family house.

4. Results and Discussion

4.1 Cadres of the Respondents

The sampled respondents were categorised into three cadres using their annual emoluments as a basis. It covers all levels of workers, from the least paid to the highest paid.

Table 1. Distribution of respondents according to assigned cadres

Cadre	No. of Staff Sampled	Percentage
Higher Cadre	24	12%
Middle Cadre	103	51.5%
Lower Cadre	73	36.5%
Total	200	100%

Source: Author's field survey.

Table 1 shows the distribution of respondents according to assigned cadres. It shows that 12% are on the higher cadre, while 51.5% and 36.5% are on the middle and lower cadres respectively.

4.2 Residential Properties Commonly Occupied by Federal Civil Servants in Minna

Federal civil servants in Minna occupy various types of residential accommodation, common types being single room apartments, one bedroom, two bedroom and three bedroom flats. These were however majorly attributed to the costs of paying for these types of houses.

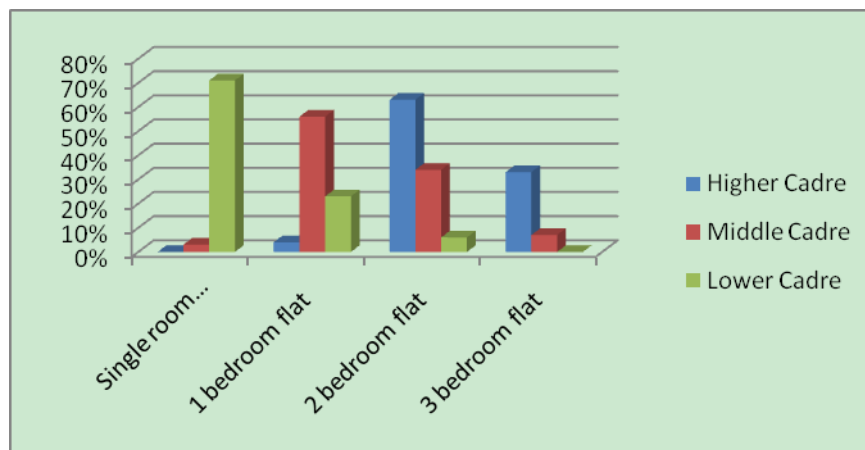


Figure 1. Showing types of residential properties commonly occupied by federal civil servants in Minna

Source: Author's field survey.

Figure 1 show the types of residential properties commonly occupied by federal civil servants in Minna. It shows that 3% and 71% of respondents in the middle and lower cadres respectively occupy single room apartments. No staff in the higher cadre occupy single room apartment. Similarly, 4%, 56% and 23% in the higher, middle and lower cadres respectively occupy one bedroom flats. In the same vein, 63%, 34% and 6% in the three cadres respectively occupy two bedroom flats, while 33% and 7% in the higher and middle cadres respectively occupy three bedroom flats.

These residential properties are spread across various locations in Minna. Data gathered however revealed that a larger proportion of federal civil servants reside in Tunga, Bosso, Maitumbi, Maikunkele, Dutsenkura and Barkin sale areas, all having varied housing and environmental conditions. It further revealed that a larger proportion of federal civil servants in the higher cadre reside in Dutsenkura and Tunga areas, while a sizeable proportion of those in the middle cadre reside in Tunga, Bosso and Maitumbi areas. In the same vein, a sizeable proportion of those in the lower cadre reside in Bosso, Maitumbi, Maikunkele and Barkin-sale areas.

Table 2. Average rental values of property types in some locations in Minna

Property Location	Average Rental Values in ₦ '000			
	Single room apartment	1 Bedroom Flat	2 Bedroom Flat	3 Bedroom Flat
Dutsen Kura	60	90	150	230
Tunga	80	110	250	300
Bosso	60	100	200	250
Barkin-sale	55	110	150	250
Maitumbi	55	80	150	220
Chanchaga	40	70	120	200
Maikunkele	30	60	100	180

Source: Author's field survey.

Table 2 shows the average rental values of types of residential accommodation commonly occupied by federal civil servants in varied locations in Minna. These values vary from ₦30,000 for single room apartments to ₦300,000 for three bedroom flats.

4.3 Annual Income and Housing Affordability

Analysis of how Annual income influences housing affordability is shown below.

Table 3. Average annual income of Federal Civil Servants on Grade levels 3 to 17

	Grade Level	Average annual income (₦)
Lower Cadre	3	261,324
	4	281,472
	5	320,668
	6	390,962
	7	638,433
Middle Cadre	8	811,623
	9	955,877
	10	1,108,273
	12	1,269,050
	13	1,403,043
Higher Cadre	14	1,542,971
	15	2,060,078
	16	2,538,125
	17	4,807,068

Source: National Salaries, Incomes and wages Commission (2010).

Table 3 shows the average annual income of federal civil servants on grade levels 3 to 17. Civil servants on these grade levels were however further classified into lower, medium and higher cadres.

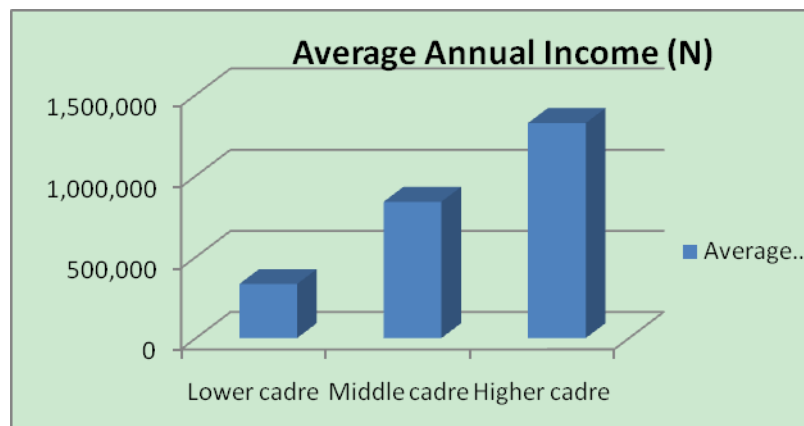


Figure 2. The average annual income of federal civil servants in the three cadres

Source: Author's field survey.

Figure 2 shows the average annual income of respondents in the three cadres. It shows that those on the lower cadre earn an average annual income of ₦378,527 while those on the middle and higher cadres earn an average of ₦1,109,573 and ₦2,737,060 respectively per annum.

Table 4. Modal class of rents paid by Federal Civil Servants in the three cadres

Cadre	Annual Rents paid (₦)
Lower cadre	50,000 – 90,000
Middle cadre	100,000 – 150,000
Higher cadre	200,000 – 250,000

Source: Author's field survey.

Table 4 shows the rents paid by majority of civil servants in the three cadres. Here, the annual rents paid by the respondents in all cadres were collated and grouped into appropriate intervals, and the modal class of these values adopted independently for all cadres. These values give a clear presentation of how much is paid as rents by a substantial number of civil servants in the lower, middle and higher cadres.

Table 5. Rent to income ratio of Federal Civil Servants in Minna

Cadre	Annual rental value (₦)	Average annual income (₦)	Percentage of income spent on housing
Lower Cadre	50,000 – 90,000	378,572	13.2% - 23.8%
Middle Cadre	100,000 – 150,000	1,109,573	9% - 13.5%
Higher Cadre	200,000 – 250,000	2,737,060	7.3% - 9.1%

Source: Author's field survey.

Table 5 shows the rent to income ratio of federal civil servants in Minna. It shows that federal civil servants on the lower cadre spend 13.2% - 23.8% of their annual income on rents. Similarly, those on the middle and higher cadres spend 9% - 13.5% and 7% - 9.1% of their annual income on rents respectively. However, the percentage of income spent on housing can be greatly affected by changing economic situations in Nigeria. This implies that a periodic upward review of rent without a corresponding increase in annual salaries will result in an increase in the percentage of household income spent on rent.

4.4 Predominant Factors Influencing Choice of Residential Accommodation

Certain factors were identified as having influenced the choices of residential accommodation by the respondents. The various opinions of respondents were weighed using the likert scale and the consensus opinions are shown in Table 6.

Table 6. Factors influencing choice of residential accommodation by federal civil servants in Minna

Factors	Sum	Mean	Relative Index	Consensus opinions
Household size	691	3.46	0.69	Undecided
Level of income	962	4.81	0.96	Strongly agree
Size of housing unit	793	3.97	0.79	Agree
Security	821	4.11	0.82	Agree
Proximity to place of work	654	3.27	0.65	Undecided
Availability of Infrastructure	727	3.64	0.73	Agree
Availability of services	802	4.01	0.80	Agree

Source: Author's field survey.

Interestingly, data in Table 6 reveals that respondents strongly agree that their various levels of income (with highest relative index of 0.96) influence their choice of residential accommodation. This is undoubtedly the almost singular factor that impact on preference of Federal Civil Servants for residential accommodation in the study area. They agree that other influencing factors ranked between 0.65 - 0.82 are size of housing unit, security, as well as availability of basic infrastructure and services such as water and electricity.

4.5 The Relationship between Annual Income and Residential Property Rental Values

The Pearson Product Moment Correlation was used to test the relationship between the annual income of respondents and the rental values of properties occupied by them. Results revealed a strong positive correlation between annual income and the rental values of residential properties occupied by federal civil servants in Minna. Responses from respondents further revealed that federal civil servants in Minna can averagely afford to pay rents for certain types of houses as a result of their income, irrespective of their family size, the quality of such houses, and nearness to place of work.

4.6 Level of Satisfaction with Rented Housing Accommodation

Respondents in the study area expressed varied levels of satisfaction with the rented apartments they occupy. These are shown in Figure 3.

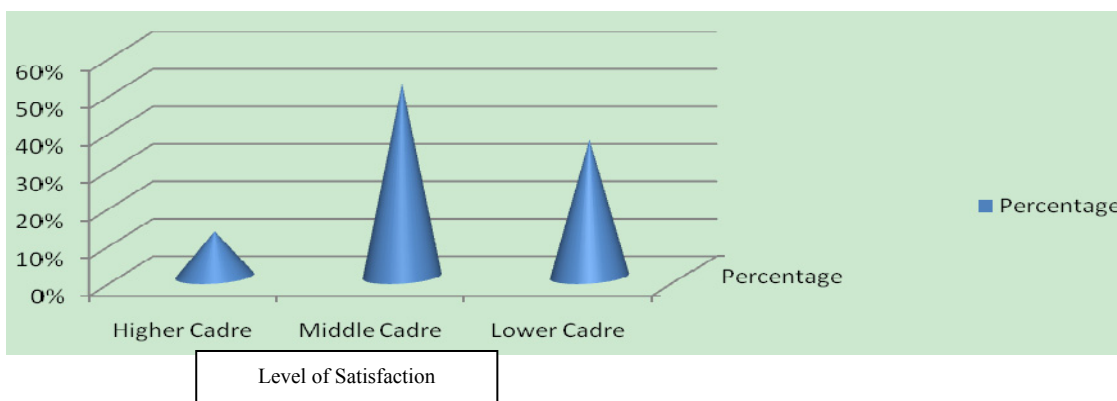


Figure 3. The level of satisfaction with rented houses occupied by Federal Civil Servants in Minna

Source: Author’s field survey.

Figure 3 shows respondents’ level of satisfaction with the rented apartments they occupy. It shows that 10% of respondents are very satisfied with the houses they occupy, 31% are satisfied while 59% are not satisfied.

118 respondents representing 59% of the sampled civil servants who were not satisfied with their rented housing attributed it to factors such as poor housing quality, densely populated neighbourhoods, small size of housing units, long distance to work place and high cost of rents. All the sampled civil servants desired to own houses of their own, and further expressed likeness for at least two bedroom flats in decent neighbourhoods.

4.7 Annual Income as a Percentage of House Prices

Since all the sampled civil servants desired to have their own houses, this research further sought to establish the implication of this on affordable housing in the study area. This was achieved by assessing the capital values of residential property types in Minna and the average annual income of Federal Civil Servants. This research however adopted the sales values of a recently completed public housing estate in the suburb of minna as a yard stick. In the said estate, a two bedroom flat recently sold for ₦3,700,000 while a three bedroom flat was sold for ₦4,800,000

Table 7. Average annual income as a percentage of house prices in Minna

Cadre	Capital values (₦)	Average annual income (₦)	Annual income as a percentage of House price
Lower Cadre	i. 3,700,000	378,572	i. 10%
	ii. 4,800,000		ii. 8%
Middle Cadre	i. 3,700,000	1,109,573	i. 30%
	ii. 4,800,000		ii. 23%
Higher Cadre	i. 3,700,000	2,737,060	i. 74%
	ii. 4,800,000		ii. 57%

Source: Author’s field survey.

Table 7 shows the average annual income of respondents as a percentage of house prices in Minna. It shows that the annual income of civil servants in the lower cadre is just 8% of the cost of a three bedroom flat and 10% of the cost of a two bedroom flat. In the same vein, the annual income of civil servants in the middle and higher cadres is 30% and 74% the cost of a two bedroom flat; and 23% and 57% of the cost of a three bedroom flat respectively.

Due to the capital intensive nature of housing development, it will be almost impossible for staff in the three cadres to comfortably purchase houses from their annual emoluments. This is particularly true for staff in the lower cadre.

4.8 Housing Affordability Index

The Composite Housing Affordability Index (HAI) and the California Housing Affordability Index were adopted in this study to determine housing affordability levels in the study area. This is in line with recent trends in the most developed countries of the world.

4.8.1 The Composite Housing Affordability Index (HAI)

This Index measures median household income relative to the income needed to purchase a median priced house. In other words, the index measures whether or not a typical family could qualify for a mortgage loan on a typical home. It is important to note that for the purpose of this study, the sales value of a recently completed public housing estate in the suburb of Minna was adopted, thus:

- i. A typical home is the median priced single family home in the said estate
- ii. A typical family is one earning the median family income in the study area
- iii. The prevailing mortgage interest rate is the effective rate of housing loans from the Federal Mortgage Bank of Nigeria.

Table 8. Housing affordability index in the study area

Month/Year	Median Priced exsiting single family home	Mortgage Rate	Monthly P&I Payment	Payment as a % of income	Median Family Income	Qualifying Income	Composite Affordability Index
July 2014	3,700,000	6	17,746.68	19.19	1,109,573	851,840.64	130.26
Aug. 2014	3,700,000	6	17,746.68	19.19	1,109,573	851,840.64	130.26
Sept. 2014	3,700,000	6	17,746.68	19.19	1,109,573	851,840.64	130.26

Source: Author's Field Survey.

Table 8 shows the Composite Housing Affordability Index for the study area in the third quarter of 2014. It presents an index of 130.26 which indicates that a typical family has more income than necessary to purchase a typical house. This implies that the typical household income was about 30.26% above the income necessary to qualify for a mortgage loan on the typical home.

4.8.2 The California Housing Affordability Index

The California Housing Affordability Index measures the percentage of California and National households that can afford to purchase a median priced single family house. Here, the minimum annual income needed to qualify for a loan on a median priced home is compared to the income distribution of households. Thus Housing Affordability index is represented by the percentage of households with incomes greater or equal to the minimum income needed to qualify for a loan. Results of computations in the study area are presented as follows:

Table 9. California housing affordability index in the study area

Total monthly payment	22,001.68
Minimum qualifying income	73,338.93
Minimum qualifying annual income	880,067.16
% of households with income greater or equal to minimum qualifying annual income	63.5%
Housing Affordability index in Minna	63.5

Source: Author's Field Survey.

Table 9 shows computations of the California Housing Affordability Index in the study area. It indicates an affordability index of 63.5, which implies that 63.5% of households (Federal Civil Servants) in the study area can afford to purchase a two bedroom flat in a public estate in the suburb of Minna.

5. Conclusion and Recommendation

The study has examined housing affordability by federal civil servants in Minna. It successfully established the percentage of annual income spent on rents by federal civil servants and further expressed their annual income as

a percentage of house prices in the study area. Findings revealed that federal civil servants in Minna can averagely afford to pay for rented accommodation because they spend less than 30% of their annual income on rents. The pertinent question however is, whether what is left after paying rents is sufficient to adequately take care of other non-housing needs. The study further revealed a composite housing affordability index of 130.26 and a California housing affordability index of 63.5, thus, Housing in the study area can be said to be relatively affordable.

Interestingly, all the respondents desired to have their own houses, thus, in order to ensure that federal civil servants in Minna have access to decent and comfortable housing, a Home Ownership Model (HOM) have been developed which can enable workers purchase or build their own houses and pay conveniently while also ensuring that other non-housing needs are met. It simply requires civil servants to contribute to the National Housing Fund (NHF) and subsequently seek for National Housing Fund Loan from the Federal Mortgage Bank of Nigeria through a Primary Mortgage Institution (PMI) of his/her choice in accordance with the National Housing Fund (NHF) Law of 1992. The loan amount as well as the re-payment period of this loan will however be a function of the civil servant's number of years in service, age and salary; mathematically represented as:

$$HO = NHFL \rightarrow (f) NAS$$

Where, HO = Home Ownership

NHFL = National Housing Fund Loan

NAS = Number of years in Service, Age and Salary.

For the model to work effectively there is the need for civil servants to own and operate a bank account with any PMI of their choice because this is one of the basic requirements in seeking for the NHF loan. There is also the need to calculate and know the total contributions of each civil servant to the National Housing Fund (NHF). Total contributions here are simply the accumulated 2.5% of a worker's monthly basic salary deducted on monthly basis. It is also recommended that the government at all levels embark on mass housing projects to adequately take care of the increasing housing demand in the study area.

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The contributors of this book come from diverse backgrounds, making this book a truly international effort. This book will bring forth new frontiers with its revolutionizing research information and detailed analysis of the nascent developments around the world.

We would like to thank all the contributing authors for lending their expertise to make the book truly unique. They have played a crucial role in the development of this book. Without their invaluable contributions this book wouldn't have been possible. They have made vital efforts to compile up to date information on the varied aspects of this subject to make this book a valuable addition to the collection of many professionals and students.

This book was conceptualized with the vision of imparting up-to-date information and advanced data in this field. To ensure the same, a matchless editorial board was set up. Every individual on the board went through rigorous rounds of assessment to prove their worth. After which they invested a large part of their time researching and compiling the most relevant data for our readers.

The editorial board has been involved in producing this book since its inception. They have spent rigorous hours researching and exploring the diverse topics which have resulted in the successful publishing of this book. They have passed on their knowledge of decades through this book. To expedite this challenging task, the publisher supported the team at every step. A small team of assistant editors was also appointed to further simplify the editing procedure and attain best results for the readers.

Apart from the editorial board, the designing team has also invested a significant amount of their time in understanding the subject and creating the most relevant covers. They scrutinized every image to scout for the most suitable representation of the subject and create an appropriate cover for the book.

The publishing team has been an ardent support to the editorial, designing and production team. Their endless efforts to recruit the best for this project, has resulted in the accomplishment of this book. They are a veteran in the field of academics and their pool of knowledge is as vast as their experience in printing. Their expertise and guidance has proved useful at every step. Their uncompromising quality standards have made this book an exceptional effort. Their encouragement from time to time has been an inspiration for everyone.

The publisher and the editorial board hope that this book will prove to be a valuable piece of knowledge for researchers, students, practitioners and scholars across the globe.

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