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Volume 14

Issue 9

Version 0.1



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT

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VOLUME 14 ISSUE 9 (VER. 1.0)

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## CONTENTS OF THE ISSUE

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- i. Copyright Notice
- ii. Editorial Board Members
- iii. Chief Author and Dean
- iv. Contents of the Issue
1. Mongolia: A Cultural Portrait using the Hofstede 5-D Model. *1-8*
2. The Nordic Model–its Arrival and Decline. *9-17*
3. A Study on Quality of Work Life among Workers with Special Reference to State Owned Commercial Banks in the Northern Region of Bangladesh. *19-30*
4. Entrepreneurial Intention among Information Systems (IS) Students at Sultan Qaboos University: An Exploratory Study. *31-34*
5. Crisis and Crisis Management Practices in Small and Medium Sized Enterprises Based in the City of Gaziantep. *35-48*
6. Supply Chain Management of Super Shops in Perspective of Bangladesh. *49-55*
8. Entrepreneurship in the Society of Spectacle: Soccer Management in a Globalized World. *57-67*
9. Importance of Human Resource Management and the Competitive Advantage: A Case Analysis on Basis of the Textile Industry of Bangladesh. *69-74*
- v. Fellows and Auxiliary Memberships
- vi. Process of Submission of Research Paper
- vii. Preferred Author Guidelines
- viii. Index



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT

Volume 14 Issue 9 Version 1.0 Year 2014

Type: Double Blind Peer Reviewed International Research Journal

Publisher: Global Journals Inc. (USA)

Online ISSN: 2249-4588 & Print ISSN: 0975-5853

## Mongolia: A Cultural Portrait using the Hofstede 5-D Model

By Charles Rarick, Gregory Winter, Casimir Barczyk, Mark Pruett,  
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**Abstract-** This paper explores the cultural values of Mongolia, a country rich in resources and recently classified as a Global Growth Generator (3G) country. The analysis provides better insight into Mongolian culture, a culture for which research data are sparse. The assessment was based on the Hofstede 5-D model of cultural values. The results of this study indicate that Mongolian culture is low in power distance, high in individualism, very high in masculinity, and high in uncertainty avoidance. It can be characterized as being short-term in its orientation towards time. This paper adds to the cross-cultural literature by examining a country that has not been previously studied. Implications of Mongolian cultural values for management practice are discussed.

*GJMBR-A Classification : JEL Code: Z10, H83*



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# Mongolia: A Cultural Portrait using the Hofstede 5-D Model

Charles Rarick<sup>α</sup>, Gregory Winter<sup>σ</sup>, Casimir Barczyk<sup>ρ</sup>, Mark Pruett<sup>ω</sup>, Inge Nickerson<sup>¥</sup> & Arifin Angriawan

**Abstract-** This paper explores the cultural values of Mongolia, a country rich in resources and recently classified as a Global Growth Generator (3G) country. The analysis provides better insight into Mongolian culture, a culture for which research data are sparse. The assessment was based on the Hofstede 5-D model of cultural values. The results of this study indicate that Mongolian culture is low in power distance, high in individualism, very high in masculinity, and high in uncertainty avoidance. It can be characterized as being short-term in its orientation towards time. This paper adds to the cross-cultural literature by examining a country that has not been previously studied. Implications of Mongolian cultural values for management practice are discussed.

## I. INTRODUCTION

Mongolia, a country landlocked between Russia to the north and China to the south, has had an interesting and colorful history. It is perhaps best known for the 12<sup>th</sup> Century warrior and ruler, Genghis Khan, who united the Mongols into one of the most powerful and feared armies in history (Craughwell, 2010). The Mongolian Empire was vast and wealthy until its eventual collapse in the 14<sup>th</sup> Century. Mongolia is once again on the rise due to its geographic location and natural resource holdings. Mongolia is home to some of the world's largest reserves of gold, coal, copper, and iron ore, and possesses significant holdings of other mineral wealth. It has attracted massive foreign investment in recent years (Dexter, 2012). The vast resource deposits and the inflow of foreign investors have produced a number of changes in the country's investment laws in recent years (Liotta, 2013) and the country continues to attract investment and protect its resources. Very little is known about this rapidly emerging country with huge business potential. As foreigners flock to Mongolia in search of business opportunities, it might be worthwhile to have a better understanding of its people and their cultural values.

This paper provides a look into the culture of Mongolia using the Hofstede framework.

The most popular and often cited research concerning cultural issues is that of Geert Hofstede and his associates. Dr. Hofstede, who was employed by IBM Europe as a trainer and industrial psychologist during the late 1960s and early 1970s, administered a survey to employees in the company's subsidiaries. From these data, Hofstede concluded that cultures differed on a number of dimensions. He proposed that management theories were not universal, but rather, were bound by culture. Management behavior deemed appropriate in one culture may be deemed inappropriate in another culture (Hofstede, 1980a; Hofstede, 1980b; Hofstede, 1983; Hofstede, 1993; Hofstede, 1994; Hofstede, 1997; Hofstede, 2001). Hofstede's work has been widely cited in various academic studies and disciplines (Kirkman, Lowe & Gibson, 2006) and often forms the basis for cross-cultural analysis in business and other university level courses. Hofstede originally surveyed 72 countries and was able to profile 40 different cultures. Later research provided for the classification of 10 more countries and three regions ([www.geert-hofstede.com](http://www.geert-hofstede.com), 2014).

Hofstede identified four dimensions of culture: 1) power distance, 2) individualism, 3) masculinity, and 4) uncertainty avoidance. Power distance is the degree to which members of a society expect power to be unequally shared. Cultures high in power distance expect those with power to be treated differently than those without power. Status differentiation is prominent and acceptable. In low power distance cultures power differentials are not expected, nor desirable. Individualism is a measure of the importance of the individual over the group in terms of societal focus. Individualistic cultures place an importance on people's rights and responsibilities and expect societal members to care for themselves. This is contrasted with collectivism in which the societal focus is on group membership. An identity is determined by group membership and the group protects itself. Masculinity is the extent to which people value competition, assertiveness, and the acquisition of material goods. This is contrasted with femininity, which values nurturing, relationships, and a concern for others. Uncertainty avoidance is essentially a measure of a culture's collective tolerance for ambiguity. In high uncertainty avoidance cultures people establish rules and

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regulations to reduce the uncertainty of the future. They feel more comfortable in having some assurance of what will happen in the future, whereas in low uncertainty cultures change and ambiguity are not considered a threat.

Later research (Hofstede & Bond, 1988), added a fifth dimension, originally termed Confucianism Dynamism and now referred to as long-term orientation. That dimension reflects the extent to which a society encourages and rewards future-oriented behavior such as planning, delaying gratification, and investing in the future. The original term, Confucian Dynamism, grew out of a view that long-term orientation was unique to a specific region of the world, which later proved to be false. While high long-term orientation orientations can be found in Confucian cultures, they can also be found in other parts of the world. Further research into cultural values uncovered another dimension referred to as indulgence/restraint (Minkov & Hofstede, 2011; Minkov, 2013). This dimension measures the degree to which a society permits or suppresses the expression of human desires. Indulgence/restraint was not included as a variable in this study due to restrictions on instrumentation. As such, the study focused on only the more established five dimensions of the Hofstede model.

Hofstede's work not only attracted great popularity in cross-cultural research, it also attracted a contingent of scholars who viewed his ideas with skepticism. Critics have expressed concerns about the generalizability of his findings, the level of analysis, the assumption of political boundaries of countries as cultural entities, and the validity of the survey instrument itself (Blodgett, Bakir, & Rose, 2008; Mc Sweeney, 2002; Smith, 2002). Others have challenged the assumption of the homogeneity of each culture studied (Sivakumar & Nakata, 2001). Venaik and Brewer (2013) are critical of both Hofstede and the GLOBE investigations and caution against both for marketing management research and practice. The fifth dimension, long-term orientation (LTO), has been challenged on the grounds of conceptual validity (Fang, 2003). Venaik, Zhu, and Brewer (2013) argue that the Hofstede and GLOBE instruments measure different aspects of time-orientation. Hofstede's questions measure past versus future orientation, whereas GLOBE measures the present and future. This difference in measurement calls into question how the cultural orientation toward time should be conceptualized. Grenness (2012) points out the problem of the ecological fallacy in Hofstede's work in which the predominant traits of a culture are generalized to individuals within that cultural group, and not accounting for individual differences. While there is some validity to the many concerns raised by Hofstede's critics, his research represents the oldest and most comprehensive analysis of cultural values. No theory of cultural classification is without its critics and

limitations, and while Hofstede's approach may be "blunt" to use the words of Jackson (2011), it nevertheless provides useful insight into understanding important cultural values.

This paper provides a look into the culture of Mongolia – a country not included in Hofstede's data set. While much is known about the Mongolian Empire and the pursuits of Genghis Khan, the literature is void on the culture of present day Mongolia, a country with a rapidly growing economy of increasing interest to international business.

## II. METHOD

This investigation of cultural values was conducted by surveying a sample of 50 students at a university in Mongolia. The sampling process was designed to produce equal participation between males and females. The respondents were mixed in terms of their residing in urban and rural areas of Mongolia. The median age of the respondents was 20-29 years old. The survey respondents were mostly young adults who volunteered to participate in the research study.

Cultural values were measured in the study using Hofstede's Values Survey Module 1994 (VSM 94). This instrument was used in prior studies that measured cultural values in Afghanistan and Kurdistan (Rarick, Winter, Falk, Nickerson, & Barczyk, 2013; Rarick, Winter, Barczyk, and Merkt, 2014). The VSM 94 items measured Mongolian culture using the 5-D model of Geert Hofstede, which includes power distance (PDI), masculinity (MAS), individualism (IND), uncertainty avoidance (UAI), and long-term orientation (LTO). Value scores were determined using the index found in the VSM 94 Manual. The scores for the value dimensions obtained in this study were compared to the scores obtained by Hofstede ([www.geert-hofstede.com](http://www.geert-hofstede.com), 2014). Comparisons were made with select countries including China, Russia, India, South Korea, and the USA. Scores for the value dimension from all of the mentioned countries came from Hofstede's published results. All comparison countries, except Russia, had scores for LTO.

## III. RESULTS

The survey results indicate that Mongolian culture is low in power distance, high in individualism, very high in masculinity, high in uncertainty avoidance, and short-term in terms of its orientation towards time. Figure 1 shows the scores for Mongolia on all five cultural dimensions using the United States for comparison.



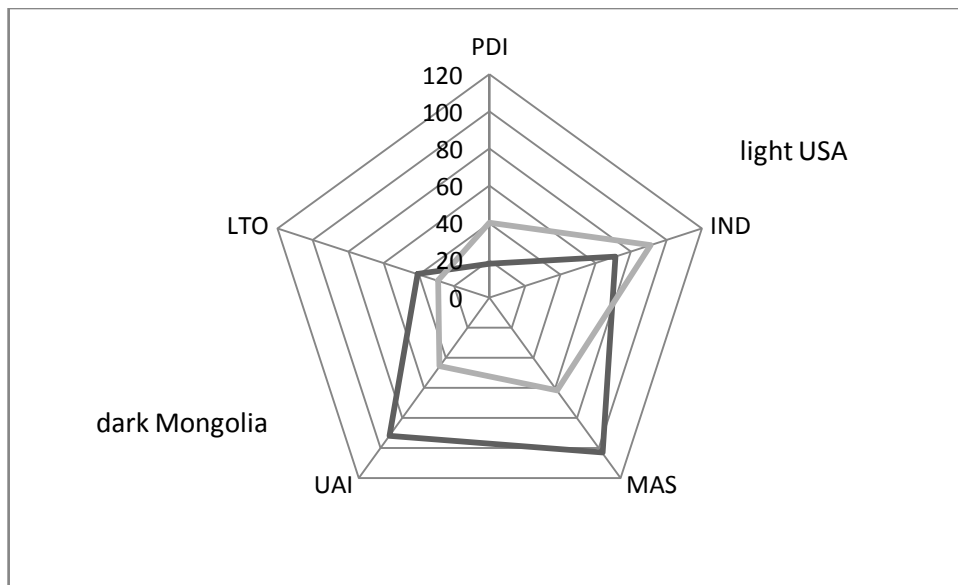


Figure 1 : Plot of the five cultural value dimensions for Mongolia and the USA

#### IV. POWER DISTANCE

The data indicate that Mongolians are low in power distance with a PDI score of 18. This low score suggests a preference for equality among societal members. Figure 2 shows the PDI scores for Mongolia along with those for other select countries. The data reveal that with respect to power distance, Mongolia is

close to its southern neighbor, China, but quite different from its northern Russian neighbor. Its PDI score is much lower than that of India, Korea, and even the United States. Low PDI scores suggest that greater power sharing in the workplace has the potential for positive organizational outcomes.

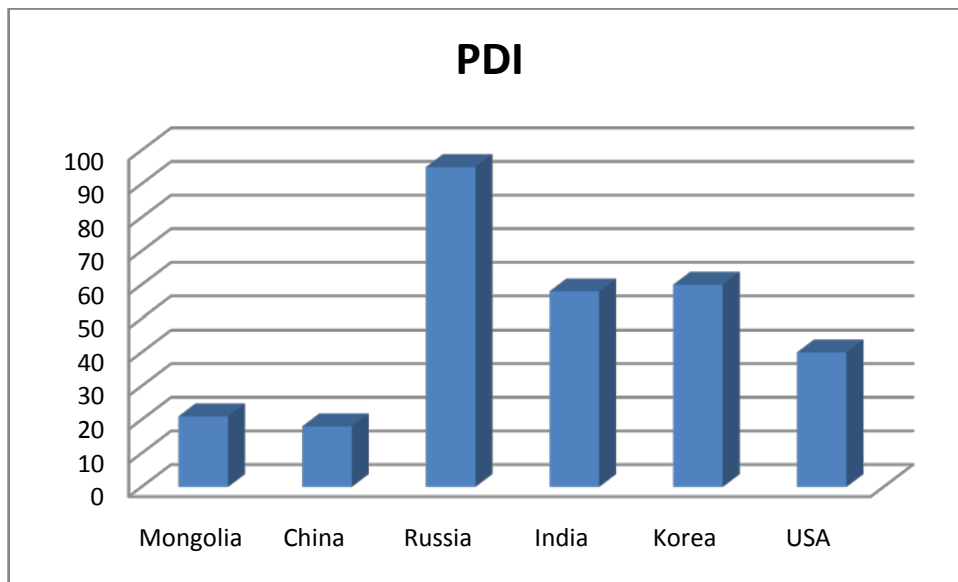


Figure 2 : Scores for power distance in Mongolia and other select countries

#### V. MASCULINITY

The data indicate that Mongolians have an extremely high degree of masculinity with a MAS score of 103, one of the highest in the world. Figure 3 shows the MAS scores for Mongolia along with other select countries. The data reveal significantly higher

masculinity in Mongolian culture than in either of its two neighbors, especially Russia. Very high MAS scores indicate a preference for competition, materialism, rigid role relationships, and more aggressive behavior. More typically one finds cultures with high MAS scores to also have high PDI scores. Such is not the case in Mongolia producing a more complex managerial challenge. The

complexity of low power distance coupled with high masculinity requires a careful blend of power sharing and competitive behavior.

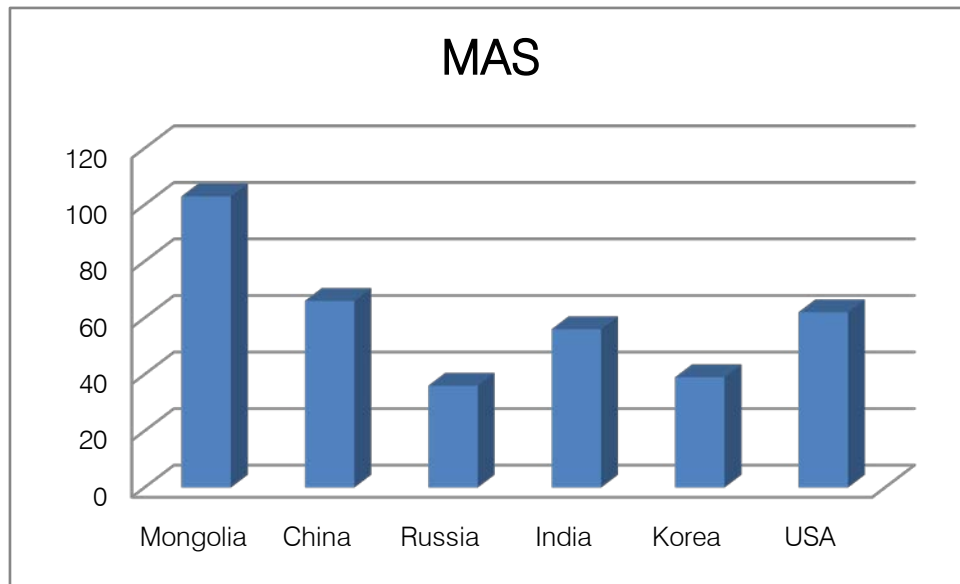


Figure 3 : Scores for masculinity in Mongolia and other select countries

## VI. INDIVIDUALISM

The data indicate that the culture of Mongolia is individualistic with an IND score of 71. Figure 4 shows the IND score for Mongolia, along with other select countries. With respect to individualism, the score is significantly higher than for other countries in the region,

but lower than that found in the United States, which has a very individualistic culture. Strong individualistic cultures have a preference for individual rights and responsibilities and generally lack a group or tribal focus. The individual is the appropriate unit of analysis in these cultures and organizational practices and rewards should reflect this individualistic orientation.

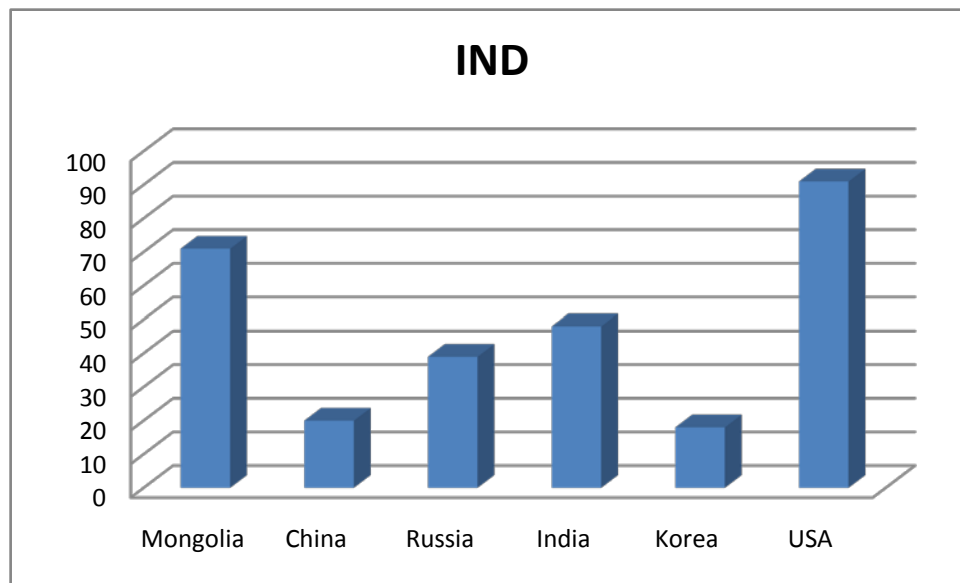


Figure 4 : Scores for individualism in Mongolia and other select countries

## VII. UNCERTAINTY AVOIDANCE

The data indicate Mongolia has a high uncertainty avoidance culture with a UAI score of 92. As can be seen in Figure 5, only Russia has a higher UAI score. A strong uncertainty avoidance culture places a

premium on feeling certain about future events. It has a strong dislike for change and tends to institute policies and rules to reduce ambiguity. The belief that there is one best way to do things prevails. The desire to embrace change and innovation is lacking, making rapid and extensive changes in organizations difficult.

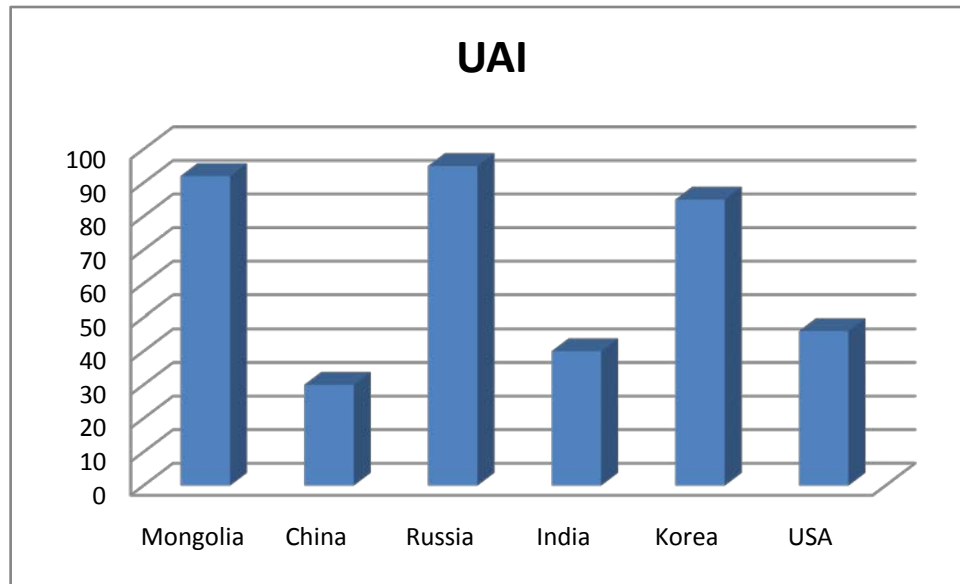


Figure 5 : Scores for uncertainty avoidance in Mongolia and other select countries

## VIII. LONG-TERM ORIENTATION

The data indicate that Mongolia is a short-term time oriented culture with an LTO score of 41. Scores for LTO in Russia are not available, but they are for Mongolia's southern neighbor, China, which has a much longer orientation to time. As can be seen in Figure 6, Mongolia's time orientation is similar, but shorter than

that of India and Korea. It is more long term oriented than the United States. Cultures with a low LTO focus on the present and expect quick results. Planning is more typically done on a short-term basis and the immediate concern is with the here and now. What the organization will look like in fifty years is not considered relevant or important in these cultures. The managerial focus is generally on present conditions and problems.

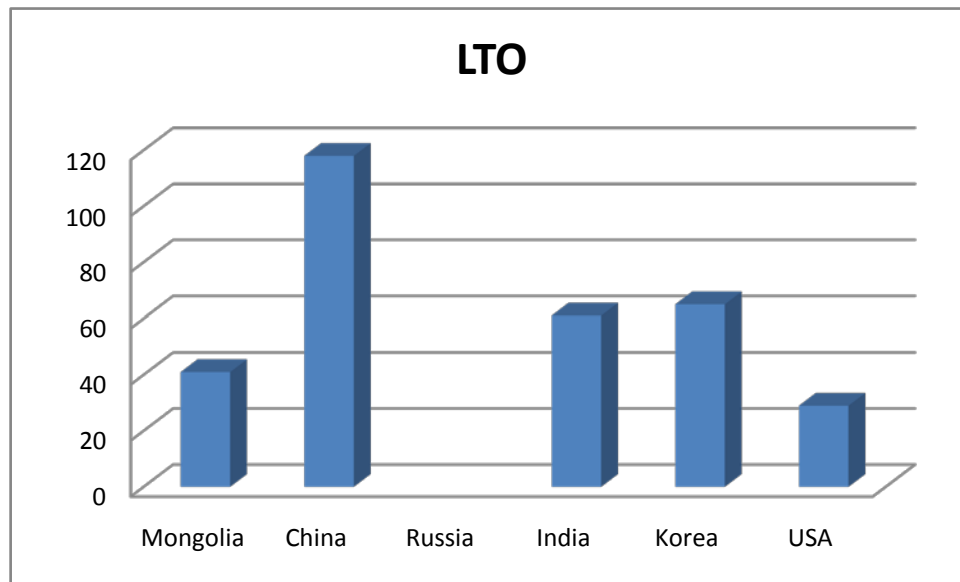


Figure 6 : Scores for long-term orientation in Mongolia and other select countries

## IX. DISCUSSION

This investigation was an initial attempt to determine the cultural values of Mongolia. Limitations of this study are similar to most other cross-cultural comparative studies. As with many investigations into cultural values, significant underreporting of less

educated and more isolated members of the culture can occur. This is also true of this study. However, these results provide a first attempt to gain a general cultural assessment of the culture of Mongolia. Hofstede (2013) recommends using matched samples for country comparison, which means matching the sample with the demographics of the participants in his original study.

Using matched samples with the original data set would be ideal for comparison, but very difficult to accomplish. Also, without some degree of generalizability of the original data set, the work of Geert Hofstede would have very limited application. We believe that the VSM used by Hofstede and others can only act as a “blunt instrument” in assessing national culture. Despite this limitation, useful insights and understandings of culture that would otherwise not be available can be studied. Based upon our assessment, Mongolian culture can be characterized as being low in power distance, high in individualism, very high in masculinity, high in uncertainty avoidance, and short term in its time orientation. These cultural dimensions have implications for multinationals seeking to do business in this developing market.

National culture can be the major determinant of the success of a multinational organization (Dartey-Baah, 2013). Understanding the values, beliefs, and assumptions of the people we do business with is critical to understanding and promoting harmonious business relationships. These cultural values and their differences can present some challenges to doing business and managing in culturally remote parts of the world. Mongolia and its culture are not well-known. However, the country is a potential major player in the developing world. According to a Citigroup report titled *Global Growth Generators: Moving Beyond the BRICs* (Buiter & Rahbari, 2011), Mongolia is one of eleven countries seen as important to world economic growth. The 3G countries mentioned in the report show great promise as a destination for foreign investment. Frontier markets offer growth potential not found in other markets and are increasingly seen as strategically important to global strategy. Research into the cultural dimensions of these growth generator countries will be helpful in developing an understanding of the people and their values.

## X. CULTURAL DIFFERENCES BETWEEN THE U.S. AND MONGOLIA

The empirical data reported in this study show the cultural differences between the U.S. and Mongolia. The power distance in Mongolian culture is lower than that of the U.S. This suggests that power sharing is important and status differences are not desirable in Mongolian culture. Thus, guidance and direction might not be expected and Mongolians are less receptive to it. The Mongolian culture is more masculine in orientation compared to that of the U.S. This suggests that Mongolian culture emphasizes the importance of competition, aggressiveness, assertiveness, achievement, and material goods. Individualism is high in Mongolia, but lower than in the U.S. This suggests that it is important to be independent and self-reliant. The score for uncertainty avoidance is very high in Mongolia.

This suggests that change is perceived as undesirable, while policies and rules that facilitate stability are considered valuable. Finally, Mongolian and U.S. cultures have low long term orientations, which suggest that their people look at living and engagement in transactions from a short term perspective.

There are several implications of the Mongolian findings relative to the U.S. In Mongolian culture one might expect to find more power sharing with individuals that might be considered to be more assertive and competitive. However, compared to Americans, Mongolians would likely be less receptive to change and guidance. They prefer established policies and rules to insure stability.

## XI. MANAGERIAL IMPLICATIONS FOR THE U.S. BUSINESSES

Management is usually defined as getting things done through people. Thus, understanding people is a very important step in management. One's values system drives attitude, thinking, decisions, behaviors and actions. According to Scarborough (1998), value systems are culturally driven. Understanding national cultures becomes more important as U.S. businesses become increasingly multicultural with diverse workforces that operate in more countries. Thus, understanding cultural differences is a critical managerial skill because those differences impact the international operations of U.S. businesses. Differences in national culture have several general and very important implications for ethics, corporate social responsibility, organizational culture, and ultimately, workplace behavior and managerial practices.

To be successful in today's complex and turbulent environment, it is not enough for corporations to simply produce shareholder value. They must do it in the right way. Business organizations today are expected to practice ethics and corporate social responsibility in order to gain social legitimacy. These two expectations are more complex than profit maximization and are highly culturally driven. Thus different cultures may have different views of ethics and social responsibility.

Ethics is the set of moral principles or values that defines right and wrong. These principles define acceptable organizational behavior. Ethical principles relate to issues such as long-term self-interest, personal virtue, utilitarian benefits, individual rights, and distributive justice. It is evident that cultures vary in terms of how they relate to these ethical issues. For example, certain cultures prefer utilitarian benefits over individual rights. As such, organizational cultures might not be effective universally. A firm's ethical decisions in one culture could conflict with the ethical principles and decisions of other companies operating in a different national culture.



The stakeholder approach to social responsibility is becoming increasingly popular. This approach holds that the survival of a firm cannot be achieved by simply maximizing the value of the firm. It must satisfy and exceed the expectations of various stakeholders such as employees, customers and society. Thus, businesses are encouraged to pursue policies and make decisions that benefit society. But what benefits society is in part culturally dependent.

Ultimately, cultural differences manifest themselves in workplace behaviors, which, in part, are mediated by organizational culture. Colquitt, Lepine, and Wesson (2013) define organizational culture as the shared knowledge of the rules, norms, and values that shape the attitude and behaviors of employees. Because of today's increasingly diverse workforce, employees have different meanings for their tasks, wealth, success, power, equity, authority, and harmony. These differences impact on organizational cohesiveness and job performance. Thus, managers must learn how to manage cultural differences by adopting appropriate organizational practices and leadership styles. Scarborough (1998) noted the importance of cultural factors when he questioned whether self-actualization would be conceptualized as residing on the top of the needs hierarchy had Abraham Maslow been Chinese; or whether job security would serve as a motivator in Herzberg's job enrichment model had he been Mexican, a societal group whose national culture exhibits very high uncertainty avoidance. In a practical sense, managers must adopt their behavior and practices to the cultural environment in which they operate. Indeed, this requires that managers possess a keen knowledge of the country's culture in which they work.

For success in international business, managers need not only a high tolerance for ambiguity, which serves to enhance their attitude toward change, but also a well-honed knowledge of national culture. The findings contained in this study provide managers with the sophisticated knowledge needed to successfully capitalize on the cultural portrait of Mongolia.

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GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 14 Issue 9 Version 1.0 Year 2014  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

## The Nordic Model-its Arrival and Decline

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**Abstract-** The traditional administrative and social model of the Nordic countries, called “the Nordic model”, arrived politically after the Second World War in the wake of the brake-through of Keynesian economic theory. Typically for this model was that it favored extensive state intervention to achieve full employment and social redistribution. It aimed at maintaining effective demand not only by economic intervention but also by regulation for social equality and fairness. Strong employee and trade unions were part of this model. Political stability was the outcome of this policy. The Nordic welfare model is often called the «the Keynesian welfare state». The universal welfare arrangement and social security scheme of the model continued flourish until the brake through of neo liberalism. Over the last twenty years the Anglo-Saxon neo-liberalism has penetrated the Nordic countries step by step with the consequence of threatening the model itself. First and foremost, this penetration is found as policies for the breakdown of public service monopolies, privatization, the exposure of public sector activities to market competition, and lastly the liberalization of the labor market. As political rhetoric the Nordic universal welfare state and social security scheme continues; but what about the institutional reality? The discussion in this paper is about how long the Nordic model could be said to be a survivor. For the time being it is the ideology of neo liberalism which guides social and administrative model arrangements in Europe, including the Nordic countries, led to a large extent by the EU.

**Keywords:** *social and administrative traditions, state intervention, welfare state, neo liberalism.*

**GJMBR-A Classification :** *JEL Code: H83*



*Strictly as per the compliance and regulations of:*



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## I. EUROPEAN SOCIAL MODELS

Are higher taxes and strong social “safety nets” antagonistic to prosperous market economy?, Jeffrey D. Sachs asked in the November 2006 edition of *Scientific American*. He refers to the Austrian-born free-market economist Friedrich August von Hayek, who in the 1940s suggested that high taxation would be a ‘road to serfdom’, a threat to freedom itself, and comes to the conclusion: ‘Von Hayek was wrong. In strong and vibrant democracies, a generous social-welfare state is not a road to serfdom but rather to fairness, economic equality and international competitiveness’ (Sachs 2006). The reference for his conclusion is the Nordic welfare state model developed in the years after the Second World War.

Thomas Piketty is a French economist who works historically on wealth and income inequality in different economies. He is professor (directeur d’études) at the École des hautes études, and has become well

known for his research on economic and political failures coming out of inequality and uneven distribution of wealth regarding ownership of real estate and income in Western countries. In 2013 he published the critical book “*Le Capital au XXI<sup>e</sup> siècle*”, in English (2014): “Capital in the Twenty-First Century”. Here again, like Sachs), he points to the relative equal distribution of wealth in the Nordic countries, and how it favors economic growth, fairness and political stability. Actually the Nordic socioeconomic and administrative tradition has been developed over a long spend of time. For the time being the model is challenged in the wake of the ruling ideology of neo liberalism and globalism (Veggel and 2010, 2014)

In general, the different administrative models and traditions of the Western European countries are, by and large, characterized by path dependence of their historical social economies. This is demonstrated by their strong emphasis on balancing pure economic achievements with other goals, such as welfare, employment, social cohesion, leisure and environmental sustainability. This implies that Europe is characterized as having a relatively larger public sector than other parts of the world (OECD statistics 2005).

It is equally true that there are many European social sub-models. How many depends on the level of analysis, from local to national and international levels, so also in the Nordic countries. In other words, a coherent picture can only be drawn if the analysis takes place at a reasonably high level of territorial aggregation (Knill 2001). The purpose of this study is to group countries into appropriate models in such a way as to derive useful explanations of the Nordic model, and, how ideology and path dependence together change social regimes.

At a macro-level we may identify several socioeconomic and administrative models. Here in this paper the focus will be on the Nordic model, and to some extent compared with the Anglo-Saxon and the Continental models (EPC 2005).

## II. THE NORDIC WELFARE STATE ADMINISTRATIVE TRADITION

The Nordic socioeconomic administrative model developed after the Second World War contains three fundamental principles: 1) Economic stabilization according to the liberal economist, John Maynard Keynes’ (1883-1946), theory from the 1930s. The central state should be involved with consume and investments to secure effective demand in the national economy. In

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the wake of this, a universal welfare state should be developed, and ownership by state investment as part of this strategy, followed by 2) social and regional distribution and redistribution - from the rich regions and people to the periphery and ordinary people. This distribution policy was meant to expand justice and secure effective demand; the many consumers consume more than the few. Part of this 3) was the introduction of the social dimension; i.e. the state involving the main two social partners (employer and employee organizations), in certain decision-making processes regarding labor marked and social policy. The 'tripartite cooperation' (i.e., between the state, the employers, and the employees) is typical for the Nordic model.

The Nordic model is sometimes called the «a Keynesian welfare state». As the concept indicates, the after war Nordic model depended heavily on Keynes' famous thinking and theory. Keynes responded to the recession of the 1920-30s, and promoted the importance of state intervention in market economies, to secure economic stability and creation of jobs.

The Nordic welfare state model is one unit, however, historically organized along different lines. The West Nordic tradition (Denmark, Norway and Iceland) implies significant ministerial administration (the so-called 'ministerial model'). Each minister is responsible for all policies and decisions made by administrations under him/she, including directorates. This ministerial model tends to create inertia of the system concerning administrative reform because of "personal' constitutional responsibility". Janerik Gidl und writes that the reason why the Danish ministerial system has taken this form is to be found far back in history, namely in the days of Fredrik III and the establishment of absolutism in 1660–61. At the same time as the king seized power, a centralization of all administration and a major expansion of the central administration took place (Gidl und 2000: 258). Therefore the tradition created strong path dependence biased implementation of the Keynesian interventionist economic strategy from the 1930s. This path of the West Nordic sub-model delayed until 1990s the introduction of neo liberalism and the implementation of the anti-state recommendations, such as New Public Management (NPM) reforms, which challenged the Nordic model fundamentally.

The East Nordic administrative tradition (Sweden and Finland) is characterized by division between relatively small-scale ministries, and autonomous civil service departments and independent 'boards/agencies'. The Ministerial authorities are collectively sub ordinate to the government and not to any one politically responsible single cabinet member. The Swedish administration form has its roots in the far back administer at ive regulations of Axel Oxenstierna, concerning the so-called 'status of the colleges' in the governmental form of 1634. The intention was to create

an effective administration which could manage the affairs of the empire of Greater Sweden (Gidl und 2000: 259). It has been suggested that the independent governmental working bodies of the East Nordic tradition accepted the basic New Public Management (NPM) principles rapidly, inspired from the Anglo-Saxon tradition. The NPM expanding like a pandemic wave since the 1970s and was accepted by the East Nordic tradition already in the 1980s (Lane 2000, Pedersen 2006). The governments of the East Nordic model early adopted neo liberalism as a ruling governmental ideology because of the strength of the collective coordinated central state (OECD 2002).

It is worth noting that a comprehensive amount of convergence between the two administrative and social models of the Nordic countries has occurred. The two Nordic sub-administrative traditions have gradually been transformed and becoming one. The European integration and neoliberal EU policy has been a driving force behind the transformation. Politics derived from judicial regulation and regulatory measures have replaced the two lines of the Nordic dominating social democratic political approach (Gidl und 2000: 259, Veggel and 2010). In this paper it is proposed that the principles of the Nordic welfare state model as such is under mined under the pressure from neoliberal policies (Veggel and 2014).

### III. COMPARING THE CONTINENTAL AND ANGLO-SAXON SOCIAL AND ADMINISTRATIVE TRADITIONS

There are some important differences and similarities between the Nordic model and the two other dominating socioeconomic administrative traditions in Western Europe. On the one side, the Nordic and the Anglo-Saxon model have become quite similar in terms of the nature of relations between government and market in which the latter the market is being given priority. An example is the use of market-type mechanisms to provide government services in a commercial way (OECD 2005: 133). However, they are very different when it comes to the size of government and state-centered planning and distributive policies. The Nordic model is still a state-centered model. On the other side, the Nordic and the Continental models are more alike in terms of the size of the public sector, job security policies and trade union relations, but they are very different in terms of government, such as labor market relations and employment regulations (EPC 2005). The Nordic model therefore emerges today as a blend of the two larger European models, with the Anglo-Saxon model's emphasis on a liberal labor market and the Continental model's emphasis on a large public sector and close relations to the trade unions (the social dimension) (Jorgensen Overgaard and Vagn by 2005).

Attitudes to markets can also be measured in different ways.

The OECD carried out a study in early 2005 which analysis a number of relevant issues, including an index for product market regulation. Measured by this index, the three main models and traditions have the expected results (OECD). The Nordic model and tradition appears as a blended model of the two other models. The product market regulation indexes indicate that the Anglo-Saxon administrative tradition and policy targets domestic deregulation of the product market and simplification of rules in the framework of the EU regulatory regime, while domestic reregulation for the purpose of correcting markets is more common and increases the index in the Continental tradition. Also in this sense the Nordic model results as a blend of the two other models and their traditions. Since the 1980s, also the Nordic countries have been transformed in the direction of more market liberalism in certain sectors, especially in their labor market policy. The state-centered path of the model still tends to perform reregulations in order to correct the market and for collective and redistributive purposes. As for the two other models and their traditions, the regulatory performance has to be achieved in the framework of the EU/EEA regime because of membership. It is important to underline that labor market flexibility is defined and achieved in very different ways in the models. The Nordic and Continental definitions should be distinguished from the Anglo-Saxon definition. A flexible labor market could mean that employers and workers agree together to vary working conditions and working hours in order to meet the needs of the business, as well as to meet the social and personal needs of the workers.

However, in the Anglo-Saxon tradition it usually means flexibility for employers, job insecurity for the employees, individualized wage payment, low paid wages and other poor working conditions for large groups of employees. Workers can easily be laid off from their jobs. In this tradition, the definition of labor marked flexibility stresses elements such as the possibility of wage differentiation based on performance-related pay and task measurement, part-time workplaces, contract-based appointments and job insecurity, non-tariffs and low-paid social groups, health insurance linked to the employers and a passive labor market policy. As a result, there was statistically an increasing employment opportunities since the 1980s until the Financial crisis of the late 2000s. At the same time, there has also been an increase in inequality (Pierson 2001a, Piketty 2014). Further employed workers tended to cling to their workplace despite bad working conditions because their security is linked to their employer (Iversen 2005).

Labor market flexibility is in the Anglo-Saxon framework linked to job insecurity turned out in the end of 2000s to become less flexible. .

The Continental and Nordic definition of labor market flexibility weighs varying elements. Of course, these traditions deviate in certain ways. For example, the trade unions have a stronger position in the traditional Continental model than in the Nordic model, and more formal and rigid rules generally influence the procedures of appointments and working conditions in the former model. Universal welfare and social security arrangements are a special characteristic of the Nordic model (Arter 1999; Ein horn and Logue 2003). In both of these models and traditions and in their definition of labor market flexibility we find, as in the Anglo-Saxon model and since the 1980s, the growing elements of wage differentiation by linking wages to the result of work task measurements and low-paid part-time work more essential. In contrast, tariffs and equal access to health and social insurance, job security another work conditions are stressed in their definition. This makes the models comparable.

What is said to be so important and provide the Nordic model as an alternative 'in the middle' of Western governance models? In order to keep employment in high-wage areas like Western Europe, it is necessary to require flexibility in the workforce in terms of skills previously acquired a willingness to continuously upgrade these skills and a readiness to leave jobs while upgrading skills (Iversen 2005). This could be seen as personal risk taking, but is really a strategy for job security. Interestingly enough, the Continental model, with its strong intervention by law and procedures on behalf of employee unions, does not seem to provide security of this kind. It does provide compensations to the unemployed, but it does not provide sufficient jobs. This model demonstrates serious imbalances and runs a very strong risk of financing problems with Germany as the winner under the present monetary regime of the EU. Legitimacy is then lost in the EU struggle to develop a promising social model for Europe and an enlarged EU.

One important feature of the 'middle balanced' Nordic labor market situation is the flexibility of the active labor market policy and of employee unions combined with social security policy for the unemployed, i.e. what is known as 'flexi curity' policy (EPC 2005). This policy helps explain why the Nordic welfare state model may be sustainable notwithstanding the high costs paid by taxpayers. The key to its success is that the employment service has been transformed from providing passive compensation for unemployment to providing services which help the unemployed develop their skills and actively search for jobs. This is probably a much better use of public money than paying 10-20 percent or more of the population for not working. The latter solution is a

poor solution with regards to benefiting economic and welfare state sustainability (OECD 2005).

The contemporary Nordic countries are clearly doing best in employing their workforce in a flexible way, and this is most likely due to three elements:

1. The universal health and social insurance arrangements which creates individual freedom to choose workplace without loose personal security.
2. The active labor market policy helping unemployed people back to jobs; and
3. The transformation of earlier rigorous regulation of the labor market to softer regulations with weighting skills independently of age.

In contrast, it is very difficult to change the workforce by for example altering the make-up of skills and thereby offering on the one hand flexibility for the employer and on the other hand personal security by upgrading in Continental Europe. Continental Germany seems to have found the key to this mechanism under the latest government regimes. This is, however, quite easy to obtain with the Nordic model. In the latter model, adaptation to a fast changing labor market through lifelong learning is generally accepted. Another social driving force of the Nordic model is that either changing a job or employer or being out of work because of upgrading personal skills does not mean one will lose health and social security rights. These rights are universal and are not dependent upon employment or which employer the workers are bound to (Iversen 2005, Veggel and 2007).

#### IV. THE ROOTS OF THE NORDIC SOCIAL AND ADMINISTRATIVE MODEL

Now, let us look briefly into the Nordic welfare state as a background for the above-mentioned flexibility model. Varying degrees of differences have followed in the wake of neoliberal ideology. Still the Nordic countries do have a state-centered socio-administrative model tradition in common, but decentralized by delegation for welfare and workfare in terms of health and social security, public services and an active labor market policy (Arter 1999; Vegge land 1998).

The institutional outcome was the gradual founding of a comprehensive tax financed public sector with universal welfare and social security policies as basic pillars. The policies were both interventionist and socially and regionally redistributive in their character, based on Keynesian macroeconomic theory and planning developed after the Second World War, and fully administered by governmental institutions (Amdam and Veggel and 1998). The legitimacy of the interventionist Nordic welfare state at the time was created partly by social democratic parties in governmental majority positions and partly by its foundation in macroeconomic theory which John

Maynard Keynes developed in the work *The General Theory of Employment, Interest and Money* from 1935. The Nordic social democratic parties had all a collective and interventionist political platform with social equality, welfare and employment for all as the core goals.

Keynes created the understanding of the necessity of an interventionist welfare state. Despite being a liberal economist, he indirectly concluded an anti-laissez-faire perspective in his theory (Arter 1999; Veggel and 1998, 2009). This perspective was derived from the demonstration of the use of government interventions in the market to avoid macroeconomic fluctuations and crises. By financial and institutional interventions of the state, aggregated demand in the society could be regulated. According to the theory, for example, it could be increased or diminished depending upon macroeconomic fluctuation. From a theoretical point of view of “digging a hole somewhere”, Keynes famously said that this would have the same demand effect as anything else and therefore would be useful. Demand creation is neutral in the framework. In addition, macroeconomic planning is the tool used to put the demand and income side of the economy under control and thereby make it feasible to regulate forward balances between full employment and inflation through political initiatives and planning acts. The concept has sometimes been called the Keynesian revolution, i.e. a revolution because it was at the time a theoretical approach of innovation causing immense change in public sector politics and governance reform in the Western world states.

Certainly, in the Nordic countries the Keynesian central interventionist principle was very much in line with the already established state centered administrative path and welfare state model, which could be said to be a revitalization of an already established path. The revolutionary part of the concept was the strength of the new institutional tools that were introduced to build the new post-war welfare state. These ‘Keynesian’ tools, which are well known from most macroeconomic textbooks, were:

- *Political legitimacy*: Economic grounds given for the importance of state interventions, high public expenses and social democratic anti-laissez-faire policies.
- *High public sector spending*: Public spending as well as private spending for employment and economic growth – the mixed economy concept.
- *Public planning at all administrative levels*: Macroeconomic planning and sector planning.
- *Sector neutrality*: Theoretically, sector neutrality of government spending in the framework of the demand-side economy ruled. Public spending in the welfare sector expected similar demand effects as in the industrial sector.

- *Infrastructure monopolies:* Public monopoly in financing and administrative infrastructure sectors, from soft infrastructure such as welfare and social security services, education and labor market services to hard infrastructure such as telecommunications, road construction and postal services.

In the Nordic countries, the empirical fact is that the role of a strong and influencing state authority was seen to be most legitimate, perhaps more so than anywhere else in Europe (Kuhnle 2000; EPC 2005). It could be stated that the Nordic societies and their citizens, until the outburst of the ideology of the neo liberalism thirty years ago, have a very “state-friendly” attitude. Actually, “state” and “society” are often used to express the same thing. The evolution of the Nordic welfare states has always been anchored (until now) in such a holistic administrative tradition and collective identity approach and with relatively high public expenditure in percentage of their GNP. According to the World Bank data from 2013 the expenditure in the Nordic countries lays about 27-29 percentage of their national GNP. Even 30 or more years ago 20 to 30 percent of the labor force in the Nordic countries was employed in the public welfare service sector such as within social insurance, health, elderly care and education. These countries were clearly placed at the top of the Western world in terms of public welfare state employment (Kuhnle 2000). From a theoretical point of view, the introduction of the Keynesian welfare state concept in the Nordic countries in the immediate postwar period may very well be understood in the framework of rational choice theory, and the social democratic governments at the time may be understood as the rational political decision makers.

In the framework of the interventionist state, appropriate and satisfactory policy choices were made within the Nordic model (Østerud 1972). We may very well refer to public institutional innovations in the public sector (cf. Fagerberg *et al.* 2005) with the ideal of lowering social inequalities, insecurities and unemployment as the main political goal. The social consequences that resulted were increased public expense and greater power to employee unions. The concept of innovation in the public sector implies the successful introduction of “something new”, a novelty, which usually means a new institution or process, but may encompass just about any policy-made phenomenon, idea, concept or procedure (ibid. 2005).

This policy-made innovation occurred differently as a concept and procedure in the Anglo-Saxon, Continental and Nordic administrative traditions. In the Anglo-Saxon states with the path dependence of their market-centered model, the main focus was on the lowering public expense issue. Accordingly, the responsibility of health and social insurance became an

individual and employer responsibility in order to diminish public expense (Iversen 2005; Pierson 2001a). In the typical Western Continental states with path dependence linked to strong corporative traditions, with comprehensive formal relations between governments and their social partners such as employee unions, the rigidity of labor market procedures was left to continue as an integrated part of the new welfare state concept (EPC 2005).

In contrast to the other Western European industrialized countries, which participated in the Keynesian revolution, the Nordic concept of welfare and social security arrangements became a deviation from the previously mentioned traditions through the performance of the universalism and the active labor market policy. Low inequality, low social security and full employment were the main political goals (Iversen 2005). From the Keynesian ‘General Theory’, the governments learned that the expensive welfare state concept could gradually be paid for even with budgeted deficits. It was most important to generate full employment, and thereby purchasing power, aggregated demand and the formation of increasing national economic values. The social democratic Nordic governments made rational choices, but the welfare state innovation was also guided by the path dependence emanating from the traditional state-centered social system. This was namely that the responsibility of the state embraces not only economic issues, but also human values such as social security, equality and morality as an inherent part of public governance (Kuhnle 2000). In addition, the supremacy and legitimacy of the state are obviously anchored in a very deep-rooted popular attitude of a “state-friendly” approach. In the 1980s, there was an ideological occurrence: the saying ‘to be taken care of from the cradle to the grave’ as a welfare guarantee suddenly became for many neoliberal politicians a negative slogan. In reality, this change in attitude reflected a brief fiscal problem. An international crisis caused a public expense issue (Cumes 1984). Let us again examine some historical events.

## V. THE STAGFLATION CRISIS CHANGED POLICIES

One of the most significant achievements of the post-war era has been the compromise between the parallel developments of fast economic growth and varying degrees of social justice and equality within Western European welfare states. Yet the capacity for achieving this compromise has always been an issue of question and debate. Pressures for retrenchment, including claims for lower tax burdens, the consequences of low economic growth and global competition, have collided with counter-pressure for larger social outlays. An international economic



recession made this compromise the hottest political issue in the whole OECD area (McCracken *et al.* 1977). In the 1970s, the international economy entered the “stagflation” crisis, which should be regarded as a fundamental causal factor in subsequent changes to the Nordic welfare state model (Veggel and 1998: 60–2). Consequently, the unemployment rate in the Western industrial nations rose to 10–15 percent and inflation reached dangerous levels. This represented a fundamental interruption in the stable economic development formed on the basis of the Keynesian principles of state intervention, which were (1) financial interventions, (2) direct control through laws and regulations, (3) institutional interventions, (4) sector interventions and (5) state-run enterprises (Østerud 1972: 30–1). It also led to a crisis in the principles of the planned welfare state conception based on full employment developed in the Keynesian interventionist state form.

Actually, the crisis was the appearance of the arising globalization and its challenges which also reached the Nordic countries. It affected the institutions of the interventionist state and caused failure to govern because of overloaded government budgets and the parallel increase of unemployment and inflation rates (actually a theoretically defined impossible phenomenon in an interventionist demand-side economy). Confusion ruled in the Nordic welfare states as in the OECD area. It was difficult at the time to imagine that the balance in economic circulation would once again reach critical dimensions comparable to those of the inter-war Great Depression era. The British economist Andrew Shonfield, in a large work from 1969 called *Modern Capitalism*, argued from a Keynesian perspective and wrote the following: ‘The central thesis of this book is that there is no reason to suppose that the patterns of the past, which have been ingeniously unraveled by historians of trade cycles, will reassert themselves in the future’ (Shonfield 1969: 62). The crisis arrived, expressing itself as a stagflation crisis. Former methods of dealing with the situation were no longer effective or, to be more correct, they did not work as expected. Theories and models of public governance built from the Keynesian perspective failed. Measures introduced by governments to reduce rising unemployment only resulted in the level of inflation spiraling upwards. If demand was reduced, production fell, with increasing unemployment as a result. The confusion of national politicians and economists was understandable, as was expressed in OECD reports written under the pretense of providing reasonable advice to the governments (McCracken *et al.* 1977).

The OECD confusion at the beginning of the stagflation crisis often reflected the position of standing between the main European administrative and social traditions. The Anglo-Saxon market-centered tradition represented a path in the direction of a goal of fighting

inflation through the measure of reduced public outlays and the creation of jobs in the private sector. The corporatist Continental and Nordic traditions were in the direction of giving priority to a goal of fighting unemployment by allocating public money to saving business and other sectors in trouble.

A new direction in the fight against stagflation was found in a revision of the theories of J.A. Schumpeter, the German-American economist. A wave of neo-Schumpeterian was experienced, actually, as an introduction to the coming dominant ideology of neo liberalism. Schumpeter offered a microeconomic perspective on the driving forces in a market economy (Schumpeter 1939). His focus had been upon enterprises which created new combinations and entrepreneurs who created something new as a source of innovation. This went against Keynesian theory. Stable production and aggregate demand were central for Keynes, and the state was responsible for this stability. The critique against the Keynesian top-down welfare state concept, based upon state intervention and redistribution of social resources, was from the standpoint of Schumpeterian that in the long term such an economy would lose growth potential. State activity would always suffer from a lack of renewal and necessary innovations.

The Schumpeterian perspective supported the development of deregulation, decentralization, the breakdown of public monopolies, privatization and an increased orientation towards the market. The OECD therefor made recommendations and the national governments replied with wide-reaching deregulation and the introduction of a set of market-type mechanisms in the public sector (OECD 2005, Pollitt and Bouckaert 2004). Institutional reforms were designed in the framework of the New Public Management (NPM) principles to make policy goal attainment more effective and the outputs exposed to measurements of scientific evaluation. Governance by regulations and management by objectives replaced bureaucratic control (Veggel and 2010).

The United Kingdom, the United States and other Anglo-Saxon states gave priority to the goal of fighting inflation and privatization in order to fight the stagflation crisis and to clear the ground for innovation and new economic growth. It was argued that growth was a necessity to revitalize the modern welfare state. The Nordic governments followed to a certain extent the reshaped Anglo-Saxon model through institutional reforms of the 1980s and 1990s. First out to do so were the countries of the East Nordic administrative tradition, Sweden in particular, and later on the West Nordic countries, Denmark, Norway and Iceland. The typical Continental states followed only incrementally and under the regulatory umbrella of the EU (Knill 2001, OECD 2005).

However, high unemployment rates continued to exist as a phenomenon in most of the OECD countries, partly because the Schumpeterian innovation strategy for growth made the closing down of old industries extensive. Then, during the 1990s, the new economic policy generated some recovery. The Nordic countries, almost untouched by the stagflation crisis, continued to demonstrate a sane economy regarding low both inflation and unemployment. The Anglo-Saxon states of the UK and Ireland showed improvement regarding employment. Statistically, in economic terms, at that time they did better than most of their major Continental counterparts. However, as pointed out by scholars, in the Anglo-Saxon tradition, since the 1980s, the labor market flexibility based on the principle of neo-liberalism generated employment but many of the jobs created was low-paid or part-time jobs (Einhorn 2006). Some of the jobs were so low-paid that workers were – and still are – unable to cover their living expenses and therefore need public security income support. They became counted as employed in the official labor market statistics, but income statistics reveal a systematic increase of social inequality (Piketty 2014).

The Nordic countries also experienced stable job creation and low unemployment. The development of high employment is based on flexibility in the labor market. This flexibility has been created for different reasons in the social tradition as compared to the Anglo-Saxon. This flexibility of the revised Nordic model has resulted from the universal welfare state principles with its social security arrangements which make the changing of work and workplace low-risk for employees. The flexibility concept does not generate systematic inequality (EPC 2005). Balancing policy choices with political realities is not easy.

## VI. THE NORDIC MODEL AND NEO LIBERALISM

However, since the 1990s, the Nordic welfare policy has to some extent followed the path of neo liberalism. On the other hand, the social tradition of the Nordic countries is not really positive to generate labor market flexibility by the creation of low-paid and part-time jobs. Although the Nordic countries are similar in being founded on a social state-centered model and having strong employee unions, the Anglo-Saxon neo-liberalism has penetrated the Nordic countries to a large extent with the consequence of threatening the Nordic model itself. First and foremost, this penetration is found as policies for the breakdown of public service monopolies, the exposure of public sector activities to market competition, and lastly the liberalization of the labor market (Vegge and 2014; EPC 2005). The universal welfare state and social security scheme continues though.

Why has the Nordic model become an employment success? Social security is a wide concept which embraces access to social services, employment and unemployment protection as well as income protection. Income protection is secured both through the collective wage bargaining system on standard tariffs involving employer and employee unions and through the public tax and transfer system. This sort of protection helps to reduce the variability of wage rates after tax and transfer income, and therefore helps to manage the risk associated with changing jobs for.

Nordic political attitudes and economic approaches changed when the fiscal ability became threatened in the 1980s and the severe worldwide economic recession occurred. Suddenly, increasing unemployment rates, overloaded public budgets and globalization of markets became the focused issues which also challenged the Nordic welfare state model (Vegge and 1998). The situation in Norway was exceptional because this country had a source of growing income from oil and gas, and this provided a cushion against the development of high unemployment. Nevertheless, the economic stagflation crisis of the 1970s was noticeable, and the crisis represented a fertile ground for new thinking and transformation in the organizations of economic production and the institutional functions of the state.

Market solutions and proposals for less state involvement arose and were legitimized by the neo-liberal ideology of the Anglo-Saxon tradition and New Public Management (NPM) goals (Lane 2000). Politicians, the media and economists started giving attention to the actual and potentially increasing welfare role of the market driven by both public and private actors and agencies.

This new attention was often linked to sharp criticism of the allegedly inefficient public bureaucracy and monopoly. The criticism of the costly welfare state emanated not from the heavily burdened Nordic welfare state (Vegge and 2009), but rather from the 'less advanced' or 'less expensive' Western liberal welfare states such as the UK and the USA. The OECD legitimized the criticism and skepticism through the wide-ranging report on the welfare state in crisis, and promoted strongly the strategy of deregulation, outsourcing instead of in-house provision of welfare services, market-driven solutions in the public sector, and contracting as a new management tool (Vegge and 2004). Modernizing government in this way and performing the reform along the Anglo-Saxon path and NPM principles were the ultimate recommendation of the OECD. Further, the related neo-liberal ideology stressed the responsibility of individuals for themselves, the freedom to choose services, security through personal and/or employer health and social insurance, etc. From the 1980s on, the international winds of ideological criticism and warnings against universal



public welfare and social security measures reached the Nordic countries.

The views of neo-liberalism, which were picked up and have been partly followed with very little deviation by the leading Nordic right-wing political parties since the 1980s, and influenced the social democratic parties as well. The key word here is the belief in commercialization in order to increase efficiency in the public sector and in the welfare service sector (Dilger *et al.* 1997). Constituting an ideological front here is the presentation of individual differentiated needs and rights with the liberating message of freedom to go 'shopping' for services of your own, and a message of inclusion by giving very one the opportunity to be included in this system of freedom. Neo liberalism generated its own language, which biased good governance views and values to the market and bad governance views to the state. This list of ideologically blended words, which is inspired by many scholarly sources and dominant in OECD reports of recommendations on modernization issues, tries to clarify the contrasting views in a context of supremacy and inferior absolutism:

The neo-liberal views are somewhat realized in the Nordic countries in a transformed mode (OECD 2002).

Let us look further to compare the actual and basic transformations and dilemmas that challenge the universal welfare state of the contemporary Nordic countries. While the Nordic model built on an active state and the development of a universal welfare state, the classical economists of the after war period redefined their theories of what they defined as 'neo liberalism'. This became an extreme form of political market thinking and anti-state ideology. From the 1970s to the 1980-1990s, neo liberalism burst forth as a wave of reforms in the western world, including the Nordic countries, like a pandemic. The new thing that neo liberalism included was liberal reforms that also included the public sector, with New Public Management (NPM) as the flagship, a ship that also sailed full speed into the Nordic countries. Governmental target-orientated management and EU/EEA regulations on a large scale weakened the labor market unions, the 'tripartite cooperation' and the representative democracy. There was talk about a 'democratic deficit'. It was something more serious than what happened. The entire democratic Nordic/model fell into a condition of illness in the 2000s. The rightwing political parties and governments wanted that this model to die as fast as possible.

The winner of the Nobel Prize in Economics and regular columnist for *The New York Times*, Paul Krugman (d. 1953), is one of those who still argue in support of the Nordic model. Politically, he belongs to the American left. Krugman is considered to be a neo-Keynesian. He is an exponent of the state 'counter-

cyclical policy' and of increased taxation of the rich. He rejects the removal of wealth tax, because the removal of this tax will make the richest richer. He claims that the fluctuating economic cycles are best evened out by governmental intervention in the form of demand-regulation welfare and distribution. Neo-liberalism's promises of free individual choice in all areas of society are a bluff. The right wing governments should take this seriously whenever they repeat in their political rhetoric again and again "less state", "free individual choice" and "least possible prohibitions".

A neo-Keynesian policy cannot be based on tax cuts, a free labor market, and uncontrolled privatization. What is needed is governmental and central planning means. Neo-Keynesian is currently in progress in Europe and the United States, because measures of neo-liberalism have proven to be inadequate in relation to the creation of economic growth and the solution of crises (cf. the crisis in the EU Eurozone).

What is, then, the Nordic neo-liberal government's new strategy for growth? It is actually old news. It believes in the market, the market, and the market. Furthermore, it also believes in competition and competition in both the public and private sectors, and privatization and smaller government. It also wants the tightening of public spending and tax cuts. Most tax cuts should be for the rich, who, according to classical economic theory always reinvests their profits, thus creating new jobs. In addition, it looks to a much-debated theory first proposed by the economist David Ricardo in 1817, and published under the title 'Principles of Political Economy and Taxation'. The theory is therefore old and needs revision. The neo-Keynesian approach might do this revision and come and save the proper Nordic model.

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GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 14 Issue 9 Version 1.0 Year 2014  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

# A Study on Quality of Work Life among Workers with Special Reference to State Owned Commercial Banks in the Northern Region of Bangladesh

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**Abstract** Quality of work life is a comprehensive approach of work life that holds some sorts of principles those are job satisfaction, trustworthiness toward organization and valuable contribution of workforce for the organizations. In spite of banking sector of Bangladesh is a growing and emerging economic sector, the state owned commercial banks are not contributing to the economy up to marks. The objective of the study is to analyze the interrelationship between the quality of worklife and the dimensions or factors of quality of worklife on the bank employees in the northern region of the country. A structured self administered questionnaire consists of 20 items have been used for primary data collection. Secondary data have been derived from the books, published research articles, and banks websites for achieving the objectives of the study. The survey data have been analyzed using SPSS. The descriptive analysis, correlation test, and regression analysis have been used to analyze the collected data. The study has found that in the banks there is a little presence of environment of quality of worklife. Basically there is a strong need of suitable working environment and presence of hazy work features and a little existence of social recognition and integration and the rest of the dimensions are moderately present. The study has also revealed that compensation and other remuneration and career opportunity and growth are highly correlated with worklife that causes a lower level of satisfaction of employees' comparison to private commercial banks' employees.

**Keywords:** *quality of work life, bank, employee, commercial banks, Bangladesh.*

**GJMBR-A Classification :** *JEL Code: H83*



*Strictly as per the compliance and regulations of:*



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**Abstract-** Quality of work life is a comprehensive approach of work life that holds some sorts of principles those are job satisfaction, trustworthiness toward organization and valuable contribution of workforce for the organizations. In spite of banking sector of Bangladesh is a growing and emerging economic sector, the state owned commercial banks are not contributing to the economy up to marks. The objective of the study is to analyze the interrelationship between the quality of worklife and the dimensions or factors of quality of worklife on the bank employees in the northern region of the country. A structured self administered questionnaire consists of 20 items have been used for primary data collection. Secondary data have been derived from the books, published research articles, and banks websites for achieving the objectives of the study. The survey data have been analyzed using SPSS. The descriptive analysis, correlation test, and regression analysis have been used to analyze the collected data. The study has found that in the banks there is a little presence of environment of quality of worklife. Basically there is a strong need of suitable working environment and presence of hazy work features and a little existence of social recognition and integration and the rest of the dimensions are moderately present. The study has also revealed that compensation and other remuneration and career opportunity and growth are highly correlated with worklife that causes a lower level of satisfaction of employees' comparison to private commercial banks' employees. The study suggests to the higher management that the banks should initiate and ensure a suitable quality of worklife for making this sector prospective and scrupulous.

**Keywords:** *quality of work life, bank, employee, commercial banks, Bangladesh.*

## I. INTRODUCTION

Quality of work life (henceforth QWL) is a comprehensive approach of work life that holds some sorts of principles those are job

satisfaction, trustworthiness toward organization and valuable contribution of workforce for the organizations. It also engages friendly work environment, agreeable administrative, social and political environment. QWL ensures better life of workers through fulfillment of higher needs and usages of knowledge, skills, and abilities. QWL also redesigns the jobs by considering every human resources as the valuable part and parcel of one's organization. QWL is a major issue for employees, and how organizations deal with this issue is both of academic and practical significance. So, it is not any wonder that thousands of studies have revolved around the concept of job satisfaction and stress as core concepts (Dolan et al, 2008). A high QWL is also required for attracting the employees. Saraji and Dargahi (2006) believe that a high QWL is essential for organizations to continue, to attract and to retain employees and is a broad program designated to improve employee satisfaction. QWL is sometimes associated with the intimate characteristic of the technologies introduced into the companies and their impact and to the economic elements like salary, incentives, bonuses, or even to the factors connected to one's physical and mental health, safety and, in general, to the workers' well being (Rainey, 2003). QWL is essentially a multidimensional concept, and is a way of reasoning about people, work and the organization. It seems that the relationship between QWL and the degree of the nurse's involvement in their work is a critical factor in achieving higher levels of quality of care delivery (Hsu and Kernohan, 2006).

### a) About the QWL of Banking Sector

Hossain (2000) have analyzed the security of employment, job/role clarity, understanding supervisors, work not stressful, access to relevant information and social and welfare facilities to measure the QWL in some private and public banks in Bangladesh. The banking sector of Bangladesh constantly contributing in gross domestic product from the beginning of 21st century, the sector provides BDT 59.90 billion in the year 2011-2012 and the growth rate is consistently growing from 2001-2002 to 2011-2012. (Appendix: 01, 2012). Now, banking is a prominent wing of service sector of the

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economy. Sadique (2006) found that the employees of insurance sector perceived a high degree of QWL than the employees of banking sector in Bangladesh. But it is a crucial time to see the banking sector of the country in a new dimension.

#### b) *Relevance of the Study*

For any service organization the QWL is essential part because the service employees are engaged in providing major portion of lifetime (workable time) in service and their performances contribute to the organizational every brick of success. As a service sector, we cannot forgo the necessity of higher QWL in the prospective banking sector of Bangladesh. The present study tries to reveal the QWL among workers with special reference to state owned commercial banks (SCBs) in the northern region of Bangladesh by considering some interrelated dimensions of QWL are compensation and other remuneration, work features and working environment, career opportunity and growth, social recognition and integration, occupational stress and target, constitutionalism in work organization.

## II. OBJECTIVES OF THE STUDY

The present study has been pursued to achieve the following objectives:

- To examine the demographic profiles of the employees of SCBs.
- To analyze the specific dimensions of QWL in SCBs.
- To study the behavior of interrelationship between dimensions of QWL and QWL.
- To suggest a contemporary measures to improve the QWL in SCBs.

## III. REVIEW OF LITERATURE & QWL MODEL

#### a) *Compensation and Other Remuneration*

Compensation and other remuneration is the first and foremost requirement for any kinds of job requirements. This compensation must be adequate and fair with respect to work performance requirements and it is inevitable elements of QWL (Walton, 1973; Glasier, 1976; Adhikari and Gautam 2010; Schermernhorn and John, 1989; Mirsepasi, 2006; Hosseini & Jorjatki, 2010). Employee needs and wants are satisfied when they perceive that rewards from the organization, including compensation, promotion, recognition, development, and meaningful work, meet or exceed their expectation (Hackman and Oldham, 1980). The salary levels should suitable with job features for any organization. There should be a uniform or consistent payment guideline for employers to follow for their employees. Many employees feel that they are not compensated fairly for their work (Antle and Beverley, 2006). The level of pay tends to correlate more strongly with pay satisfaction than with overall QWL (Spector, 1997). Pay satisfaction is a key predictor of high QWL

among the workers (Okpara, 2005). Abu Alrub (2007) concluded in a study in Jordan that underpayment of nurses is one of the major reason for the nurse's dissatisfaction and intention to leave hospitals. O'Herron and Simonsen (1995) believed that the employees want to see a pay increase for lateral moves that are appropriate for their own development. Pizam (2010) argued that QWL is related to the issues of rewarding or enjoyable time spent in the working environment. Saraji and Dargahi (2006) found that only two and half percent of the respondents indicated that their pay was fair.

#### b) *Work Features and Working Environment*

Every human being spends most of the workable time in their job, duty or responsibility. Good working environment and working conditions attract the employees toward the work and they consider the work as their vital part of the regular life. One of the major areas of QWL is good working conditions and safe working environment (Walton, 1973; Glasier, 1976; Straw and Heckscher, 1984; Chander and Singh, 1983; Adhikari & Gautam, 2010; Schermernhorn and John, 1989; Locke 1976; Rainey, 2003; Cunningham and Eberle, 1990; Mirsepasi, 2006; Hosseini and Jorjatki, 2010; Orpen, 1981; Donald and Cole 2005). Gupta and Sharma (2011) found in a company named Bharat Sanchar Nigam limited (BSNL) that there is a high level of satisfaction among the employees regarding the safe & healthy working conditions. Gayathiri and Ramakrishnan (2013) asserted that QWL is the favorable conditions and environments of a workplace that support and promote employee satisfaction by providing them with rewards, job security, and growth opportunities. Casio (1998) described that QWL comprises both the psychological and objective aspects of work life. The objective highlights the conditions and procedures relating to promotion policies, participatory supervision, and safe working conditions, while the subjective relate to supervision, communication, leadership etc. Kashani (2012) found in a study of relationship between QWL and organizational citizenship behavior that there is a positive relationship between safe and healthy environment and organizational citizenship behavior by providing safety instrument, sanitary work place and fairly work hours. Rose et al (2006) surveyed the elements which are relevant to an individual's QWL include the task, the physical work environment, the social environment within the organization, administrative system and a relationship between life on and off the job. Lau and May (1998) opined that favorable conditions and working environments that support and promote employee satisfaction by providing employees bonuses, job security and opportunities for growth. Xhakollari (2013), Lee et al. (2004) and Knox and Irving (1997) reveled in their study of health professionals the satisfaction of employees with safe and health working environment is



very essential. The absence of suitable working environment with job pressures and family commitments has negatively affect employees resulted low morale and motivation, reduce productivity and elevate turnover.

#### c) *Career Opportunity and Growth*

The opportunity and growth in worklife shorten the distance between the employer and employee. The employees can perform their works in a new force when there is a chance of gaining more opportunities and growth. Every organization must create an environment of career opportunities and growth and ensure the equal employment opportunity for all employees like taking part in decision making, employment security, income adequacy, profit sharing, equity and other rewards, employee autonomy, employee commitment, social interaction, self- esteem, self- expression, democracy, employee satisfaction, employee participation, advancement, relations with supervisors and peers and job enrichment (Glasier, 1976; Gupta and Sharma, 2011; Chander and Singh, 1993; Indumathy and Kamalraj, 2012; Havlovic, 1991; Straw and Heckscher, 1984; Schermernhorn and John, 1989; Wright, 2002; Walton, 1974; Kashani, 2012; Scobel, 1975; Carmeli and Freund, 2004; Hackman and Oldham, 1976; Goris, 2003; Lee et al., 2004; Okpara, 2005; Lau and May, 1998; Nikbakht et al., 2003). Bhanugopan and Fish (2008) suggested some indicators like lack of job stress, lack of job burnout, lack of turnover intentions and job satisfaction. They included measures like job satisfaction, earning money, membership in successful teams, job security and job growth. QWL can be explained by team working, independence, meaningful work, rich and challenging work, ownership feeling in work, the need of creativity in work, growth and opportunity (Gayathiri and Ramakrishnan, 2013). Brock-Utne (2000) believed that the important factors of QWL are whether an employee finds his job interesting, has good relationships with supervisors and peers, has a fair income, is allowed to work independently and has clearly defined career improvement opportunities.

#### d) *Social Recognition and Integration*

Every human being expects the recognition from society and they always try to engage themselves in various social activities. QWL engage social recognition and integration in the work organization those enable an employee to build up and use all his or her capacities and it holds that people are the most important resource in the organization (Straw and Heckscher, 1984; Walton, 1973; Klatt et al., 1985; Goris, 2003; Sirgy et al., 2001; Hackman and Oldham, 1980; Saraji and Dargahi, 2006; Hosseini and Jorjatki, 2010; Carmeli and Freund, 2004; Gayathiri and Ramakrishnan, 2013; Wright, 2002; Rainey, 2003; Lee et al., 2004). Gupta and Sharma (2011) found in BSNL indicates that the coordination and cooperation in the organization is

developed which justifies that the employees are socially integrated. Kashani (2012) showed in a study of Iranian company that there is positive and meaningful relationship between the social integration of employees and organizational citizenship behavior. The QWL dimensions many include the SHE (safety, health and environment) dimensions but also others such rewards, job security, growth opportunities, recognition and others. Positive results of quality of work life have been supported by a number of studies, including reduced absenteeism, lower turnover, work pride and improved job satisfaction (Steenkamp and Schoor, 2008). The QWL intends to develop, enhance and utilize human resource effectively, to improve Quality of products, services, productivity and reduce cost of production per unit of output and to satisfy the workers psychological needs for self-esteem, participation, recognition etc (Jayakumar and Kalaiselvi, 2012). Xhakollari (2013) explained that the employees are satisfied at a moderate level with social integration in the organization in a study of QWL of mental health professionals. An encouraging work environment provides the employee with emotional resources, such as understanding, advice, and recognition (Van Daalen et al., 2006).

#### e) *Occupational Stress and Target*

The job life and family life must be maintained effectively to ensure that all employees are working at their optimal potential and free from stress and pressure. The study of Indumathy and Kamalraj (2012) and Bhanugopan & Fish (2008) have remarkably pointed out that the major factors that influence and decide the QWL are attitude, environment, opportunities, nature of job, people, stress level, career prospects, challenges, security, growth and development and risk involved in the work and rewards. Klatt et al. (1985) have recognized eleven dimensions of QWL are: pay, occupational stress, organizational health programmes, and alternative work schedule, participate management and control of work, recognition, superior-subordinate relations, grievance procedure, adequacy of resources, seniority and merit in promotion and development and employment on permanent basis. Several researches has revealed that the QWL affects organizational culture and effectiveness, staff's health, high stress and burnout levels, more complaints, higher direct medical expenses and patient's morbidity and mortality rates have been noted as the repercussions of low levels of QWL (An et al., 2011; Donald and Cole, 2005; Laschinger et al., 2001; Nayeri et al., 2009 and Sirgy et al., 2001). Littler (1999) showed that a number of contributing factors directly lead to organizational dissatisfaction with levels of low income, career prospects, stress, work and family balance and distrust in senior management. Peters and van der Lippe (2007) explained that flexitime and telecommuting led to more time pressure in the long run among employees with children. Most of the workforce

experienced work life and personal family life interference that causes increasing stress. (Edwards and Rothbard, 2000; Hill et al., 1996; Thompson et al., 1999; Halbesleben, 2006; Lapierre and Allen, 2006)

#### f) Constitutionalism in Work Organization

Constitutionalism in work organization and social relevance of work all these factors are positively correlated with the quality of work life in BSNL (Gupta and Sharma, 2011). Walton (1973) recommended eight major conceptual areas for understanding QWL constitutionalism in work organization is one of them. The study of Kashani (2012) found that constitutionalism in work organization and total life space was more effective than other variables in organizational citizenship behavior. For assessing QWL there are some factors like adequate and fair compensation, safety and health conditions at work, immediate opportunity to use and develop one's capacity, further opportunity for continuous development and safety, social integration in

the working organization, constitutionalism in the work organization, the total space of life and the social relevance of the worker's life (Mueller and McCloskey, 1990; Kalliath and Morris, 2002; Wright, 2002; Gill and Feinstein, 1994; Hackman and Oldham, 1976; Carmeli and Freund, 2004; Goris, 2003). In a study of QWL on the mental health professionals it was found that they were satisfied at a moderate level with constitutionalism in the work organization (Xhakollari; 2013).

#### g) Model of QWL in State Owned Commercial Banks

The analysis of literature, the proposed model below can be taken to satisfy the objectives of the study. Therefore, the QWL is a dependent variable. The dimensions of QWL such as compensation and other remuneration, work features and working environment, career opportunity and growth, social recognition and integration, occupational stress and target, constitutionalism in work organization are independent variables.

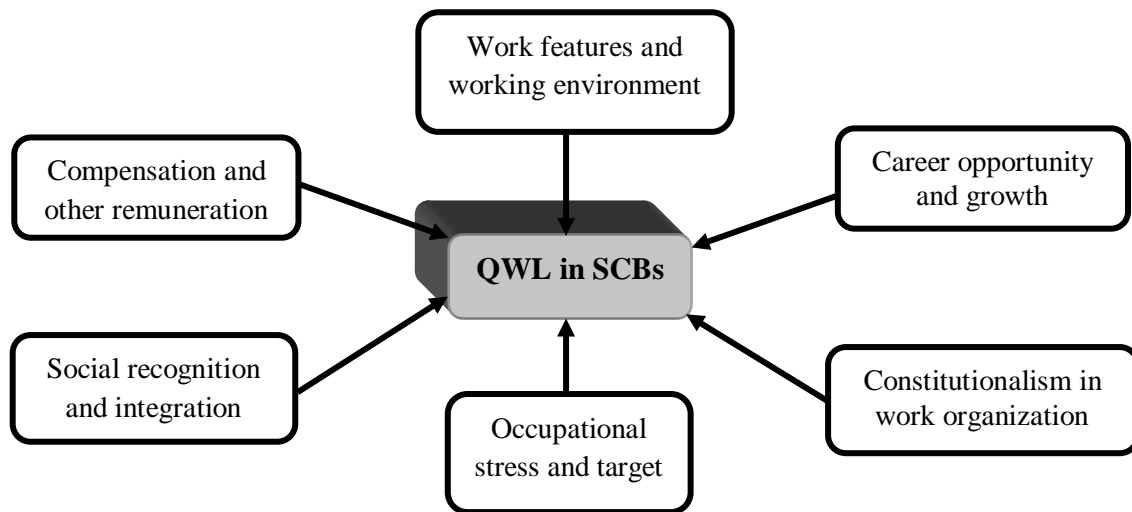


Figure 1 : A Proposed Model of QWL in state owned commercial banks

## IV. SCOPE AND LIMITATION OF THE STUDY

The scope and some limitations of the study as follows:

- The study is limited to SCBs employees and northern region of the country.
- Convenient sampling has been used in the study.
- Personal bias of the respondent might have influenced the result.

## V. MATERIALS AND METHODOLOGY

The study was descriptive in nature. The study was conducted on the basis of primary and secondary data. The primary data were collected through a set of structured self administered questionnaire consists of three questions from each elements of QWL (3×6) = 18 questions and a single question about overall QWL and

an open ended question about their intense feelings about QWL of SCBs' (Sonali, Rupali, Agrani, Janata) employees. The data were collected from 8 districts of Rangpur division. The structured questions were designed with 5 points Likert type scale ranging from "Strongly Disagree" (value of 1) to "Strongly Agree" (value of 5) and non-probability sampling in the form of convenient sampling technique was used for data collection. The 300 questionnaires were distributed among the different level of four SCB employees. Out of them 217 were usable (72%). The secondary data sources were the books, published research articles, and banks websites for achieving the objectives of the study. The survey data were analyzed using SPSS. The descriptive analysis, Pearson correlation test, and multiple regression analysis were used to analyze the collected data.

#### a) Reliability and Validity Test

From the Table-1, it was observed that the reliability value was estimated to be  $\alpha = 0.724-0.849$  between the scale. If we compare our reliability value with the standard value alpha of 0.6 advocated by Cronbach (1951) we found that the collected survey data are within the range of reliability. From the Table-2,

it was seen that the KMO value was estimated to 0.659 indicates that the sample size was adequate for conducting the survey we know if KMO value is greater than 0.60 the collected data is valid. Bartlett's test of sphericity must be less than 0.05 where it was found significance at 0.00 that indicates data were significantly valid and suitable.

Table 1 : Reliability test using Cronbach's Alpha ( $\alpha$ )

S.N	Scale	No. of Items	Cronbach's Alpha ( $\alpha$ )
1.	Compensation and other remuneration	03	0.781
2.	Work features and working environment	03	0.808
3.	Career opportunity and growth	03	0.724
4.	Social recognition and integration	03	0.751
5.	Occupational stress and target	03	0.849
6.	Constitutionalism in work organization	03	0.772
7.	Quality of worklife	01	-----

Source : Survey data

Table 2 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		
		.659
Bartlett's Test of Sphericity	Approx. Chi-Square	223.489
	df	21
	Sig.	.000

Source: Survey data

#### b) Hypotheses of the Study

H1: There is a positive and significant relationship between employees' gender and QWL.

H2: There is a positive and significant relationship between employees' Marital Status and QWL.

H3: There is a positive and significant relationship between employees' Number of Family Members and QWL.

H4: There is a positive and significant relationship between employees' Educational Experience and QWL.

H5: There is a positive and significant relationship between employees' Work Experience and QWL.

H6: There is a positive and significant relationship between employees' Job Status and QWL.

H7: There is a positive and significant relationship between "Compensation and other remuneration" and QWL.

H8: There is a positive and significant relationship between "Work features and working environment" and QWL.

H9: There is a positive and significant relationship between "Career opportunity and growth" and QWL.

H10: There is a positive and significant relationship between "Social recognition and integration" and QWL.

H11: There is a positive and significant relationship between "Occupational stress and target" and QWL.

H12: There is a positive and significant relationship between "Constitutionalism in work organization" and QWL.

## VI. RESULTS AND DISCUSSIONS

#### a) Demographic Profiles

The demographic profiles of the respondents (table-3) represents that out of 217 respondents 194 were male 89% which is significant. In marital status profile only 19 respondents were single and rests of all respondents were married 91%. In reviewing number of dependent family members it was found that there were 4 family members of 72 respondents. There were 16%-18% respondents family belongs 2, 3 or 5 dependent members and 32 respondent had more than 5 family members. By reviewing the educational experience it was found that 52% employees have post graduate or equivalent degree. Small amounts of respondents were below SSC passed. 15% respondents were completed secondary or higher secondary education and 31% had graduations. More than 50% respondents were working with the banks more than 10 years and 35% respondents were working with 2 to 5 years. By analyzing the job status we found that a major portion of employees were in the rank of Junior Officer/Officer/Cash officer and 26% respondents were in the position of Probationary Officer/MTO/Senior Officer/Executive Officer.

*Table 3 :* Demographic profile of the respondents

Sl. No.	Demographic factors	No of respondents	Percentage (%)
Gender			
1	Male	194	89.4
	Female	23	10.6
	Total	217	100.0
Marital Status			
2	Married	198	91.2
	Single	19	8.8
	Total	217	100.0
Number of Family Members			
3	2	40	18.4
	3	38	17.5
	4	72	33.2
	5	35	16.1
	More than 5	32	14.7
	Total	217	100.0
Educational Experience			
4	Below SSC	7	3.2
	SSC/Dhakil/O-Level	11	5.1
	HSC/Diploma/A-Level	19	8.8
	Degree/Graduate/Higher Diploma	68	31.3
	Post Graduate/M Phil/PhD	112	51.6
	Total	217	100.0
Work Experience			
5	Less than 2 Years	11	5.1
	2 to 5 Years	76	35.0
	5 to 7 years	16	7.4
	7 to 10 Years	3	1.4
	More than 10 years	111	51.2
	Total	217	100.0
Job Status			
6	MLSS	21	9.7
	Junior Officer/Officer/Cash officer	124	57.1
	Probationary Officer/MTO/Senior Officer/Executive Officer	56	25.8
	Principal officer/ Senior Executive officer	3	1.4
	SPO/AGM/DGM/GM/FAVP/VP	13	6.0
	Total	217	100.0

*Source: Survey Data*

#### *b) Descriptive Statistics*

The table-4 indicates the mean ratings for the dimensions of QWL. The bank employees were agreed with the dimensions that are overall QWL, career opportunity and growth, occupational stress and target, compensation and other remuneration. They keep their position neutral about work features & working environment and social recognition & integration. The bank employees were making their position between the neutral and disagree in constitutionalism in work organization dimension. The standard deviation lies between 0.44 to 0.99 it represents that there is a moderate deviation among the respondents because we collect data from all types of bank employees with all age level and organizational positions.

We also provided an open ended question “if you have any suggestions or criticisms regarding QWL of your bank, you can note down”. They spontaneously answered some suggestions and criticisms regarding QWL. Most of the SCB employees concluded that they are paid below their expectation and market rate comparison to private commercial banks. They felt that they have much stress regarding the pressure and redundant workload provided by bank management. They positively think that they have limited knowledge about the bank technology which leads them always anxious. They also expect neat and clean environment and accommodation from higher management.

*Table 4 :* Descriptive analysis.

Quality of worklife dimensions	Mean	Mean rank	Std. Deviation	N
Quality of worklife	3.65	3	.99	217
Compensation and other remuneration	3.92	1	.44	217
Work features and working environment	2.90	6	.65	217
Career opportunity and growth	3.57	4	.66	217
Social recognition and integration	3.15	5	.80	217
Occupational stress and target	3.85	2	.66	217
Constitutionalism in work organization	2.63	7	.78	217

*Source: Survey Data*

*c) Correlation Test*

In both the correlation table 5 and 6 correlation is significant at the 0.05 level. In the correlation between QWL and demographic profiles we found that there is a moderate positive correlation between QWL and number of dependent family members and educational experience significantly ( $r < 0.05$ ). Gender, marital status and work experience were also positively correlated with QWL. The status of job is negatively correlated with QWL.

In the correlation between QWL and its dimensions it was found that there is a moderate

positive correlation between QWL and compensation & other remuneration, work features & working environment, and career opportunity & growth. The correlations are significant at ( $r < 0.05$ ). The social recognition & integration and constitutionalism in work organization dimensions were positively correlated with QWL. We also found that a dimension of QWL is occupational stress & target which negatively correlated with QWL.

*Table 5 :* Correlation between QWL and demographic profiles

S.N	Correlation between QWL and Demographic profiles.	Pearson correlation (r)	Sig (2-tailed) (p)	N	Results
1.	Gender	0.241	0.000	217	Hypothesis (H <sub>1</sub> ) Accepted
2.	Marital Status	0.262	0.000	217	Hypothesis (H <sub>2</sub> ) Accepted
3.	No of Family Members	0.421	0.000	217	Hypothesis (H <sub>3</sub> ) Accepted
4.	Educational Experience	0.649	0.000	217	Hypothesis (H <sub>4</sub> ) Accepted
5.	Work Experience	0.362	0.000	217	Hypothesis (H <sub>5</sub> ) Accepted
6.	Job Status	-0.128	0.082	217	Hypothesis (H <sub>6</sub> ) Rejected

*Source: Survey Data*

*Table 6 :* Correlation between QWL and its dimensions

S.N	Correlation between QWL and its dimensions	Pearson correlation (r)	Sig (2-tailed) (p)	N	Results
1.	Compensation and other remuneration	0.677	0.000	217	Hypothesis (H <sub>7</sub> ) Accepted
2.	Work features and working environment	0.510	0.000	217	Hypothesis (H <sub>8</sub> ) Accepted
3.	Career opportunity and growth	0.597	0.000	217	Hypothesis (H <sub>9</sub> ) Accepted
4.	Social recognition and integration	0.326	0.000	217	Hypothesis (H <sub>10</sub> ) Accepted
5.	Occupational stress and target	-0.199	0.057	217	Hypothesis (H <sub>11</sub> ) Rejected
6.	Constitutionalism in work organization	0.352	0.000	217	Hypothesis (H <sub>12</sub> ) Accepted

*Source: Survey Data*



d) *Multiple Regression Analysis*

In the study, we analyzed collected data by enter wise method in a multiple regression analysis. In this circumstance, a multiple regression was formed by making use of all the discrete variables as dependent and independent variables. The estimation process was based on ordinary least squares formula denoted  $Y = a + bx$ . We consider the following model by taking QWL as dependent variable and by considering dimensions of QWL as independent variables.

$$QWL = \beta_0 + \beta_1 (COR) + \beta_2 (WFE) + \beta_3 (COG) + \beta_4 (SRI) + \beta_5 (OST) + \beta_6 (CWO) + e \dots$$

Where:  $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ , and  $\beta_6$  are the regression co-efficient

COR = Compensation and other remuneration

WFE = Work features and working environment

COG = Career opportunity and growth

SRI = Social recognition and integration

OST = Occupational stress and target

CWO = Constitutionalism in work organization

e = error term

The findings from table-10 shows that the relationship between QWL and its dimensions (COR, COG, OST, and CWO) are statistically significant as the significance value is less than required value alpha ( $\alpha = 0.05$ ) as the relevant statistical outputs are shown. Whereas the QWL and WFE and SRI i, e, work features and working environment and social recognition and integration were statistically insignificant. We also found that the relationship between the QWL and its dimensions are moderately positive. Hence, R Square = 30.9%. The regression analysis also provided that adjusted R square is 0.289, it represents that 28.9% change in QWL is due to the change in independent variables is the dimensions of QWL. Table of coefficients (a) under standard coefficients showed that there is a moderately significant influence of COR, WFE, COG and CWO with QWL; it shows the strength between variables and QWL by 28.5%, 4.1%, 23.4% and 28.2% respectively.

Table 7 : Variables Entered/Removed (b)

Model	Variables Entered	Variables Removed	Method
1	COR, WFE, COG, SRI, OST, CWO (a)	.	Enter

a. All requested variables entered.

b. Dependent Variable: QWL

Table 8 : Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.556 (a)	.309	.289	.83068

a. Predictors: (Constant) COR, WFE, COG, SRI, OS,CWO

b. Dependent Variable: QWL

Table 9 : ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.771	6	10.795	15.645	.000 (a)
	Residual	144.906	210	.690		
	Total	209.677	216			

a. Predictors: (Constant), COR, WFE, COG, SRI, OST, CWO

b. Dependent Variable: QWL

Table 10 : Coefficients (a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.564	.611		-.922	.357
COR	.429	.091	.285	4.702	.000
WFE	.062	.091	.041	.679	.498



COG	.289	.083	.234	3.470	.001
SRI	-.066	.106	-.044	-.621	.535
OST	-.157	.073	-.124	-2.131	.034
CWO	.638	.148	.282	4.319	.000

a. Dependent Variable: QWL

Table 11 : Residuals Statistics (a)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.7546	4.9423	3.6452	.54760	217
Residual	-2.02530	2.24544	.00000	.81906	217
Std. Predicted Value	-3.453	2.369	.000	1.000	217
Std. Residual	-2.438	2.703	.000	.986	217

Source: Survey Data

## VII. CONCLUSIONS AND RECOMMENDATIONS

The present study on the SCBs depicts that there is a lack of QWL in banks. From the results of descriptive study we see that the bank employees are not strongly agreed with the dimensions of QWL asserts that the QWL is not strong in those banks. The employees feel that they hardly observe the QWL dimensions in their banks. The result of correlation test have expressed that there is a positive correlation between QWL and demographic profiles. The result has also found that there is a positive correlation between dimensions of QWL like compensation and other remuneration, work features and working environment, career opportunity and growth, social recognition and integration, constitutionalism in work organization and QWL and is related with each other. In multiple regression analysis it has observed that the QWL and its dimensions are moderately significance. The study suggests that the SCBs of Bangladesh can provide better productivity and output by ensuring better QWL like fair compensation and remuneration comparing to private commercial banks and compatible with risk taking and time spending of employees. The banks should also ensure more bureaucratic, less risky, suitable and easily understandable work for the employees. The study also suggests that the banks should ensure the training and development opportunity along with suitable promotion and career growth and opportunities. The study suggests that banks should consider their employees as a social being by considering itself as a social organization instead of money makers. The study also provides some guidelines to the SCBs that they should establish a suitable job description of every employee so that they are not discovering them before hills of works. The mistake, repeat works would be reduced by stress management. The roles and functions of every

employee must be clear and unambiguous. In every branch and other offices of the banks are suggested that there should have proper practices of organizational constitutionalism.

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Appendix: 01

Years	2001- 2002	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012
GDP contribution in BDT billion	26.36	27.92	29.80	32.51	35.17	38.46	41.68	45.45	50.21	54.75	59.90
% Changes in year	--	5.92%	6.73%	9.09%	8.18%	9.35%	8.37%	9.05%	10.47%	9.04%	9.41%

Source: Bangladesh Economic Survey, 2012 (Bangla) p. 246





GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 14 Issue 9 Version 1.0 Year 2014  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

# Entrepreneurial Intention among Information Systems (IS) Students at Sultan Qaboos University: An Exploratory Study

By Abir S. Al-Harrasi & Zahran S. Al-Salti

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**Abstract-** Entrepreneurship is vital for economic growth in Oman and college students play a significant role in enriching entrepreneurship industry. The aim of this paper is to investigate the entrepreneurial intention among Information Systems (IS) students in Oman with relations to their entrepreneurship education and government and private sector supportive programs. Data was collected from two focus groups of IS students in Sultan Qaboos University. Data was analyzed using thematic analysis. The results revealed that the majority of IS students have low entrepreneurial intention, the main factors that have positive impact on students' entrepreneurial intention are money, independence, and work flexibility, the lack of entrepreneurship courses in IS department impacts students' entrepreneurial intention negatively, and Omani students are not well educated about the supportive programs provided by the government and private sector for entrepreneurs.

**Keywords:** *entrepreneurial intention, entrepreneurship education, and government support.*

**GJMBR-A Classification :** *JEL Code: L26*



*Strictly as per the compliance and regulations of:*





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**Abstract-** Entrepreneurship is vital for economic growth in Oman and college students play a significant role in enriching entrepreneurship industry. The aim of this paper is to investigate the entrepreneurial intention among Information Systems (IS) students in Oman with relations to their entrepreneurship education and government and private sector supportive programs. Data was collected from two focus groups of IS students in Sultan Qaboos University. Data was analyzed using thematic analysis. The results revealed that the majority of IS students have low entrepreneurial intention, the main factors that have positive impact on students' entrepreneurial intention are money, independence, and work flexibility, the lack of entrepreneurship courses in IS department impacts students' entrepreneurial intention negatively, and Omani students are not well educated about the supportive programs provided by the government and private sector for entrepreneurs.

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## I. INTRODUCTION

Governments and policymakers have become highly aware of the economic development benefits that are derived from the establishment of entrepreneurship. Many researchers discuss the benefits and the added values of entrepreneurial endeavors. Economically, entrepreneurship contributes in establishing new markets, new industries, new technology, new jobs, and net increases in real productivity. Socially, entrepreneurship provides citizens new employment opportunities, enhancement of quality of life, social up gradation, and reduction of poverty [Uddin and Kanti Bose, 2012]. Recently, in Oman there are a lot of initiatives for supporting Small and Medium Enterprises (SMEs).

One of the most important events of the 2013 was the Small and Medium Enterprises (SMEs) Development Symposium which began at Saih al Shamekhat in Bahla. His Majesty Sultan Qaboos has given great importance to encouraging business initiatives and SMEs, which are the main component of

the economic diversification strategy, helping create job opportunities for Omani youths and enhancing the growth of the economy. It is important for the private sector to take part in economic activity and ensure a direct contribution to growth [Siyabi, 2013].

Therefore, concerns have been raised by several relevant bodies in public and private sectors about entrepreneurship. More interest has been given to college students since they are likelihood more prepared to start up new businesses. However, before providing any supportive programs for fresh graduates, it is needful to increase positive attitudes towards entrepreneurship, so attitudes can be viewed as the stepping stone to entrepreneurial intention [Segumpan and Zahari, 2012].

Although there are many researchers investigated the entrepreneurial intention, this paper focuses in measuring the extent to which Information Systems (IS) students are interested to become entrepreneurs, investigating the importance of entrepreneurship education in higher education institutes, and identifying the provided supportive programs for Omani entrepreneurs.

The paper has been organized in the following way: Section 2 discusses the literature review; Section 3 describes the research method; Section 4 analyzes and discusses the research results; Section 5 concludes the research.

## II. LITERATURE REVIEW

### a) Definition of Entrepreneurship

Entrepreneurship is the process of collecting necessary factors of production consisting of human, physical, and information resources and doing so in an efficient manner [Al-Sadi et al., 2013]. Researchers mentioned that entrepreneurship has served a significant function in the progress of the modern civilization [Sesen, 2013].

### b) Factors Influencing Entrepreneurial Intention

There are many factors that might trigger the intention of students toward entrepreneurship. Many researchers follow different approaches to classify the factors impacting entrepreneurial intention. Uddin and Kanti Bose [2012] deployed an approach that classifies the factors influencing entrepreneurial intention into

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three sets: demographic profile that includes age, gender, previous experience, and influence of role model; personality traits that include self-efficacy, confidence, autonomy, locus of control, risk-taking propensity, and professional attraction; and contextual that includes education and environment. The researcher in [Sesen, 2013] focuses on investigating two main sets of factors that are: personality traits factors that include need for achievement, locus of control, and self-efficacy; and environmental factors that include access to capital, business information, social networks, and university education. Another approach suggests that there are four categories of entrepreneurship motivations: extrinsic rewards, dependence/autonomy, intrinsic rewards, and family security [Fatoki, 2010].

According to trait theory, entrepreneurial intentions are dictated by some particular traits that are: high need for achievement, risk taking propensity, tolerance for ambiguity, innovation, intuition, internal locus of control, and proactiveness [Uddin and Kanti Bose, 2012]. However, the environmental approach theory dedicates that entrepreneurship is related to external factors beyond the control of an individual. Such factors are culture phenomenon, education and experience, and family background [Uddin and Kanti Bose, 2012]. Even though these factors have significant impact on student's decision toward taking a business adventure, entrepreneurship education even has greater impact in this issue.

#### c) *Entrepreneurship Education*

Entrepreneurship education is a significant factor that impacts students' intention toward entrepreneurship. Ismail et al. [2009] point out that entrepreneurship education is an essential factor which triggers the tendency of students to establish their own business after graduation since entrepreneurship has been used as one of the most effective ways to promote the transition of graduates into the world of entrepreneurship. In a research done by Turker and Selcuk [2009], it was clearly stated that getting an adequate education may foster the entrepreneurial intention of a student. Educational initiatives have been considered as highly promising to increase the level of entrepreneurship awareness among students [Liñán et al., 2011]. Besides, having specific courses specialized in entrepreneurship increases the probability of triggering the entrepreneurial intention among students. However, it might be difficult to convert this intention into real entrepreneurship unless there are specific initiatives support students entrepreneurial ideas. Therefore, the government and policy makers provide many initiatives to support and encourage new graduates to establish their own businesses.

#### d) *Supportive Programs for SMEs*

Recently, the government of Sultanate of Oman has taken many initiatives to support Omani entrepreneurs in multiple business disciplines. Such initiatives are: SANAD program, Knowledge of Social Development [Al-Sadi et al., 2013], and Sas program. SANAD program has been established to encourage entrepreneurship and supporting SMEs by providing them necessary finance, guidance and training [Ashrafi and Murtaza, 2008]. Whereas, Sas Program is designed to provide the foundation for creating a new and vibrant Information and Communication Technology (ICT) industry, thereby fostering an entrepreneurial spirit in the ICT sector in Oman. This program provides many services for entrepreneurs such as client needs assessment, coaching and monitoring, accountancy services, legal services, business management services, international business management services, human resource services, marketing services, mentoring services, governmental support, investment readiness, access to finance, client networking, advisory board, and business environment facilities [Information Technology Authority, 2013].

Moreover, the private sector of Sultanate of Oman has also provided many programs to boost entrepreneurship and the Small and Medium Enterprises such as Youth Projects Development Scheme, Intilaqa Program, and Grofin Oman [Al-Sadi et al., 2013]. Intilaqa was created in 1995 by Shell Oil Company which provides an enterprise fund of \$10 million to provide capital and on-going support for SMEs in Omani [Ashrafi and Murtaza, 2008; Shachmurove, 2009]. In addition, The Omani Center for Investment Promotion and Export Development (OCIPED) recently announced the creation of a fund to provide services for SME's [Shachmurove, 2009].

Furthermore, banks in Oman such as Bank Muscat, Bank Sohar, HSBC Bank, and National Bank of Oman. In addition, Microsoft has signed a Memorandum of understanding with Ministry of Education to provide training programs in schools [Al-Sadi et al., 2013].

In brief, college students are the future of the nation's economy and it is significant to concentrate on the factors that might influence their tendency to establish their own businesses after graduation. Entrepreneurship education is critical aspect that colleges have to pay their attention. It is important that governments and policy makers contribute to the fostering of entrepreneurship by providing their valuable initiatives to support entrepreneurs.

### III. RESEARCH DESIGN AND METHODOLOGY

Focus group method has been used to collect the data in this study. Focus groups have been described as a carefully planned discussion designed to

obtain perceptions on a defined area of interest in a tolerant, non-threatening environment [Massey, 2011]. Two focus groups were conducted. Each focus group lasted for approximately 1 hour. Only the factors impacting entrepreneurial intention have been discussed, giving more focus on entrepreneurship education, and government support for entrepreneurs.

Participants have been selected among Information Systems (IS) students in Sultan Qaboos University, Oman. The study included a total of 7 undergraduate students (7 females) aged between 22 and 23 years old. All participants provided informed consent before their involvement in the focus groups. Table 1: shows demographics of participants using coding system.

*Table 1 : Coding System for Participants' Demographics*

	Participant code	Age	Gender	Education level
Focus group 1	S11	22	Female	5 <sup>th</sup> year
	S12	22	Female	5 <sup>th</sup> year
	S13	22	Female	5 <sup>th</sup> year
Focus group 2	S21	23	Female	5 <sup>th</sup> year
	S22	22	Female	5 <sup>th</sup> year
	S23	22	Female	5 <sup>th</sup> year
	S24	22	Female	5 <sup>th</sup> year

Discussions were opened and maintained using open questions. All discussions were audio taped for transcription and analysis. Demographic details, including gender, age, and educational levels were requested from all participants at the start of each discussion. Group sizes ranged from 3 to 5 participants, and groups were conducted until sufficient data had been collected to reach data saturation.

Thematic analysis was used in this study to analyze the collected data. Thematic analysis is a method for identifying, analyzing and reporting patterns or themes within data. It organizes and describes data in rich detail [Schinke et al., 2012].

#### IV. RESULTS AND DISCUSSION

Students' entrepreneurial intention has been discussed in the focus groups. Regarding the extent of students' willingness to become entrepreneurs, all students in focus group 2 have the intention to get a job rather than becoming entrepreneurs. Participants S22 and S24 consider entrepreneurship only as a second source of income not as a primary job whereas participant S21 stated that the idea of the business is the most important derive to become an entrepreneur.

However, student S11 said "I want to have my own business after graduation in addition to getting a job at the same time". She explained that she can reduce the risk of entrepreneurship by having another constant source of income. Students S12 responded that she wants to get a job in the public sector immediately after graduation, but if she couldn't, she will try to find a job in a telecommunication company. If she failed to get a job in public or private sector, then she might establish her own business. Only student S13 was very confident to start up her business after graduation.

Participants S11, S13, S23, and S24 mentioned that before starting any business adventure, it is important to be well educated and prepared to ensure their success. On the other hand, participant S12 stated that she might be willing to start up a business only if she is involved in a supportive program.

When asked about the motivations of entrepreneurship, participants S12 and S13 immediately answered "independence and work flexibility". Additionally, participant S21 highlighted that gaining a status and respective personality is an important factor. "Status is a factor only if the person has leadership skills, otherwise this will not be considered as a motivational factor for entrepreneurship", participant S13 said. Conversely, participant S12 stated that "Status is not a motivational factor. The only motivational factor is money".

Participants S11, S12, S13, and S22 indicated money as an influencer of their entrepreneurial intention. It was clearly identified by S12 that "money is the primary factor to start up a business". Surprisingly, all participants in focus group 1 indicated that security has a negative impact on their entrepreneurial intention because they think that the job security is higher in public or private sector than in entrepreneurship which will minimize their level of motivation regarding entrepreneurship.

In focus group 2, participant S21 stated that people between 30 and 45 are more ready to start up a business. Moreover, S11 said that family background is not a significant factor that influences the entrepreneurial intention and S13 said that family educational background has a limited impact. When talking about the economic factor, "The purchasing power in Oman is not that much big which enforces me to come up with a really attractive business idea in order to secure my business", S21 said. On the other hand, S23 and S24 described the culture as a significant factor.

Regarding the educational factor, the study participants complained that they do not have any entrepreneurship course in the Information Systems (IS) major. Some of them, S21 and S23, have taken a major elective course entitled "Small Business Consulting" from the management department in their college. The management department also provides two other entrepreneurship courses entitled "Entrepreneurship"

and "Small and Family Business". IS students who have taken "Small Business Consulting" course stated that they benefitted a lot from that course because they have been introduced in entrepreneurship and they have been assigned to a real company where they have communicated with and learned about many business-related concepts such as preparing business plan, project plan, and cash flows statements. The study participants, then, recommended that providing an entrepreneurship course in IS major will increase their entrepreneurial intention. S11 said that providing certain entrepreneurship workshops or symposiums will have a positive impact in our entrepreneurial intention.

When asked about government support for entrepreneurs, S11 discussed that "Nowadays, in Oman there is a noticeable interest in supporting entrepreneurship. The government and private sector are providing many programs such as SANAD, Intilaqa, Oman Development Bank, Al-Rafd Fund in addition to providing many workshops and TV programs in order to support entrepreneurs". However, the rest of participants complained that they just know the names of these programs but they are not aware enough about the type of support provided by these programs. Participant S13 recommended that the government and private sector should conduct more marketing campaigns about their supportive programs because increasing the awareness will increase the intention to take a business adventure.

## V. CONCLUSION

This study set out to identify the level of entrepreneurial intention among Information Systems (IS) students, investigating the importance of entrepreneurship education in higher education institutes, and identifying the provided supportive programs for Omani entrepreneurs.

The most obvious findings to emerge from this study are; (1) the majority of IS students have low entrepreneurial intention; (2) the main factors that have positive impact on students' entrepreneurial intention are money, independence, and work flexibility; (3) there is no entrepreneurship course in IS department which impacts students' entrepreneurial intention negatively; and (4) government and private sectors in Oman provide a set of supportive programs for entrepreneurs but Omani students are not well educated about the role of these programs.

The current findings add substantially to our understanding of the tendency of IS students toward entrepreneurship. However, this study is a base for our further research which will include larger sample size and deploy a conceptual framework.

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GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 14 Issue 9 Version 1.0 Year 2014  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

# Crisis and Crisis Management Practices in Small and Medium Sized Enterprises Based in the City of Gaziantep

By Dr. Tuba Buyukbese & Ahmet Tasdemir

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**Abstract-** Enterprises with a growing obligation to sustain their business activities in economic environments of increased levels of uncertainty and risk as a result of the novel circumstances of a developing and changing world and the diverse influences thereof, must be in a position to assess these uncertainties and risks in an accurate manner and develop preparedness for potential crises. Contemporary studies point out that the fact that an enterprise faces a crisis is not necessarily as much of an issue as the type and the timing of that crisis and how prepared the organization is to tackle it. The most effective and decisive elements of crisis management are proper forecasting and the minimization of the adverse effects of a crisis through a timely application of appropriate preparedness measures. In this respect, this paper first presents a general theoretical framework for crises and crisis management, followed by a survey into the perception of crisis and crisis management held by small and medium sized enterprises active at the Gaziantep Baspinar industrial zone.

**Keywords:** *crisis, crisis management, small and medium sized enterprises, SMEs.*

**GJMBR-A Classification :** *JEL Code: H12*



CRISIS AND CRISIS MANAGEMENT PRACTICES IN SMALL AND MEDIUM SIZED ENTERPRISES BASED IN THE CITY OF GAZIANTEP

*Strictly as per the compliance and regulations of:*





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## I. INTRODUCTION

Crisis in the modern world is a turn of events or a process that any organizational structure, be it public or private or small or large, might have to face at a certain point during the course of its lifespan, which can even be a natural outcome of the cycle in which it operates.

The majority of organizations or enterprises takes important decisions, incur high expenditures and make investments in order to grow and raise their revenues. However, all these investments and endeavors can be prone to be melted away at the outbreak of an unexpected crisis for which they have not been duly prepared. For this reason, crisis management is of utmost importance to business organizations.

It would be misleading to judge crisis as a completely negative occurrence. Crises tend to bring about opportunities for organizations as well. Such opportunities may be the outcome of precautionary measures taken by a visionary business leader who has foreseen the indications of a coming crisis, as well as

the benefit of a renovated and improved organizational structure arising out of the successful defeat of an abrupt crisis through sound management practices.

Due both to its geographic location and its economic structure, Turkey has encountered numerous crises throughout its history, several of which have been the crises of April 1994, November 2000, February 2001, the global crisis of 2008 and various domestic unrests and states of war which have haunted its neighboring countries. Regardless of how and why these crises have arisen, the important issue here is whether business enterprises active in our country have duly taken the appropriate preparedness measures against them.

In this respect, and in a country where a wide variety of successive crises are bound to occur, this paper first presents a general theoretical framework for crises and crisis management, followed by a survey into the perception of crisis and crisis management held by small and medium enterprises active at the Gaziantep Baspınar industrial zone, in an effort to shed some light on how domestic businesses view crises and what sorts of relevant preparedness measures they actually take.

## II. CRISIS: A DEFINITION AND ITS TYPES

A common definition of crisis and crisis management does not exist. Experts on the subject and researchers tend to have different definitions for these concepts. Some researchers emphasize the distinctive characteristics of a crisis, describing it as the insufficiency to interfere with a threatening condition, while others define it as an inconsistency between production and consumption or a lack of stability arising out of an incompatibility between the real and financial sectors of an economy (Can, 2005: 387).

Crisis, according to Tagraf and Arslan, is a state of unexpected and unanticipated tension, which threatens the existing values, objectives and assumptions of an organization by impairing its adjustment mechanism, thus requiring immediate intervention by the organization. They describe states of stress, anxiety, panic, etc. as expressions associated with periods of crisis (Tagraf and Arslan, 2003: 150).

Another researcher describes crisis as an uncommon and unexpected event or a series of events, which imposes a high degree of uncertainty, threat or

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perceived threat on the primary objectives of an organization (Veil, 2011: 117).

Like a flu virus, crises in the business world can occur in many different types. Their diversity is so vast that it is practically impossible to identify each and every type of crisis (Augustine, 1995: 148). It can take the shape of a natural catastrophe as well as an economic crisis or simply a major breakdown on the assembly line of a production plant.

In this day and age, civilized societies do not see crises as improbable or rare incidences any more. In fact, certain increases in the abundance and diversity

of crises have been observed, as well as in their geographic distribution and respective time spans (Lalonde, 2007: 17).

According to Mitroff and Anagnos, there are fundamental types of crisis and risk categories that every organization must be prepared for (Mitroff and Anagnos, 200: 32).

These risk categories are listed in the table below, and an intact crisis portfolio is expected to include at least one type of crisis per group shown (Mitroff and Anagnos, 2001: 32).

E conomic	Informational	Physical	
Labor strikes	Loss of proprietary and confidential information	Loss of key equipment, plants, and material supplies	
Labor unrest	False information	Breakdowns of key equipmen, plants, etc.	
Labor shortage	Tampering with computer records	Loss of key facilities	
Major decline in stock price and fluctations	Loss of key computer information with regard to customers, suppliers, etc. (y2k)	Major plant disruptions	
Market crash			
Decline in major earnings			
Human Resource	Reputational	Psychopathic Acts	Natural Disaster
Loss of key executives	Slander	Product tampering	Earthquake
Loss of key personnel	Gossip	Kidnapping	Fire
Rise in absenteeism	Sick jokes	Hosatage taking	Floods
Rise in vandalism and accidents	Rumors	Terrorism	Typhoons
Workplace violence	Damage to corporate reputation	Workplace violence	Hürricanes
	Tampering with corporate logos		Fire

*Figure 1 : Fundamental Types of Crisis and Associated,*

*Source: Mitroff, Ian, Managing Crises Before They Happen, Amacom Books, New York, 2000, pp. 34 - 35*

Parsons classifies crises into three types (Parsons, 1996: 26), respectively as follows:

1. Sudden crises: crises which show little or no implication of their emergence.
2. Gradual crises: they surface slowly and cannot be forecasted.

3. Chronic crises: crises which last for weeks, months or even years.

*a) Factors That Lead To A Crisis*

Factors that tend to create economic uncertainty and instability such as inflation, issues regarding employment, shrinkages in money supply,

fluctuations in financial markets, fluctuations in exchange rates and uncertainty in the international trade regime can cause volatility in all markets, and lead to a crisis (Silver, 1990: 114).

One of the effects of a crisis on business organizations is stress caused by time pressure. Decisions taken under stress can increase the probability of error, and prolong the problem solving process, depriving business managers of their problem solving skills and impairing their self confidence. Moreover can work groups in an organization lose their effectiveness, consequently triggering internal conflicts (Titiz and Carikci, 2003: 205).

The adverse effects of crises on organizations can be consolidated under the following topics (Titiz and Carikci, 2003: 205):

i. *The Centralization of Management Decisions*

A growing necessity to come up with fast and flawless business decisions during crisis periods leads to a centralization of authority within the organization (Dincer, 1992: 284).

ii. *The Pressure to Make Rapid Decisions*

The fact that the decision-making process is centralized and constantly pressed for time jeopardizes decision quality (Barton, 1993: 78). An impaired decision quality forces inexperienced managers without a strong decision-making background into making decisions, which can cause a set of new problems at the organization (Ozdevecioglu, 2002:99).

iii. *Diminished Adaptability Skills*

Organizations may go through momentary or temporary periods of inactivity due to the uncertainty that prevails crisis periods. This tendency towards inactivity prevents the organization from engaging in new ventures, prompting an effort instead to maintain the status quo. In this respect, enterprises going through a period of crisis will experience a tendency towards inadaptability and an overall concern that any changes made to the existing organization might pave the way for new dilemmas (Ozdevecioglu, 2002: 99).

iv. *Increasing Tension*

One of the most important adversities encountered by enterprises during times of crisis is the practice of involuntary layoffs. Resorted to as a method of crisis avoidance, this practice yields very negative effects on the inner workings of an organization (Ozbakir, 1992: 36).

v. *Shaken Confidence*

It becomes harder to keep employees motivated through crisis times due to many negative factors. A fall in motivation is sure to have its adverse effects on the general climate at the workplace. The worst is when it spreads across the organization and tends to rule inter-employee relations. Such an outcome

would trigger a rise in the number of "I told you so" skeptics, causing further personal inter-employee conflicts and an environment of mutual distrust among employees (Ozdevecioglu, 2002: 100).

vi. *Unanticipated Expenses*

Any sort of anti-crisis strategy that an organization develops would bring about a few additional costs and expenses along with it. The establishment of an early warning system, the development of protective and preventive mechanisms and the appointment of specialized professionals to appropriate positions or a resort to the advice of consultants are bound to raise costs. New advertisement campaigns, a revamping of the corporate image or proliferation activities and renovations in sales policy, pricing and decisions regarding customer and supplier relations, which an enterprise may conduct in line with a crisis situation may cause additional expenses. As another example, loans payable based on a foreign currency impose further financial difficulties on a business organization (Titiz and Carikci, 2003: 207).

According to Tuz, the fundamental reason why enterprises encounter sudden or gradual crises is their deficiency in complying with the requisites of a highly competitive market. These factors can be classified into two main groups as external factors and intrinsic factors comprising the internal, structural problems the enterprise may have. Figure 2 exhibits how these two groups can lead to a crisis (Tuz, 1996: 4).

Factors	Crisis	Responses
External / Broad Environment	Crisis	Individual
Internal Environment	Crisis	Organizational

Figure 2 : Crisis Patterns

Source: Tüz V. M., 1996. *Business Management of Crisis Period*., Ekin Bookstore, Bursa.

a. *External Factors*

External factors that may lead to a crisis are macro-economic circumstances beyond the company's control that emanate out of the broad environment that the enterprise operates in. These factors may affect a whole country or even the world economy in general, and threaten the existence of a vast number of enterprises. The rapid change in environmental factors obliges companies to duly adapt to those changes. And a failure in such adaptability on the part of the enterprise results in a crisis (Tuz, 1996: 5).

External or environmental factors which may lead to a crisis in an organization can be outlined as general global or domestic circumstances, domestic social, political and economic circumstances, homeland security issues, technological innovations, acts of god, social unrests and international threats and conflicts (Gultekin and Aba, 2011: 209).

### b. Internal Factors

While external factors are variables beyond companies' control, they can be forecasted to a great extent via an elaborate environmental analysis. It is suggested that, that an enterprise ends up in crisis has much more to do with the effects of intrinsic factors than those of macro variables (Dincer, 1992: 387).

Internal crisis factors generally arise out of determinants such as organizational structure, management, executives, staff, budget and technical equipment. A deficiency in organizational structure or in operations, budgetary and financial insufficiencies, incompetency of an executive or lack of skilled personnel are some of those crisis factors (Sezgin, 2003: 188).

According to Hurst (2000: 160), external sources of crises may have their advantages for an organization; however, even though they arise inevitably as side effects of other indirect occurrences, internal affairs can trigger a crisis, as well. Interestingly, intrinsic crisis factors can take the shape of internal, deliberate acts that aim to cause loopholes in an organization (Sezgin, 2003: 188).

### b) The Stages of a Crisis

Crises may be short-lived or they may extend over a longer time period, and they can be classified as major or minor crises as to their impact on an organization. Although they can be intertwiningly close together, a crisis can comprise four apparent stages. According to Fink, these four stages are as follows (Heller and Darling, 2012: 155 1).

1. The outset stage is when an approaching crisis is still at a warning phase.
2. The outbreak stage is characterized by a rapid onset.
3. Chronic stage, indicating a post-crisis recuperation phase.
4. Settlement stage.

It is noteworthy that not all crises may go through all of these four stages; however, each one of these stages or phases can be traced in every major crisis (Heller and Darling, 2012: 155).

## III. CRISIS MANAGEMENT

Almost every crisis bears in itself the seeds of success as much as it does the roots of failure. Identifying this potential success, developing it and reaping its benefits make up the essence of crisis management. On the other hand, the essence of a mismanagement of crisis is characterized by pessimism and a tendency to make things worse than they already are. Crisis management is a process which requires a thorough analysis of potential success and failure. It commands a well-planned, organized and coordinated effort (Sezgin, 2003: 190).

As in the case with the definition of the concept of crisis, academic literature comprises a diversity of definitions for crisis management.

According to one definition, crisis management is a process that entails the tracking and assessment of potential crisis signals and the implementation and application of necessary measures, which will enable an enterprise to tackle an emerging crisis with minimum loss (Murat and Misirli, 2005).

Gigliotti and Ronald (1991) describe crisis management as a set of skills that an organization possesses, enabling it to duly and effectively overcome the negative effects of a threat to health and well-being, a loss of public or corporate property or any other adverse impact on the organization's ongoing activities (Pheng, Ho and Ann, 1999: 232).

In this day and age of globalization, business enterprises have to sustain their existence in an environment of more intense competition and uncertainty as compared to pre-globalization times. In some cases, this climate of intense competition and uncertainty serves as an opportunity, embracing businesses. Organizations' survival depends on their ability to benefit from such opportunities while protecting themselves from associated pitfalls. In order for the achievement of such an ability, the implementation of an effective crisis management system is a must (Asunakutlu, Safran and Tosun, 2003: 142).

### a) The Crisis Management Process

It is quite difficult for organizations to appropriately respond to the circumstances of a crisis in their day-to-day business and decision making manners. Therefore, management policies during a crisis must differ from the routine. This need for out-of-the-ordinary practices have brought about a set of practices for organizations called crisis management (Can, 2005: 397).

Crisis management is a process of acknowledging and evaluating potential crisis signals and applying appropriate measures for an organization to overcome a crisis with minimum loss (Demirtas, 2000: 363). With its main objective being the preparation of an organization for a crisis situation, crisis management can be dealt with in five sections (Can, 2005: 398):

#### i. The Identification of Crisis Indicators

This is the initial phase of a crisis, where early indications surface. A timely acknowledgment of these signals will prevent the outbreak of a crisis, or facilitate the recuperation phase. A manager's task at this stage is to attain the skill to distinguish signals pointing out to a possible crisis from noisy data.

#### ii. Preparedness and Prevention

Preparatory and preventive mechanisms that will need to be implemented are going to serve the purposes of protecting the departments, units and the

surroundings of the enterprise from impact, in an effort to prevent or minimize damage or loss from the crisis.

iii. *Limiting the Extent of Damage*

At this stage the existence of a tangible crisis, and not just a possibility, is recognized. This phase of crisis management aims to dissolve the crisis and minimize losses, while providing protection from its impact.

iv. *Recuperation*

At this stage, the organization is tried to be put back to its former shape, since integration within the organization's sub-systems will have weakened and organizational structure will have suffered damages during a period of crisis. The priority in such a situation would be to regain efficiency and to re-functionalize a crisis-stricken organizational mechanism.

v. *Assessment and Lessons Learned*

This last phase of a crisis management process comprises a thorough assessment of the decisions, precautions and practices applied during the crisis, and drawing lessons from them. Additionally, taking preventive measures against a recurring crisis, thus using the past crisis experience to the benefit of the organization is also part of this phase of crisis management.

b) *Crisis Management Techniques*

Critical internal functions of a business organization such as finance, production, procurement, marketing and human resources are sensitive to socio-economic, political, legal, competitive, technological, demographic, global and ethical factors associated with their external environment. A yet more elaborate and manageable approach is to define the process required to handle and evaluate future crises. The implementation of proper information systems, planning procedures and decision making techniques comprise the fundamentals of such a process. An information systems application can scan the environment, collect appropriate data, interpret the data keeping an eye on potential opportunities and threats, and provide a solid framework for strategies which may constitute crisis prevention functions (Kash and Darling, 1998: 182 - 183, 185).

Crisis management techniques can be generally outlined as strategic forecasting, contingency planning, problem analysis and scenario analysis (Kash and Darling, 1998: 182 - 183, 185).

i. *Strategic Forecasting*

Strategic forecasting primarily requires formulating projections into the future with the assumption that the organization possesses the skills to adapt to new and upcoming circumstances. There are many forecasting techniques available to managers today that can help them generate accurate predictions,

yet possibly omit certain occurrences which might be classified as surprise factors. Such techniques are made up of qualitative forecasting methods, extrapolation, simulation and cause and effect analyses.

ii. *Contingency Planning*

Contingency plans are those alternatives which end up replacing actual plans in the event of an occurrence of the unexpected. While forecasting constitutes drawing a foresight of and making projections into previously discussed and reasonably apparent incidents, contingency plans prepared by organizations are tailored for less obvious circumstances. To a certain extent, contingency plans are based upon predictable environmental changes. In essence, keeping contingency plans ready at all times would not only protect enterprises against crises, it would also assist them to resolve adverse circumstances arising out of existing crises.

iii. *Problem Analysis*

This approach shows similarities to contingency planning. The goal here is to amplify the external tendencies in the broad environment in which the enterprise operates, in order to keep decision makers on their toes. On the other hand, the efforts made by the enterprise in this manner will be towards turning a problem into an advantage.

iv. *Scenario Analysis*

Scenarios are attempts to define in detail the outcome of a series of events which may cause a pre-determined consequence, or alternatively speculate on the outcomes of present decisions. A scenario analysis requires an organization to consider solutions and alternative solutions to prevent, facilitate or limit potential consequences, positive or negative, and the causal links behind them.

## IV. PRE-CRISIS BUSINESS MANAGEMENT

This is when indications of a crisis start to gradually weigh in. It is in this phase that signals pointing to a potential crisis tend to develop. Early indications may sometimes be omitted by managers due to reasons such as interpretation errors, lack of preciseness in indicators or obstacles in organizational communication (Shrivastava and Statler, 2012: 151).

Organizations possess their own experiences of crises, and this acquired knowledge provides them implications as to what might be coming next. Such a framework concerning a predictable crisis allows organizations to formulate their crisis plans (Seeger, Sellnow and Ulmer, 2003: 167).

Crisis management begins with organizations' crisis preparation and preventive planning endeavors. The preparation phase involves the provision of sufficient security policies and equipment (Shrivastava and Statler, 2012: 151). Academic research on the issue



show that pre-crisis preparedness enables organizations to overcome a crisis with minimal damage, and possibly even create new opportunities out of it (Arslan, 2009 : 3). In the event of a crisis outbreak, it is imperative that every individual within the organization is accustomed to their pre-determined plans. For instance, how a healthy continuity of the correspondence between the organization and government officials or the media and the employees, who will be responsible for the management of same, and what steps should be taken next should be known by individuals within the organization beforehand (Herman and Oliver, 2002).

## V. BUSINESS MANAGEMENT DURING A CRISIS

Crisis management is a cluster of activities applied rationally and in a systematic manner in order to resolve a situation that is identified as a crisis. It comprises systematic decisions to be taken step by step, the appointment of a team to implement those decisions and a rapid generation of outcomes in order to go on to the next step of making new decisions. It is difficult for routine managerial policies to respond to circumstances arising out a crisis, and crisis practices must be disparate. Those who attempt to dissolve a crisis with their day-to-day business and decision making habits are bound to fail (Tuz, 1996: 70).

Leadership skills are sought after during crisis periods. One aspect of these leadership skills constitutes the ability to deal with the team as a whole, and the other, to be able to mediate conflicts among employees (Tack, 1994 35).

Deficiencies of an organization tend to materialize during a crisis. Negligence in business operations might be an issue. Minute disputes may turn into conflicts. Internal relations may end up at risk, jeopardizing the fate of the whole organization. The existence of a true leader becomes crucial at this point. As a competent leader takes the initiative to settle things down, a downfall in the organization may actually be avoided. Trial, planning and devotion tends to urge members of an organization to unite and work in harmony towards a common goal (Silver, 1990: 63).

Time is of utmost priority during a crisis. Therefore, there is always a need for a good plan that outlines in detail the strategies to be pursued. The advantage of planning is that it draws all the attention to the real problem at hand while formulating an infrastructure for future action. Various stages of a crisis management plan to be followed during a crisis period can be listed as follows (Tuz, 1996: 77):

1. Outlining and defining each crisis incident,
2. Developing strategies and tactics to overcome each crisis incident,

3. Identifying the individuals and groups to be effects the most by a crisis,
4. Putting a crisis team in charge,
5. Preparing a communication plan that will minimize damages during a crisis,
6. Testing all measures for functionality.

## VI. POST CRISIS BUSINESS MANAGEMENT

A post crisis business management structure constitutes a management approach to be implemented in the aftermath of a crisis, which includes a management structure aimed at the prevention of a recurring crisis and an outline of the contingency practices to be pursued in the event of one. It is impossible to eliminate the possibility of a recurring crisis; therefore, the critical issue is to be able to take any necessary measures in due time (Oflluoglu and Misirli, 2001).

The first step to take in the aftermath of a crisis is to conduct a status meeting, with a general agenda of determining the post-crisis operational scope and objectives of the organization (Tuz, 1996 : 100), followed by a gradual return to the organization's usual, pre-crisis organizational structure.

At the outbreak of a crisis when a functional business mechanism has been obstructed, the priority must be a rapid restoration of efficiency. Simultaneously, it should be watched over that the problem solving procedures do not create additional disputes between those individuals involved. In this respect, an effective problem solving plan must be implemented. Such a plan may consist of the following principles (Tack, 1994: 25):

1. Identify the problem,
2. Re-determine the problem in line with the objectives in mind,
3. Ask key questions and collect all necessary data,
4. Evaluate all available data,
5. Specify the most applicable and appropriate options,
6. Select an experimental solution,
7. Test the functionality of the experimental solution,
8. Shape a final solution,
9. Apply the final solution.

It is inevitable for certain negative effects such as fear, fatigue, lack of confidence, over-reaction and self-defensive behavior to appear in employees following a crisis. In order to eliminate such adverse effects and remobilize the organization, factors that obstruct efficiency must be disposed of, a set of revised and higher organizational goals must be set, and constructive criticism methods should be made use of to appraise individual efforts shown throughout the crisis (Tack, 1994: 61 - 63).



## VII. CRISIS MANAGEMENT IN SMALL AND MEDIUM SIZED ENTERPRISES ACTIVE AT THE GAZIANTEP BASPINAR ORGANIZED INDUSTRIAL ZONE

### a) Methodology

This study aims to assess the crisis-preparedness of small and medium sized enterprises (SMEs) active at the Gaziantep Baspinar organized industrial zone, and to outline any crisis management practices adopted by them.

With its proximity to Syria, Iraq and other Middle Eastern states, a developed infrastructure and industry, its abundance of a qualified labor force, a free trade zone, a techno-park and five industrial parks established over 11 million square meters of land, the city of Gaziantep has been elected by the Competitive Cities Knowledge Base (CCKB) initiative to be one of the seven most competitive cities of the world, and is generally esteemed as a successful and appealing town. Ranking sixth among Turkish cities with the highest exports, Gaziantep is one of the most economically successful in the country with 1,270 exporting firms, trade relations with 172 countries and an export volume of approximately 6.5 billion dollars in 2013. The decision to conduct this study on enterprises active in the city of Gaziantep has been based on this rationale, coupled with the geo-political location of the city.

The main concern of our study is to seek responses to the fundamental question of "what is the state of crisis management practices" at business enterprises at the Gaziantep Baspinar organized industrial zone. The hypotheses to be tested within the framework of the study, regarding the state of crisis management practices adopted by business enterprises in the area can be listed as follows.

*H1:* It is possible to state that certain crisis management work has been done by enterprises active at the Gaziantep Baspinar organized industrial zone. Some sub-hypotheses can be listed as here below:

*H1a:* It is possible to state that certain pre-crisis crisis management work has been done by enterprises active at the Gaziantep Baspinar organized industrial zone as part of their crisis management schemes.

*H1b:* It is possible to state that certain mid-crisis crisis management work has been done by enterprises active at the Gaziantep Baspinar organized industrial zone as part of their crisis management schemes.

A survey method has been used in the study to collect data in an objective manner, and to be able to apply appropriate quantitative analysis techniques. Surveys have been conducted with company managers with the assumption that management has an effective role in strategy formulation.

800 enterprises active at the Gaziantep Baspinar organized industrial zone have been taken into account within the context of this study, and they comprise the population of this research. It has not been feasible to contact each and every one of these enterprises due to the high count, and a number of other reasons as well. Therefore, the survey has been done with a sample group of 86 selected enterprises.

Out of the 86 companies that received the survey form, 42 have responded, and 44 have opted out due to various reasons. Consequently, the assessments made in this study cover the responses submitted by those 42 business organizations.

### b) Findings of the Research and Comments

As a result of the study, results listed below are gathered from 42 businesses that operate in Gaziantep Baspinar organized industrial zone.

#### 1. The Demographic Characteristics of the Participants in the Businesses within the Scope of the Research

Table 1 : Demographic Characteristics

Demographic Information		Frequency	Percentile
Gender	Female	9	21,4
	Male	33	78,6
	Total	42	100
Marital Status	Married	29	69
	Single	13	31
	Total	42	100
Age Range	20-30	14	33,3
	31-40	12	28,6
	41-50	12	28,6
	51 and above	4	9,5
	Total	42	100
Education Level	Primary School	5	11,9
	High School	5	11,9
	College	8	19
	University	22	52,4
	Master	1	2,4
	Ph.D.	1	2,4
	Total	42	100

When we look at the distribution of the executives according to their age groups we see that the executives between ages 20-30 are in the first place with 14 people (33, 3%). This group is followed by a group of executives between the ages 31-40 and 41-50 with 12 people (28, 6%). According to this distribution, at first we can say that executives between the ages 20-30 are more; but when we expand the age gaps, it appears

that executives between the ages 31-50 consist 57, 2% of the executives. Also, the table shows that 33 respondents (78, 6%) are male, whereas 9 (21, 4%) are female. It can be seen that majority of the respondents are male. When we look at the marital statuses of the respondents, we see that 29 (69%) of them are married, whereas 13 (31%) are single. The answers given by the executives to the questions about their education levels indicates that 22 of them (52, 4%) are university graduates, and only 2 of them as masters (4, 8%). It can be seen that the majority of the executives participated in the research are university graduates.

## 2. Duties of the Participants in the Business within the Scope of the Research

Table 2 : Participant's Duties in the Business

Participant's Duties in the Business	Position	Frequency	Percentile
	Upper Level	18	42,9
	Medium Level	9	21,4
	Sub Level Supervisor	8	19
	Engineer	3	7,1
	Chef	1	2,4
	Master Builder	1	2,4
	Worker	0	0
	Other	2	4,8
	<b>Total</b>	<b>42</b>	<b>100</b>

Answers given by the participants to the question about their position in the institution they are working at resulted with 18 upper level executives (42, 9%) and 9 middle level executives (21, 4%). This result shows us that majority of the respondents are in a decision maker position

Within their institutions and they have the ability To decide about the crisis management in case of a crisis; therefore, the study aims to get the correct data. about their approaches.

## 3. Participant's Duration of Working in the Business within the Scope of the Research

Table 3 : Participant's Experience Information

Experience Information		Frequency	Percentile
Executive Work Period	Less than 1 year	4	9,5
	1-3 years	11	26,2
	4-6 years	7	16,7
	7-9 years	5	11,9
	10 years and above	15	35,7
	<b>Total</b>	<b>42</b>	<b>100</b>

The answers respondents gave to the question about how long they have been working in the institutions they are at are indicated on the table. 15 of the executives (35, 7%) have been working for 10 or more years in the businesses they work, whereas only 4 of them (9, 5%) have been in the Business for less than 1 year. This shows us that majority of the respondents have a past Experience and information and knowledge about the structures of the businesses.

## 4. General Information about Businesses within the Scope of the Research

Table 4 : Business Information

Business Information		Frequency	Percentile
Title	Limited	26	61,9
		14	33,3
	Collective	0	0
	Comandite	0	0
	Other	2	4,8
	<b>Total</b>	<b>42</b>	<b>100</b>
Business Management Structure	Family Members	27	64,3
	Members Other Than Family	12	28,6
	Professional Managers	3	7,1
	<b>Total</b>	<b>42</b>	<b>100</b>
Business Activity Duration	0-5	4	9,5
	6-10	8	19
	11-15	17	40,5
	16 and more	13	31
	<b>Total</b>	<b>42</b>	<b>100</b>

When we look at the answers about the title of the businesses, the administrative structure and operating time of the businesses in the respondents' replies, these are the results: 26 of the businesses where the respondent executives work at are Limited (61, 9%), and 14 Incorporated Company (33, 3%). When we look at the administrative structures of the businesses, 27 of the respondents have indicated that the businesses are ruled by family members (64, 3%) as only 3 of the participants have responded that the businesses are run by professional executives (7,1%). When we look at the operation time periods of the businesses 17 of them have been operating between 11-15 years (40, 5%), as only 4 respondents answered that their businesses have been running for less than 5 years (9, 5%). This clearly indicates that a great percentage of the businesses that participated in this interview have been operating for more than 5 years and are experienced in their sectors.

5. *Crisis in the Businesses within the Scope of the Research*

Table 5 : The Crises that Businesses had previously

Samples from the Crises that Businesses had Previously		Frequency	Percentile
2001Economic Crisis	Effected	7	16,7
	Not Effected	35	83,3
	<b>Total</b>	<b>42</b>	<b>100</b>
2008 Economic Crisis	Effected	8	19
	Not Effected	34	81
	<b>Total</b>	<b>42</b>	<b>100</b>
Fluctuations in Exchange Rates	Effected	16	38,1
	Not Effected	26	61,9
	<b>Total</b>	<b>42</b>	<b>100</b>
The Disorders in Neighboring Countries and Target Markets	Effected	14	33,3
	Not Effected	28	66,7
	<b>Total</b>	<b>42</b>	<b>100</b>
Problems Experienced in Qualified Personnel Employment	Effected	8	19
	Not Effected	34	81
	<b>Total</b>	<b>42</b>	<b>100</b>
Problems Experienced in Obtaining Quality Raw Material	Effected	7	16,7
	Not Effected	35	83,3
	<b>Total</b>	<b>42</b>	<b>100</b>

Respondents were asked about the situations of crisis within the businesses they worked at and as there are numerous situations of crisis, the excessive fluctuations in exchange rates turned out to be the crisis mostly exposed to with 16 (38,1%), followed by turmoil and war experienced in neighboring countries and wars with 14 (33, 3%).

6. *Crisis Management Planning before the Crisis in the Businesses within the Scope of the Research*

Table 6 : Planning before crisis

Planning before crisis		Frequency	Percentile
Planning before Crisis	There was a crisis management program established before the crisis	6	14,3
	There was not a crisis management program established before the crisis	36	85,7
	<b>Total</b>	<b>42</b>	<b>100</b>

The answers given to the question whether there was a crisis management plan in the businesses before the crisis or not indicate that 36 of the respondents have mentioned that there was no crisis management plan before the crisis (85, 7%) as only 6 respondents said that the businesses had a crisis management plan before the crisis (14, 3%). This data clearly shows that most of the businesses did not have any kind of preparations for the crisis.

7. *The Level of Crisis in the Businesses within the Scope of the Research*

Table 7 : Level of Effect from Crisis

Level of Effect from Crisis		Frequency	Percentile
Level of Effect from Crisis	High Level	5	11,9
	Middle Level	17	40,5
	Low Level	18	42,8
	No Effect	2	4,8
	<b>Total</b>	<b>42</b>	<b>100</b>

According to the results of the research, most of the businesses were effected from the crisis. Only 2 of the respondents indicated that the businesses they worked in were not affected from the crisis (4, 8%). On the other hand, 18 respondents have said their businesses were effected at a low level (40%), 17 of them said with a middle level (23%) and 5 of them said with high level (119%).

8. *Crisis Management Planning during the Crisis in the Businesses within the Scope of the Research*

**Table 8 :** Crisis Management during The crisis

Crisis Management during The crisis	Frequency	Percentile
There was a crisis management plan before the crisis	4	9,5
There was no crisis management plan before the crisis	38	90,5
<b>Total</b>	<b>42</b>	<b>100</b>

A question was asked to find out whether the businesses with no crisis management plan before the crisis have prepared a crisis management plan during the crisis or not. Only 4 respondents (9.5%) have said that the businesses established a crisis management plan during the crisis, and 38 of them said (90.5%) that businesses did not do that.

9. *Precautions to Get Out of the Crisis during the Crisis Period in the Businesses within the Scope of the Research*

**Table 9 :** Precautions to Get Out of the Crisis

Precautions to Get Out of the Crisis	Frequency	Percentile
Decreasing the Assets	Applied 12 Not Applied 30 <b>Total 42</b>	28,6 72,4 <b>100</b>
Changing the Management	Applied 7 Not Applied 35 <b>Total 42</b>	16,7 83,3 <b>100</b>
Decreasing the Cost	Applied 24 Not Applied 18 <b>Total 42</b>	57,1 42,9 <b>100</b>
Additional Debts	Applied 20 Not Applied 22 <b>Total 42</b>	47,6 52,4 <b>100</b>
Developing a Market	Applied 27 Not Applied 15 <b>Total 42</b>	64,3 35,7 <b>100</b>
Making Organizational Changes	Applied 12 Not Applied 30 <b>Total 42</b>	28,6 72,4 <b>100</b>
Changing the Product and Market	Applied 17 Not Applied 25 <b>Total 42</b>	40,5 59,5 <b>100</b>
Buying another Company	Applied 2 Not Applied 40 <b>Total 42</b>	4,8 95,2 <b>100</b>
Making new Investments	Applied 4 Not Applied 38 <b>Total 42</b>	9,5 90,5 <b>100</b>
Expelling Employees	Applied 17 Not Applied 25 <b>Total 42</b>	40,5 59,5 <b>100</b>
Other	Applied 1 Not Applied 41 <b>Total 42</b>	2,4 97,6 <b>100</b>

It has been determined that a great majority of the businesses do not have a previously prepared crisis management plan and this caused the businesses to get caught by the crises unprepared. Besides, it has also been indicated that these businesses that get caught by the crises did not make any effort to prepare a crisis management plan at all. Therefore, questions were asked to find out how they got through the crises without any crisis management plan. The precautions respondents might have taken during crisis and the rates of implementations were shown in Table 9. 27 out of 42 participant businesses (64, 3%) said they used Market Development strategy, as 24 of them (57,1%) said that they use Decreasing the Costs, whereas 20 of them used (47,6%) additional debts, 17 of them use (40, 5%) changing products and markets and 17 of them said they used expelling employees (40, 5%).

10. *Moral Situation of the Personnel during the Crisis in the Businesses within the Scope of the Research*

**Table 10 :** Crisis management planning during the crisis

Crisis management planning during the crisis		Frequency	Percentile
Moral Situation of the Personnel during the Crisis	Effort was shown to keep the morale of the personnel up during the crisis.	20	47,6
	No effort was shown to keep the morale of the personnel up during the crisis.	22	52,4
Total		42	100

Spondents were asked whether there was any effort to keep the morale of the employees up during the crisis. According to the results, 20 of the businesses (47, 6%) have had an effort to keep the morale of their personnel up during the crisis, whereas 22 of them (55,4 %) did not show any effort as such.

**11. Administration Style during the crisis in the Businesses within the Scope of the Research**

**Table 11 :** Change in the Administration Style during the Crisis

Crisis management planning during the crisis		Frequency	Percentile
Change in the Administration Style during the Crisis	There was a change in the Administration Style during the Crisis	9	21,4
	There was no change in the Administration Style during the Crisis	33	78,6
	Total	42	100

Respondents were asked whether there was a change in the administration style during the crisis. According to the results, only 9 of the respondents (21, 4%) said that there was a change, whereas 33 of them

(78, 6%) said that there was no change in the administrative style during the crisis.

**12. Emergency Information Center during the crisis in the Businesses within the Scope of the Research**

**Table 12 :** Emergency Information Center during the crisis

Crisis management planning during the crisis		Frequency	Percentile
Emergency Information Center during the crisis	There was an emergency information center during the crisis	6	14,3
	There was no emergency information center during the crisis	36	85,7
	Total	42	100

Respondents were asked whether an emergency information center was established during the crisis or not. The results indicate that only 6 of the respondents (14, 3%) have mentioned that there was that unit whereas 36 of the participants (85, 7%) said there was none.

**13. Post-crisis situation analysis in the Businesses within the Scope of the Research**

**Table 13 :** Post Crisis situation analysis

Post Crisis situation		Frequency	Percentile
Post Crisis situation analysis	The analysis has been conducted after the crisis	19	45,2
	The analysis was not conducted after the crisis	23	54,8
	Total	42	100

It has been asked whether a post-crisis situation analysis has been conducted or not. 19 businesses (45, 2%) have indicated that this analysis was made after the crisis, whereas 23 of those (54, 8%) have said there was no nalysis.

**14. Post Crisis Situation in the Businesses within the Scope of the Research**



**Table 14 :** Post Crisis Situation in the Businesses

Post Crisis Situation		Frequency	Percentile
Post Crisis Situation	A New Restructuring was made after the crisis	22	52,4
	A New Restructuring was not made after the crisis	20	47,6
	<b>Total</b>	<b>42</b>	<b>100</b>

It has been asked whether a restructuring has been conducted or not. 22 businesses (52, 4%) have indicated that A New Restructuring was made after the crisis, whereas 20 of those (47, 6%) have said A New Restructuring was not made after the crisis.

**15. Opinion of the executives about the crisis management in the Businesses within the Scope of the Research**

**Table 15 :** Opinion of the executives about the crisis management

Opinions About Crisis Management	Frequency	Percentile
3-4-1	6	14,3
5-4-1	3	7,1
1-2-3	1	2,4
3-1-4	4	9,5
2-3-4	9	21,4
1-3-5	4	9,5
4-3-2	4	9,5
2-3-1	1	2,4
5-4-3	1	2,4
1-3-4	1	2,4
3-2-4	2	4,8
3-4-5	4	9,5
3-5-4	2	4,8
<b>Total</b>	<b>42</b>	<b>100</b>

- Increase in the number of crises forces the businesses to gather more knowledge about the crisis management.*
- Crisis management or crisis preparation is a high cost, luxury event that can only be conducted by huge businesses.*

- Crisis management is a brand new subject for the businesses in our country.*
- Crisis management necessitates a huge amount of knowledge*
- Each crisis is special, so there is no need to conduct a comprehensive preparation for crisis management.*
- Other (Please write down any other opinions you have and then make the evaluation accordingly)*

Within the scope of the research, respondents were asked to classify the options about crisis management according to their opinion. The numerated statements of these options above are sorted according to their priorities by the respondents. This sorting that determines the opinions of the respondents about crisis management is at Table 15. 9 of the businesses that participated have made the sorting of 2-3-4 (21, 4%), 6 of them made 3-4-1 sorting (14, 3%). According to these results, it can be said that most of the participants have stressed the importance of 1, 3 and 4. So, the opinion of the participants about crisis management can be listed as below:

- Increase in the number of crises forces the businesses to gather more knowledge about the crisis management.
- Crisis management is a brand new subject for the businesses in our country.
- Crisis management necessitates a huge amount of knowledge

## VIII. CONCLUSION

Crises are cases or events which will have negative effects in the organizational structures that need to be pre-cautioned immediately. Our country witnesses global and local crises. Especially the recent economic crises, internal conflicts in neighbors, war in Syria and Iraq can be given as examples.

To get rid of the negative effects of these crises or to decrease them as much as it could be, businesses need to have an efficient crisis management plan. But according to the data from the interview, most of the SMEs operating in Gaziantep do not have any type of crisis management. Also, the data indicate that the businesses which did not have any kind of crisis management plan before the crisis did not have a tendency to create a crisis management plan during the crisis; and that some precautions to eliminate or decrease the negative effects of the risks were not developed.

Within the scope of this research, it is a very important point that those businesses that operate in a region where crises occur frequently, have not developed a crisis management plan, and do not have any tendency to create one during the crisis, they have been effected from the crises either in low or middle levels.

These businesses, SMEs, that consist a great amount of Turkish economy, have important inadequacies in struggling with crisis. SMEs did not develop an effective organization model, and the business administrations in those are limited with accumulation of knowledge, experience and intuitions of the executives. Therefore, the businesses administered by executives who do not have the necessary information about crisis management do not make a crisis management plan even though they keep on experiencing the similar crises continuously.

Another important aspect is that the developments witnessed are ignored by the executives. Any uncertainty or risk could be the beginning of more important negativity for the business, employees, society and even for the country. Therefore, whether huge or small, all the institutions should analyze all kinds of risks and take the necessary precautions starting from their establishment.

Therefore, to help the businesses take the necessary precautions against the possible crises and to prepare efficient crisis management plans, their executives should have the necessary knowledge and experience along with an ability to analyze all types of risks. Also, the businesses need to have more efficient briefings about crisis management planning, emphasizing the importance of crisis management.

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GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 14 Issue 9 Version 1.0 Year 2014  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

# Supply Chain Management of Super Shops in Perspective of Bangladesh

By Avizit Basak & M. M. Israfil Shahin Seddiqe

*Rajshahi University of Engineering & Technology (RUET), Bangladesh*

**Abstract-** Supply Chain Management (SCM) is the critical backbone to Business Organizations today. Effective Market coverage, Availability of Products at locations which hold the key to revenue recognition depends upon the effectiveness of Supply Chain Strategy rolled out. Very simply stated, when a product is introduced in the market and advertised, the entire market in the country and all the sales counters need to have the product where the customer is able to buy and take delivery. In recent times super shop business is growing at a high rate in Bangladesh. A lot of super shop is continued their business in the various cities of Bangladesh. They are also expanding their business. The shops deliver the customers a huge amount of goods and products of various types. The supply process of the goods is really challenging. The paper represents the present supply chain management of the super shops in Bangladesh.

**Keywords:** *super shop, SCM.*

**GJMBR-A Classification :** *JEL Code: J29*



SUPPLYCHAINMANAGEMENTOFSUPERSHOPSINPERSPECTIVEOFBANGLADESH

*Strictly as per the compliance and regulations of:*



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**Keywords:** super shop, SCM.

## I. INTRODUCTION

To meet the demands of today's marketing environment, organizations are looking to service initiatives as a means to create or sustain competitive advantage. A strong brand provides the leadership framework and umbrella to focus all marketing and resources in a manner that will generate the greatest results. Now a day's retailers are turning to brand strategies to strengthen their marketing programs in an environment that is increasingly characterized by accelerating rate of changes, variety of products, extreme competitions and superior customer services etc.

Super market or super shop sector is expanding hand over different marketing events every day. As the demand for better service increases day by day, they are coming with different innovative ideas & products. As a result, it has become essential for every person to have some idea on supply chain management (SCM). Supply Chain Management is the core business practice that determines true effectiveness of other management activities. An efficient Supply chain Manager holds such a position that deals with Marketing, Human Resources, Finance, Operations, IT and as a whole the regulator of total business actions.

## II. METHODOLOGY OF THE STUDY

The study is a descriptive in nature, which was conducted by collecting primary and secondary data. The study tries to focus on the supply chain management practice of branded retail super chain shop and how the customer perception about the super shop. In preparing a report about the topic, it is a difficult and complicated task and no single method is appropriate for preparing the report. For these reasons, a number of procedures were followed to prepare a meaningful report. The methodology of the task can be depicted as follows:

**Sources of Data:** Data have been collected from both primary and secondary sources.

**Primary sources of data:** Primary data is the type of data that is collected for the research purpose at hand. For the purpose of our study we have been collected primary data through informal conversation with the management (Officers & stuff), conversation with customers and the observations of various super shops.

**Secondary sources of data:** Secondary data is the type of data that is collected for addressing the other purpose, not the present purpose. I have been collected secondary data through brochure, operational manual, different circulars, and web sites.

**Analysis of data:** Collected data analyzed by using percentages, graphs to draw the conclusion. All the data is shown in tabular form.

## III. ABOUT THE SUPER SHOP

The super stores are currently focused in food retailing, ranging from a wide variety of fresh vegetable, fruits, meat and fish to grocery, bakery, dairy, personal and household products. It provides its customers with guaranteed quality and freshness. It carries more than 30,000 varieties of products and has plans to expand its product portfolio to carry other ranges of consumer products in the coming years. It buys products direct from the growers, which benefits the latter as well as the customers. The products are procured under the direct supervision of its officials who maintain strict procurement and marketing standards. Products on the shelves are regularly monitored for expiry dates. About 2,000 customers use every day in every stores. Customers prefer using both cash and credit cards. The super shops are open from 8 am to 9 pm every day.

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Rush of customers is experienced in the morning and evening. Most of the employees of these stores are

young and well-educated, some with Masters and MBA degrees.

#### IV. ORGANIZATIONAL STRUCTURE OF A SUPER SHOP

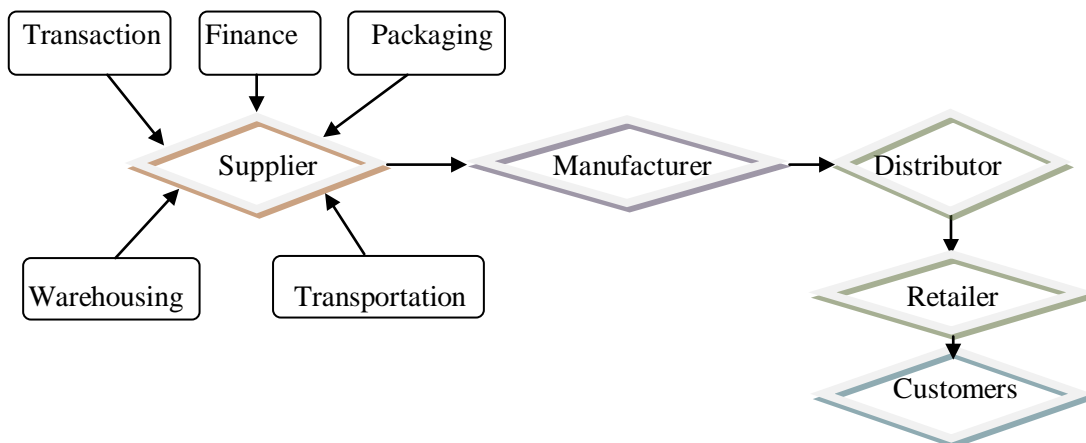


#### V. DEFINITION OF 'SUPPLY CHAIN MANAGEMENT - SCM'

Supply Chain Management (SCM) is the streamlining of a business' supply-side activities to maximize customer value and to gain a competitive advantage in the marketplace. We represent an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production, to product development, to the information systems needed to direct these undertakings. A supply chain is comprised of all the businesses and individual contributors involved in creating a product, from raw materials to finished merchandise. Examples of supply chain activities include farming, refining, design, manufacturing,

packaging and transportation. Retail companies become involved in supply chain management in order to control product quality, inventory levels, timing, and expenses. In a global economy, supply chain management often includes dealings with companies and individual contributors in other countries, which requires involvement in politics, trade and tariff laws, quality control, and international relationships. Because global supply chains are both logistically and technologically complicated, there are now global supply chain management specialists and firms who oversee the process for many different retail companies. SCM is also called the art of management of providing the Right Product, At the Right Time, Right Place and at the Right Cost to the Customer.

#### VI. FLOW CHART OF SUPPLY CHAIN MANAGEMENT



#### VII. FORMATION OF SUPPLY CHAIN

Formation of supply chains are Trade environment, Nature of the commodity, Strategies of the

company, Availability and cost effective infrastructure, Economic strength of the consumers, Consumers demands etc.

## VIII. MANAGEMENT OF SUPPLY CHAIN

Management of the supply chain depend on various decision, such as-

*Supply chain strategy or design:* This decision involves how to structure the supply chain. It is process of making a configuration of the chain. It involves the decision regarding the selection of locations, mode of transportation and capacities of the production unit.

*Supply chain planning:* It is decision regarding the planning of the set of operating policies to be performed to achieve the framed objectives for short term period. It involve the plans of inventories production, supply target, subcontracting, replenishment of the stock etc.

*Supply chain operation:* The Company makes weekly and daily decision regarding the operations based individual customer orders. It involves allocation of the individual orders to inventory or production department with due dates, generation of pick lists, allocation of orders to shipment etc.

## IX. PROCESS OF SUPPLY CHAINS

Cycle	Stage
Customer Order Cycle	Customer
Replenishment Cycle	Retailer
Manufacturing Cycle	Distributor
Procurement Cycle	Manufacturer
	Supplier

### a) Cycle View

The process in a supply chain is divided into a series of cycles, each performed at the interface between two successive stages of a supply chain. It involves customer order cycle, replenishment cycle, manufacturing cycle and procurement cycle.

### b) Customer Cycle

Customer Order Cycle	Customers
	Retailers

This cycle is related to- a. Arrival of customer, b. Order entry, c. Fulfillment of order and d. Receiving of the product.

### c) Replenishment Cycle

Replenishment Cycle

Retailers

Distributor

This cycle is related to- a. Triggering the order, b. Order entry, c. Fulfillment of order and d. Receiving of the products.

### d) Manufacturing Cycle

Manufacturing Cycle

Distributors

Manufacturers

This cycle is related to- a. Arrival of orders, b. Planning of production schedule, c. Manufacturing of the products and d. Receiving of the product by distributor.

### e) Procurement Cycle

Procurement Cycle

Manufacturers

Suppliers

This cycle is related to- a. Arrival of the order of the suppliers, b. Planning of production schedule by suppliers, c. Manufacturing of the suppliers and d. Receiving of the as input by manufacturers.

### f) Push/Pull View

The processes in a supply chain are divided into two categories depending on whether they are executed in response to a customer order or in anticipation of customer orders. Push processes are initiated by performed in anticipation of customer orders. Pull processes are initiated by a customer order. For example the productions of the spare parts of the machinery are push processes and assembling the parts as a unit on demand of customer are pull processes.

## X. STRATEGIC FIT IN SUPPLY CHAIN MANAGEMENT

### a) Understanding the customer

a). Quality	b). Quantity	c). Response time
d). Variety	e). Service level	f). Price/Rate

### b) Understanding the supply chain

Response of the chain to quantity and quality demanded, short lead times, handling of the product, service level, cost-responsiveness efficiency.

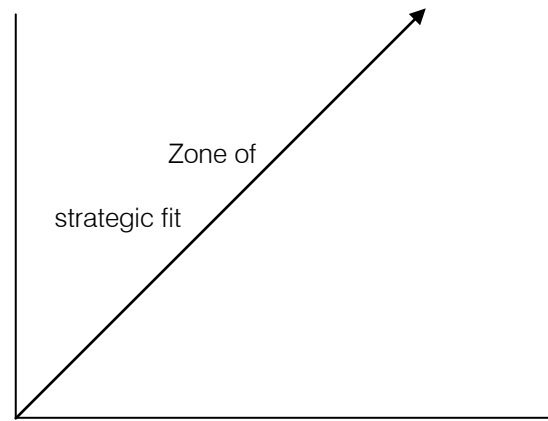
c) *Achieving the strategic fit: Amongst*

Responsive supply chain---

Responsive spectrum----

(Chain response to quantity demanded capacity)

Efficient supply chain



Certain Demand-Implied Uncertainty Spectrum-Uncertain Demand

Year 2014

52

Global Journal of Management and Business Research (A) Volume XIV Issue IX Version I

## XI. FRAME LEVEL STRATEGIES OF SUPPLY CHAIN

There are various levels of strategies for a supply chain management. Such as-Market led production, Quality Production, Group Marketing, Adoption of Technology, Undergoing Training, Community use of infrastructure etc.

## XII. DRIVERS IN SUPPLY CHAIN MANAGEMENT

The drivers in supply chain management are-

### a) *Inventory*

- Quantity (Higher quantity inventory, the low cost per unit)
- Volume (More volume, more cost)
- Nature of inventory (Liquid, Solid, Raw materials, Semi-finished & Finished)

### b) *Transportation*

- Mode: Roadway, Railway, Shipway, and Airway.
- Route and Network selection.

### c) *Facilities*

- Space for moving inventories like yard, Labor, Capacity of facility, and Loading unloading devices like bucket, elevator, belt conveyor.

### d) *Information*

- Data on availability and requirement of inventory
- Data on the position of the inventory in various stages (Inventory on the way, in warehouse, time to be taken to reach)

## XIII. MARKETING STRATEGIES AND MANAGEMENT PRACTICES OF SUPER SHOPS IN BANGLADESH

### a) *Product marketing strategy and practices*

In this part of study we will describe about the product marketing system, how they position their

product, how they distribute their product, how they communicate with consumers. Every shop always tries to create a successful marketing mix, such as-The right Product, Sold at the right Price, In the right Place, Using the most suitable promotion

### b) *Pricing strategies and practices*

At first they do marketing their products and then they run their activities in operation and after that they ensure the availability of that product when the consumers want these products.

The super shop's growth over the last 12 years has involved a transformation of its strategy and image in Bangladesh. Its initial success was based on the "Pile it high, sell it cheap" approach of the founder management. The disadvantage of this was that the stores had a poor image with middle-class customers. In the year 2001 Agora's brand image was so negative that consultants advised the company to change the name of its stores. It did not accept this advice, yet by early 2003 it was the largest retailer in Dhaka, with a 29.0% share of the grocery market according to retail analysis. TNS Super panel, compared to the 16.8% share of ASDA and 15.6% share of third placed NANDAN, which had been the leading competitor until it was beaten by Agora in 2004.

*Key reasons for this success include:* An "inclusive offer"- this phrase is used by Agora to describe its aspiration to appeal to upper, medium and low income customers in the same stores. According to Citigroup retail analyst David McCarthy, "They've pulled off a trick that I'm not aware of any other retailer achieving". That is to appeal to all segments of the market -By contrast ASDA's marketing strategy is focused heavily on value for money, which can undermine its appeal to up market customers even though it actually sells a wide range of up market products. During its long term dominance of the supermarket sector Nandan's retained an image as a high priced middle class supermarket which considered it to have such a wide lead on quality that it did not need to compete on price, and was indifferent to

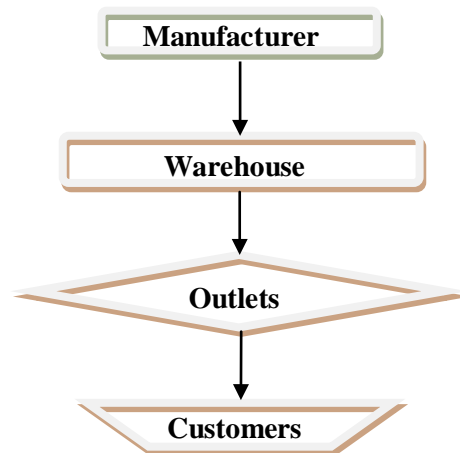
attracting lower income customers into its stores. This strategy has been abandoned since losing the number 1 spot to Agora and particularly since the adaption of new management in 2004 that has established a new customer focused strategy closer to that of Agora. Similar brand super shops are Swapno, Menabazar etc. was focused their image by selling at cheap and advertizing various types of offer to popular their shop. These company has taken the lead in overcoming customer reluctance to purchasing own brands, which are generally considered to be more profitable for a supermarket as it retains a higher portion of the overall profit than it does for branded product.

### c) Supply Chain (Place) Strategy and Practices

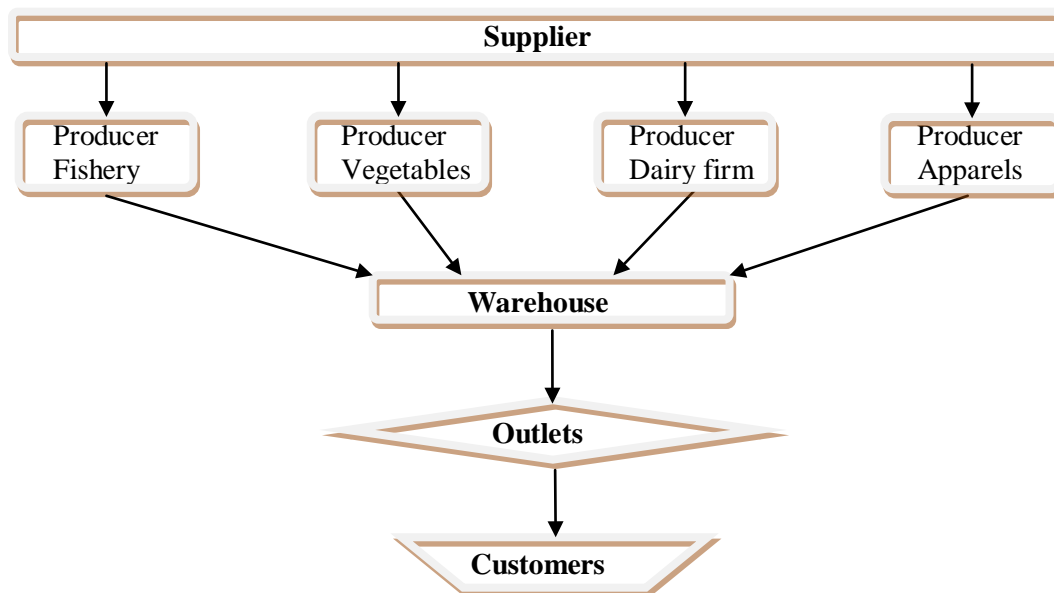
Supply Chain of the super shops is not a lengthy process. Basically their supply chain is totally ware house based. Most of them have a large ware house. At first they store the entire product from different manufacturer in their warehouse. The transportation cost is totally born by the manufacturing company. Then the stored products are distributed through their own vehicles to its several outlets. There is no intermediary between ware house and manufacturing company. No product directly comes to the outlet without the hand of warehouse. These are the supply chain of a super shop at a glance. Now the product wise supply chain explanation of a super shop in Bangladesh is as below.

*Supply Chain of Consumer goods:* In case of consumer goods every super shop have contract with the manufacturer like Unilever, Reckit-Benkizer, Square, Keya, Kohinoor Chemicals etc. This company directly

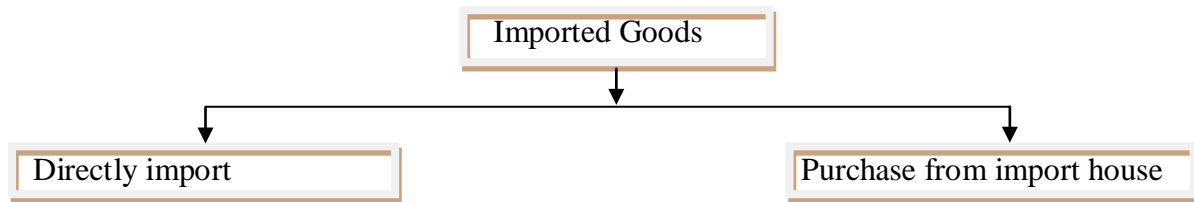
deliver product to the ware house of these super stores. There is no intermediary between this two. The products are never come to the outlets without the hand of ware house.



*Supply Chain of Agricultural product:* The supply chains of Agricultural products of the super shops are too much flexible. They have contract with some agricultural firms like vegetables firms, hatchery, poultry firms, mushrooms firms, dairy & flesh firms (Milk, Beef, Mutton) etc. These firms supply fresh agricultural items as daily, 2 days, 3 days, weekly, bi-weekly or monthly based to the shops. The transportation costs are taken by the producer. All the products are first come in warehouse. Then they deliver to outlets.



*Supply Chain of imported goods:* In case of imported goods, a super shop collects goods in two ways- (a) Direct import and (b) Purchase from import house.



#### d) *Process view of supply chain of super shop*

There are two different ways to view the process performed in a supply chain management (S.C.M) – (i) Cycle View and (ii) Push/Pull View. Based on those two views, the manager of agricultural foods of these stores explains the process of supply chain. Those are explained below.

##### i. *Cycle View*

There are four cycles followed by those stores- (a) Customer order cycle, (b) Replenishment cycle, (c) Manufacturer cycle and (d) Procurement cycle.

Each supply occurs at the interface between two successive stages of the chain. Supply chain management by Sunil Chopra describes that a grocery supply chain has all four cycles separated. We have found the validity of this in the speech of Mr. Labib, the Head of agricultural foods items of Agora. When the customer of Agora buys products from its outlets like Dhanmondi, Uttara, Hatirpul etc, it is customer order cycle, when the outlet likes Uttara replenish its products (that are already sold) from outlets. It is replenishment cycle, when retailer brings products from distributor. It is manufacturing cycle, when distributor collects materials from manufacturer. And it is procurement cycle, when distributor collects materials from manufacturer. And it is procurement cycle, when manufacturer collects raw materials from suppliers.

##### ii. *Push/Pull process and Boundary*

These super shops usually use push process. At first the raw materials of any particular product go to the manufacturer. Then the manufacturer produces the products and sends the products to the warehouse of these shops. The products are inventoried over the warehouse. Whenever the products from outlet finished, then the products completely replenished from the warehouse to outlet. At the end the products are exhibited to the outlet and products are purchased by the customer. All the promotional activities are taken by the manufacturer about the product.

#### e) *Promotional strategy of a super shop*

##### i. *Major Advertisement tools*

**Print Media:** Newspapers (Prothom Alo, Jugantar, Daily Star etc), Magazine (Adandaloc, Weekly 2000 etc)

**Broadcast Media:** Television, Radio (FM Radio Today, ABC and Furti)

**Internet and website:** Every shop has its own website

Name-www.agorabd.com. In which they provide variety of information about the products, offers etc.

**Sales promotion:** In special occasion like, Eid, Durgapuja, Christmas and after 2 or 3 month later they provide discount on buying certain amount of product. If anyone buys membership card, he or she get some valued gift.

**Major Public relation tools:** In public relation, they sponsor the various kinds of events such as: concert, various social activities such as blood donation etc. Besides its have own website by which they make relation with consumer. By public relation every stores want to build a good corporate image in consumers.

**Direct Marketing:** In direct marketing, they communicate with consumers by direct mail, SMS, e-mail etc.

#### f) *Physical Environment of super shops*

Their interior is similar to most supermarkets in design and layout due to trends in marketing. It produces ends to be near the entrance of the store. Milk, Bread and other essential items are located in the rear and other out of the way places. This is purposely done to ensure maximum time spent in the store, strolling past other items and capitalizing on impulse buying. The front of the store or Front-End is where one might find point of sale machines or cash registers. Every shop has plans to implement self-checkout devices in their stores in an attempt to reduce labor costs as well as bringing complete customer satisfaction.

## XIV. SUMMARY OF FINDINGS

#### a) *Findings*

A SWOT analysis identifies and assesses the Strengths, Weaknesses, Opportunities and Threats an organization faces. SWOT analysis of these shops illustrates to upper management what the company is excelling in, what improvements need to be made, where growth is possible and what preemptive measures need to be taken to protect shareholder or company value. During the research study, several findings are found:



	Helpful	Harmful
 Internal	Strengths	Weaknesses
 External	Opportunities	Threats

- Every shop build up a very strong relationship with the customers and that is the main strength of their business
- The disadvantage of these shop approach that is "Pile it high, sells it cheap" is that the stores have a poor image with middle class customers.
- As all the leading retail stores are Dhaka based. Most of them do not have any outlet in any other districts of Bangladesh.
- Because of high prices of raw materials and fuels the company cannot response accordingly prices changed by competitors. So, they can't attract and retain customers properly because of high prices.
- The company needs to advertising to increase popularity and brand image.
- Most of the customers are satisfied with the super shop products for maintaining the full satisfaction of customers for purchasing products from the shop.

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### XV. RECOMMENDATIONS, SUGGESTIONS AND CONCLUSION

The combination of quality and price under various brand name offers customers value for their money. We have examined and evaluated the operations of the shops including its strengths and weaknesses. To get competitive advantage and to deliver quality service, top management of these shops should try to adopt the following recommendations:

- Every company must increase the superior customer service by arranging best quality good environment providing discounts and placing the convenient outlets for customer's home resident.
- Actually, they maintain the environment calm and quiet, hustle and noise free. So, they should extent their space broadly in orders to increase to keep large customers. So that customers find comfort relax and hustle free environment.
- A super shop must arrange their product as a way that customers can easily purchase all kinds of products at a short time, because most customers remain busy. So maintain their products with systematically for reducing the time consumption. Here customers give the agree statement for time consumption for purchasing products.
- Company should increase marketing efforts and offering seasonal discount. Strengthen existing resources, add complementary resources, and develop new resources.
- They should open Research & Development centre to survey & analyze the market. Evaluation of Current objective and current Strategy.



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GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT

Volume 14 Issue 9 Version 1.0 Year 2014

Type: Double Blind Peer Reviewed International Research Journal

Publisher: Global Journals Inc. (USA)

Online ISSN: 2249-4588 & Print ISSN: 0975-5853

# Entrepreneurship in the Society of Spectacle: Soccer Management in a Globalized World

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**Abstract-** The arising of business globalization in recent decades changed the market of symbolic goods, in the soccer field, in a billionaire and complex business. These factors led to radical changes in the form of consumption of this sport, which generated a great increase in revenues to the teams, grounded in marketing models of major European leagues. Through descriptive research, ex-post-factum, using the technique of in-depth interviews with managers and project participants for subsequent content analysis, this research sought to identify the strategies employed to value the Corinthians brand (soccer team from São Paulo, Brazil) in a perspective of business strategy. The survey results, point out the importance of entrepreneurial vision to explore the valuable, rare, inimitable and irreplaceable resources present in VRIO model, as stated by the Resources Business View (RBV) theory, to achieve differentiated positioning. Limitations of the research are in proper character of the phenomenological method that favors the rescue of "original speech" of the project participants as it was done in this case. So it is not recommended one could make generalizations of the results presented, although it represents a significant and real context of soccer business in Brazil.

**Keywords:** *entrepreneurship, innovation soccer management, equity brand.*

**GJMBR-A Classification :** *JEL Code: L26*



*Strictly as per the compliance and regulations of:*



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# Entrepreneurship in the Society of Spectacle: Soccer Management in a Globalized World

Renato Berton dos Santos<sup>α</sup>, Roberto Bazanini<sup>σ</sup> & Ademir Antonio Ferreira<sup>ρ</sup>

**Abstract-** The arising of business globalization in recent decades changed the market of symbolic goods, in the soccer field, in a billionaire and complex business. These factors led to radical changes in the form of consumption of this sport, which generated a great increase in revenues to the teams, grounded in marketing models of major European leagues. Through descriptive research, ex-post-factum, using the technique of in-depth interviews with managers and project participants for subsequent content analysis, this research sought to identify the strategies employed to value the Corinthians brand (soccer team from São Paulo, Brazil) in a perspective of business strategy. The survey results, point out the importance of entrepreneurial vision to explore the valuable, rare, inimitable and irreplaceable resources present in VRIO model, as stated by the Resources Business View (RBV) theory, to achieve differentiated positioning. Limitations of the research are in proper character of the phenomenological method that favors the rescue of "original speech" of the project participants as it was done in this case. So it is not recommended one could make generalizations of the results presented, although it represents a significant and real context of soccer business in Brazil.

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## I. INTRODUCTION

In our contemporary society, increasingly discusses the market potential of the related segments to symbolic goods as an instrument of cultural development and expression.

Commonly, in some human activities sectors (religion, politics, entertainment, sports, etc.) the principle for the development of symbolic goods system production emerges parallel to the process of product differentiation. According to the diversity of public, the producers designed their products and the conditions for its possibilities may be found in the very nature of symbolic goods.

Symbolic goods are valued as a commodity and are loaded with meanings and if the commodity character as the cultural character remains relatively independent in one hand, on the other, is intrinsically related by its profitable character.

Concerning the homology between fields (religious, artistic and sports), artists (actors, dancers, musicians, preachers etc.) and athletes (footballers,

pilots, boxers ...), they are equivalent, since there is always an audience to whom the performances are devoted, trying to reach the characteristics of each segment (BOURDIEU, 1997, 1999; HEINICH, 2001 and MOULIN 1997).

The actions of their entrepreneurship leaders are directed to create and enhance brands in this increasingly competitive and cannibalistic market, so

The actions of their entrepreneurship leaders are directed to create and enhance brands in this increasingly competitive and cannibalistic market, so usually these actions are bold and combative in defense of the organizations they represent. (MARQUES et al. 2013)

The market of symbolic goods skyrocketed as an entertainment industry, in which, art becomes a commodity and entertainment can be considered a way to socialize people, and the audience is no longer passive, mainly due to social networks.

In recent decades, many companies arouse promoting shows related to religion, sports, pop artists, concerts, etc., in which the role of the media becomes crucial for such disclosure, since it is not only necessary to transmit information about the events, but rather, to create meanings for marketing purposes. In the words of Bourdieu:

*"To hide, showing something different than would be necessary to show, if he only did that supposedly does, that is, reporting; or showing what it takes to show, but in a way that is not shown or becomes insignificant, or building in such a way that it acquires a meaning that absolutely does not correspond to reality."* (BOURDIEU 1999, p. 25).

This discrepancy of the media, mainly facilitated by the technological advances, resulted in, with the advent of globalization in recent decades, expanding markets as a speed never imagined. Particularly the market of soccer symbolic goods became a billionaire and complex business, facilitated, among other factors, by the development of media communication, mass pay-tv (cable and satellite), creation of pay-per-view, and modernization of stadiums and arenas all over the world.

Contemporaneously, in soccer symbolic goods market, Sport Club Corinthians Paulista management is an instructive example of effective actions that provoked changes in managing the team and all symbolic goods related to brand "Corinthians".

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Based on a functionalist and managerial vision, without neglecting a critical reading, the research objective is to identify the factors that allowed the appreciation of Corinthians brand in the competitive market of symbolic goods soccer.

Through descriptive research, analysis ex-post-factum, the research problem is to find answers to the question: what were the determining factors for valuing Corinthians brand and how these actions influenced the club itself and competitive result of the strategies employed by its management?

In strategic terms, the vision of entrepreneurial school proposed by Mintzberg et al (2000) and the VRIO model (Barney, 1997) accompanied by Collins and Montgomery Test (2005) provides theoretical elements to analyze the audacious vision of management which breaks the usual practices to propose actions for risks, strategic vision based on the development of rare, inimitable and irreplaceable resources as the key to organizational success.

The contribution of the research lies in providing elements for a better understanding of entrepreneurial activities and business strategies employed in soccer symbolic goods market which is an important sector of economic activity and should greatly interest to scholars and researchers in the field of business strategy.

## II. LITERATURE REVIEW

Publications about the soccer market of symbolic goods have grown substantially in the last two decades. There are a lot of publications in the areas of physical education, sport psychology, anthropology, marketing, business management, among others.

Regarding the objective of assisting the task of answering the research question presented, were selected chronologically, among these publications, books, journals, dissertations and theses considered relevant to the research and whose were more directly related to the strategies employed by European and Brazilians soccer teams.

In the past decade, Leoncini (2001) was one of the first researchers to study deeply the professionalization of the sport by analyzing the strategies employed by European teams and discussing the transformation of the managerial model for soccer clubs that seek to professionalize its activities in the new context of the entertainment industry. He presents such results as the need for an effective strategic positioning by Brazilian clubs considering the internal and external forces, opportunities and threats in the market. He also compared strategies developed by Manchester United from Great Britain, C. R. Flamengo and São Paulo F.C. from Brazil

In the following decade and in the same way of thinking, Jennings (2011) made a historical retrospective of the power achieved by the FIFA to market the soccer

game as a spectacle rather than competition. He concludes that business management has become more important than the rules of the game. Damo (2011) in an anthropological perspective discusses the major events and how sporting events can be thought as symbolic goods converted into commodities, specifically the control of FIFA in the World Cup, their merchandise more valuable. Matheson (2012) considers the leagues, the club owners and the mega-events promoters themselves as having a logical interest in maximizing the economic impact to justify heavy public subsidies evolved. Santos (2011) identifies the strategies used in the transition and formation of the club as an enterprise and describes the business strategies used in sporting organizations, showing that the source of competitive advantage comes from the synergy with partners. Associating skills, differentiation in the view of management and training for athletes in younger categories is a way to reach a sustainable goal and obtain an effective low cost for businesses, besides the use of the power of branding. Marques et al. (2013) discuss the power of the CEOs soccer clubs that are part of professional elite by owning a symbolic capital and the managerial capability of generating profits in a club-company. Fagundes et al (2013), analyzes the main reasons, in a marketing perspective, that influence fans to attend football stadiums.

### a) *The market of symbolic goods*

For the purpose of this paper, we consider that the "apocalyptic ones" are wrong because they consider the culture of alienating mass, simply, by its market character. The "integrated ones", in turn, are usually wrong because they forget that mass culture is produced by groups of economic power driven by profit. In fact, there is the attempt to maintain the interests of these groups through the media itself. Therefore, the two approaches were contemplated.

Bourdieu (1999) states that a symbolic good configures itself when an artistic or cultural object is assigned a market value and is raised, by the laws of the market, to a merchandise status. Due to these objects is formed a consumer group, as well as producers of symbolic goods, that are commonly seen in the same way "totems" are worshiped in native societies found on some continents of the Earth.

Durkheim (2003) made numerous comparative reflections for understanding the "to temism", from the way the French people worshiped symbols of the French Revolution, no longer different from the treatment of totemic animals by native Australians.

In this conception, the market of soccer symbolic goods, looking forward to the public receiver, operates substantially as a to temism market, justified by the way the modern fan deals with symbols representing teams which he is identified. In the manager's view that understands this context, open



itself the perspective of a broad spectrum of strategies trying to become soccer a recognizable sport, through certain signs with which fans should be identified in this society of spectacle.

The term "society of the spectacle" (*la société du spectacle*) was created by the philosopher Guy Debord, in November 1967 to define more specifically the environment of the game (or other events), and sought to reinvigorate marxist theory and revolutionary praxis, in a context so quivering as stifling in the postwar situation.

For Debord (2003) modern conditions of production represent the accumulation of spectacles. The reality is fragmented and the show is part of society because it concentrates the entire look and all the consciousness. But, by being separate, the spectacle becomes the focus of the deceived gaze and the false consciousness. It is a social relation among people, the media disseminates through images that form a crystallized vision of the world.

Advertising, as a tool for modeling and reforming patterns of worship and veneration (in many cases unconscious), is criticized in Marxist point of view, as an important determinant of being and social action alienated. Yet, it represents, paradoxically, inverse faces of the same homogenizer process, filed in the supposedly civilizing march of capital, e.g., these are the new narcissistic patterns of consumption in which the masses are alienated and hypnotized by artificial needs that serve to produce the profit for capitalist and preservation and exploitation of the dominated class.

In the above statements referenced transpires the fetishist and aesthetic character of contemporary capitalism, where "to possess" is inflated by consumerism, and the dimensions of entertainment and consumption are directly related; leisure and entertainment have become "consumer goods".

As a result, today's society has pseudo-needs imposed by modern consumption. This is not true desire, but necessity of accumulation imposed by the spectacle. Based on the society of the spectacle, corporate business strategies guide the actions of marketing. The aim of strategic actions is alienated public, which sees in the idol the satisfaction and the realization of personal desire. It is a mirror, something that the individual aims for himself. But the impossibility to perform what he wants, he is content to deceive and buy goods imposed as satisfaction of desires.

Contrary to the critical view of Marxism, the commercial conception of culture legitimizes the fulfillment of desires as market opportunities. In the market of soccer symbolic goods this concept can be exemplified by the purchase of the shirt of an idol, e.g., when buying a shirt Cristiano Ronaldo, fans not only buy a shirt, but the magnitude imposed by the name and fame of the player. It's not only a purchase, but the closer step in the realization of a wish. However, it is not possible to satisfy your dreams, because many do not

even know the difference between what are their true needs and those imposed by the spectacle to fill the existential void. The emptiness and the search for 'something more' make the mighty spectacle.

*Celebrities do not emerge spontaneously from the common people, on the contrary, they are, to some extent, a "cultural production", created by a series of public relations officers at the fashion world and other professionals specialized in "management image".* (WAGG, 2006, p. 351).

The players are transformed into 'cabaret stars' in the spectacle society and they have a role to play. Buy a shirt, watch a game and purchase products of the club or the player's makes one see as an integral part of the show, giving him a feeling of 'status', which makes up the success promoted by the spectacle.

The synthesis proposed by Debord (2003, p 39) in the early 60s, remains valid: *"the root of the spectacle is in the field of economics that became abundant, and then come the fruits that tend, ultimately, to dominate the market spectacular".*

The commercial character of sport has made the amateurism replaced by the professionalization of sports management that occurred all over the world. Striking and successful examples are found in USA, (NBA-National Basketball Association, NFL-National Football League, BML-Baseball Major League, etc.) and in Europe (FIA-Fédération Internationale de l'Automobile, FIFA (Fédération Internationale de Football Association, Barclay's Premier League, UEFA-Union of European Football Associations, etc.) which promote events of high profitability, that reach audiences of all socio-economic classes. In this sense, we can refer the concept proposed by Oliveira and Pozzi (1996), in which, besides sports sponsorship, sports marketing now includes different events, including testimonial athletes, alloying and media at sporting events.

Particularly, the spectacle of soccer provided within the four lines of the field gains greater coverage by the scope of marketing, surrounded by advertising and by the ones who promoted the games, generally, players comparable to the status of Hollywood celebrity. In relation to the market producer, the competition factor becomes a zero sum game, or in other words, the gain of one means losses for the other, as presented in Chart 1.

For this reason, managers of soccer spectacle are attentive to the possibilities of profiting economically with existing links between relatively autonomous symbolic systems that make up the relationship chain of soccer.

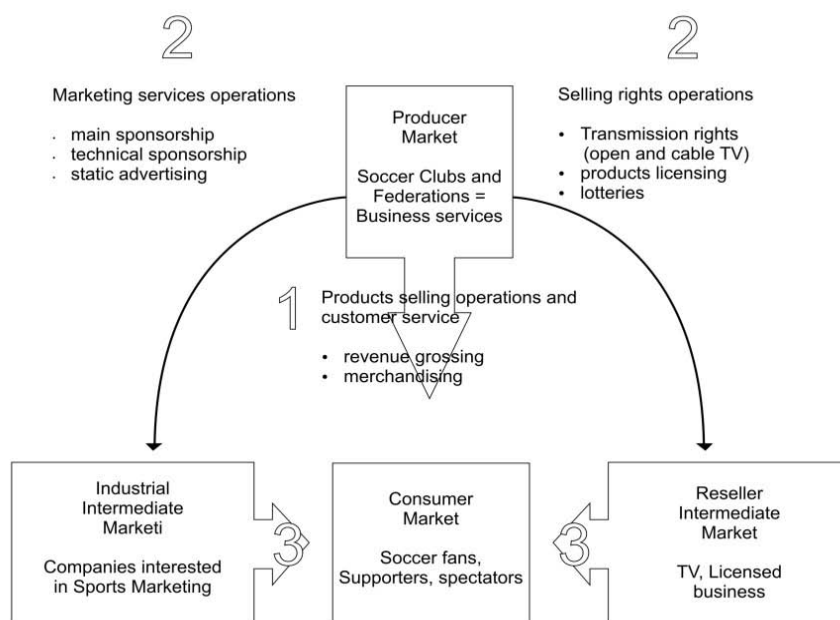
*Chart 1* : Considerations about symbolic goods market

- |   |
|---|
| 1. All organizations managing symbolic goods are in constant struggle for the mind of the consumer;   |
| 2. What an organization gains in membership represents losses for other competitors;  |
| 3. How to consumer behavior such goods tends to irrationality, it is quite common to use techniques in order to achieve psychological membership; |
| 4. On due to the very cannibalism of the market, often the option to terminate the competition is the only way to survive.                        |

Source: Bazanini (2005, p. 179)

b) *The networking in the world of soccer*

The networking is a special issue in the soccer business, because the elements present in the production/business chain, form the main link that directs and organizes the raw material (soccer) of great value to the customers who buy several soccer-related products and services in three reference markets: industrial intermediate market, consumer market and broker resale market, as shown in Fig.1.

*Figure 1* : Structure of Integrated Market in the world of soccer

Source: Aidar (2000)

As necessary support to meet the fans or admirers of soccer, the intermediate market represents the market in which customers buy exploration and broadcasting rights of games and sports marketing services, in order to resell them to the consumer market.

This resale may occur both in relation to the industrial middleman, when using any of the activities provided by the sports marketing organizations both for promotion, advertising, media exposure, etc., The resale intermediary can use the sale rights to sell a championships, or the club brand via broadcasting games or by lotteries, as well as, licensed products and

even sell advertising space in the schedules of sporting events.

c) *The brand on the market of soccer symbolic goods*

Actually, the soccer clubs participate the world economy, moving sums, often very high, either in revenue from advertising, ticket sales, marketing of products from club's brand, transmission rights to broadcast the matches and the transfer of the players.

According to research developed by BDO RCS, independent auditors commissioned by the State of São Paulo Journal News, Brazil is the sixth largest soccer market, as presented in Table 1.

*Table 1* : Values busiest in the soccer world

Ranking	Country	Revenue (€)	Revenue (R\$)
1º.	Inglaterra	€ 2,48 bilhões	R\$ 5,7 bilhões
2º.	Alemanha	€ 1,65 bilhões	R\$ 3,8 bilhões
3º.	Espanha	€ 1,61 bilhões	R\$ 3,7 bilhões
4º.	Itália	€ 1,52 bilhões	R\$ 3,5 bilhões
5º.	França	€ 1,04 bilhões	R\$ 2,4 bilhões
6º.	Brasil	€ 0,65 bilhões	R\$ 1,5 bilhões

Source: Exame.com (2012)

The brand valuation of Brazilian soccer teams grew sharply in the last four years, as it showed in Table 2, in percentage terms, the brand value from the 10 major soccer teams in Brazilian League, in the period 2009 – 2012. It is expressive the growing of the E. C. Bahia brand performance, although “Corinthians” brand remains as the most valuable in the League, surpassing de mark of R\$ 1 billion in 2012.

The beginning of the climb brand occurred in 2008 with the repercussions of hiring Ronal do Nazario, former player from Barcelona and Brazilian National Team. Ronal do was at the end of his career, but enjoyed enormous prestige at the Brazilian and international crowd. It must be noted that Ronal do was one of the athletes employed by Nike, more than a decade ago, as its “ambassador” around the world.

#### *d) Business Strategy*

Returning to the theory of soccer symbolic goods market, the growth of brand value can be

analyzed from the premises proposed by Thompson (2004) and Hirschman (1992) who conceive the market as numerous symbolic resources provider, through which consumers construct their identities and collective discourses, and contest competitors.

Andrews (1991) sees strategy as a decision model, influenced by culture and values, built when the company proves to be reliable. Henderson (1998) understands the vital task of the strategy to increase the scope of the competitive advantage of the organization, through the analysis of competitors. Mintzberg et al. (2000), when referring to the “power factor”, define the strategy formation process as open to influence, emphasizing the use of power and politics to negotiate strategies favorable to particular interests.

*Table 2* : Evolution of the Brand Equity of Major Brazilian soccer clubs

Soccer Team	2009	2010	2011	2012	% Growth (2009-2012)
Corinthians	562,6	749,8	867,0	1005,5	78,72%
Flamengo	568,1	625,3	689,5	792,0	39,41%
São Paulo	551,9	659,8	664,2	771,0	39,69%
Palmeiras	419,6	444,1	452,9	481,9	14,84%
Internacional	230,9	268,7	277,9	392,7	70%
Santos	135,1	153,3	227,9	341,6	153%
Vasco da Gama	121,9	156,5	162,5	316,7	160%

Grêmio	213,7	222,8	224,6	316,1	47.92%
Cruzeiro	138,9	139,6	151,3	205,0	47,59%
Atletico – MG	91,8	110,3	150,5	179,01	96,54%
Fluminense	108,5	104,2	135,7	157,4	45,06%
Botafogo	97,1	89,9	90,7	112,6	15,96%
Atlético - PR	55,9	67,7	75,6	86,9	55,45%
Curitiba	53,5	53,4	54,1	83,3	55,70%
Bahia	13,6	20,8	28,5	55,0	305%
Vitória	28,8	36,7	40,8	42,3	91%
Sport Recife	35,2	37,3	39,3	41,9	19,03%

Source: *Correa da Silva (2012, p. 77)*

Considering the breadth of strategy understanding, it is possible to relate the assumptions of entrepreneurial strategy with the precepts of the RBV Model VRIO and in this way, agree with Imasato and Misoczky (2005), when they states that the power is a scarce resource and limits the possibilities of competitors.

It is generally said that the strategy is responsible for guiding the business in the environment composed of consumers, markets and competitors, and should consider the corporation of which it is part. In management terms, improving the performance of organizations increases the range of choices to define strategies. Business strategies are formulated to find the best arrangement of these resources, seeking ways to add value to the company without necessarily losing its competitive edge over the competition.

#### i. *Perspective of Entrepreneurial Approach*

While cautioning that the process of strategy formation centered in a single person (usually the visionary leader and manager of the business), can lead to a strong dependence on the leadership at the expense of a participatory process, Mintzberg et al (2000) states that, to be effective, the process of formation Entrepreneurial Strategy must meet six basic assumptions that are presented in Chart 2.

*Chart 2 : Assumptions of the Entrepreneurial Approach*

- |   |
|---|
| 1. The strategy exists in the mind of the leader as a sense of direction in long-term or a future vision of the organization;                                     |
| 2. The process of strategy formation is rooted in the experience and intuition of the leader whether he is the creator or not;                                    |
| 3. The leader promotes the view decisively, monitors its implementation and its reformulation as needed;  |
| 4. The strategic vision is flexible leading adaptive strategies to the global vision and resulting breakdown of the vision;                                       |
| 5. The organization is also flexible and features simple structure privileging the visionary leader and leaving him free to devise and implement their ideas; and |
| 6. Entrepreneurial strategy tends to take a foothold position within a protected niche against competition.   |

Source: *Mintzberg et al.(2000)*

Therefore, entrepreneurial strategy requires general view of the whole competitive process, encompassing, logically, relation with the levels of power in the organization.

#### ii. *The Resource-Based View*

While the Porter's strategic model (1998 p.13-23) and generally the Positioning School, were arrested especially in the analysis of the external environment and identification of competitive forces, Prahalad and Hamel (1998) favoring the internal focus of strategy formation, with the idea of core competence.

The core competence of the organization refers to its continuous learning, the ability to integrate different technologies, the degree of communication and involvement and commitment found among the members, which is a sustainable competitive advantage as a result of 'collective learning' organization.

The main assertion of the Resource Based View (RBV) considers that the source of competitive advantage lies primarily in the resources and skills developed and controlled by companies and, only secondarily, in the structure of the industries in which they are (or try to be) positioned. (Wernerfelt, 1984; Peteraf, 1993).

Wernerfelt (1984) states that the resources and capabilities of a company can be easily acquired by their competitors, they cannot be considered a source of sustainable competitive advantage.

From the perspective of Peteraf (1993) the essential features that provide competitive advantage must be scarce, unique and superior efficiency; must have imperfect immobility, difficult to imitate or substitute and limited competition, *ex ante*, where the prominent position in the industry, regarding possession of their superior resources should not arouse competition for resources and *ex post*, once acquired or retained should be difficult to imitate, as stated in VRIO model.

The VRIO model can be conceived as a mechanism that integrates two existing theoretical models: the positioning perspective and the resource-based view. It is the primary tool to conduct an internal analysis. Encompasses questions of value, rarity, inimitability and organization.

By integrating the requirements of the external environment and the potential on the internal environment, Barney (1997) points out that for an attribute of the company become resource, should favor the exploitation of opportunities or neutralize threats from the outside environment. Explains that for this reason not all company resources are considered strategically relevant or sources of competitive advantage and sustainable competitive advantage, but only those that can be considered valuable, rare, imperfectly imitable and non-substitutable, presented in Chart 3.

*Chart 3: The VRIO Model*

**Valuable resource:** One that is a source of competitive advantage and sustainable competitive advantage by exploiting the opportunities and/or neutralizes threats in the enterprise environment.

**Rare feature:** One that current and potential competitors have difficulty to possess, because if a great number of companies have the same valuable resource, hardly the resource will be a source of competitive advantage and sustainable competitive advantage.

**Imperfectly imitable resource:** The resource must submit one of the following aspects: unique historical conditions; link to other resources and/or is based on a socially complex phenomenon. If you have at least one of these three aspects, the valuable and rare resource can be a source of competitive advantage only if the companies that do not have cannot really get it.

**Non-replaceable resource:** Resource that cannot be replaced by another similar or distinguishing feature, because otherwise, competitors may develop and deploy similar or substitute strategies.

*Source: Barney (1997)*

Thus, if the features and capabilities of a company can be easily acquired by their competitors, they cannot be considered a source of sustainable competitive advantage (Wernerfelt, 1984). The homogeneity of these features makes it impossible to generate differential competition. (Hitt et al. 2001)

The decision about soccer symbolic goods to be effective must be related to the search of rare, valuable, non-imitable and irreplaceable resources, since these issues provide psychological support of society as a form of entertainment and pleasure seeking. This psychological public support provides the branding, which in commercial terms is reflected to the club in sponsorship, product sales, merchandising, advertising, etc.

### III. RESEARCH METHOD

The case study is an empirical inquiry that investigates a contemporary phenomenon within a real life context, mainly when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used, (Yin 2005, p.23).

The objective of this case study was to identify the determinants of brand enhancement "Corinthians", during the management period 2007/2011

Through descriptive research, *post-factum* analysis in a phenomenological perspective, using the in-depth interviews, this study is fundamentally tied to the perception of managers and participants of the project in relation to the strategies employed by the club. Descriptive research seeks to find explanations of the causes and consequences of a particular phenomenon (Richardson, 1989).

Consistent with this premise, after the transcripts of the interviews, it was possible to identify symbolic patterns, categories of analysis of reality and worldviews of the case, to satisfy the research objectives.

The technique of content analysis (Bardin, 2002) allows to extract the essence of the perceptions of the managers interviewed in relation to the research assumption. These perceptions highlighted the actions taken in relation to the situation encountered in the



previous administration, in relation to internal stakeholders and external audiences.

In the content analysis, the unit record (UR), although variable size, is minor clipping semantic that is freed from the text: it can be a keyword, a theme, objects, characters etc. Likewise, unit context (UC), in short, must understand the recording unit, like the phrase for word. In line with the responses of respondents categories and determinants can be related to the URs and UCs.

#### IV. ANALYSIS AND INTERPRETATION OF RESULTS

It should be noted that the interpretation of the data there was no interest in establishing relations between the elements of demographic research for understanding that, at the sample number, this does not becomes imperative to understand the phenomenon studied.

The answers of the respondents initially submitted to the technique of Content Analysis will be now related to Entrepreneurial School (MINTZBERG et al., 2000) and the Model VRIO/RBV (BARNEY, 1997) accompanied by the Collis and Montgomery Test (1995), for finally be compared with the strategic positioning declared by the manager himself and the classic factors in the market of symbolic goods (BAZANINI, 2005).

##### a) *Perspective of Entrepreneurial School*

The entrepreneurial spirit is characterized by the willingness to face crises, the exploitation of opportunities in which one realizes the ability to innovate as a specific instrument and integrated to transform situations.

Regarding the assumptions of entrepreneurial school management, the CEO of the club was characterized by holistic, daring, breakup and commitment to the goals set.

The ideas and thought of the leader led to the sense of direction through actions founded on a new positioning and radical break with the patterns present in the previous administration. The CEO had participated in the unsuccessful former administration of the club. This experience of failure and difficulties was instrumental in the innovation departments which have become professional and updated.

But the most important achievement of this administration was the construction of a modern soccer stadium. In a political move, which involved the former President of the Republic (still very influential in all areas of the current government) and declared supporter Corinthians, the president of the Brazilian Soccer Confederation (CBF), leaders of the International Soccer Federation (FIFA), a company contractor of public works, a State Financial Bank and subsidies offered by the Municipality of São Paulo, the club Corinthians could

celebrate the construction of its soccer stadium, ambioned for over one hundred years.

The managers pragmatically took bold positions while disguised as alliances with the federal government and the hiring of player Ronaldo; those actions that may be considered risky shares calculated difficult for competitors to duplicate.

##### b) *In view of Model VRIO (RBV)*

Regarding VRIO model proposed by RBV theory, in the perception of respondents, the administration of the club knew how to work the valuable, rare, inimitable and irreplaceable resources.

The global prestige of player Ronaldo and subsequently its performance in the organs of Brazilian Soccer Federation and International Soccer Federation, extended the prestige for the club. The other valuable, rare, inimitable resource is the Incomparable crowd; numerous, fanatical, always present (nicknamed FIEL, or Faithful) is absolutely the most important feature of team

By applying the Collis and Montgomery (1995) tests of the proposed resources to VRIO model, it is possible to conceive the durability of the features, as presented in Chart 4.

*Chart 4:* Applicability Collis & Montgomery Tests

1. On regarding to protection or imitation test	Hardly, any other Brazilian club will feature fans so committed as Corinthians crowd;
2. On regarding to durability test	The global prestige player Ronaldo on FIFA and CBF seems to be of long range;
3. In relation to the test of ownership and replacement	Other clubs cannot match this representation in short term.
4. Regarding the best enterprise resource	The crowd, the prestige player Ronaldo and the support of President Lula, are considered rare, irreplaceable and hard to imitate valuable resources.

##### c) *Positioning and features on the market of symbolic goods*

The strategies of the business can become enlightening to establish relations with the specificities of this market factors, characteristically cannibalistic.

As previously noted this club administration was preceded by a failed management, which the CEO in question was one of the main directors. The thematic business failure is relatively unexplored in the literature on business (Fleck, 2009; Singh, Corner e Pavlovich, 2007; Cardon et al 2012.). Commonly, as warns Cardon et al. (2012), most studies are focused on organizational cases "successful", and research on failures of the projects are quite scarce.

Regarding the causes that lead to failure of the enterprise, to these behavioral aspects can be assigned as the internal aspects as well as the external aspects of the company.

In this study, we sought to privilege the behavioral causes, to analyze the skills of entrepreneurs on the failure of your business and the reversal of such skills are related to the peculiar characteristics and behaviors of entrepreneurs seeking to achieve the best performance for your business (FLEURY & FLEURY, 2001).

Minello (2010) explains that many times in a situation of adversity perception of the manager becomes confused due to pressure from other stakeholders in the enterprise, organizational performance will be affected and may cause an interruption in business. Shepherd (2003) Shepherd and Cardon (2009), Ucbasaran et al. (2010), Cardon et al. (2012), in this same line of reasoning, understand that failure tends to trigger negative emotional responses that negatively affect the performance of the entrepreneur.

Contrary to this trend, the marked failure of the last years of the previous administration acted as a stimulus for the next managers overcome the crisis through creative and innovative actions that allowed unite experience and calculated risk to achieve competitive advantage over competitors in terms of valuable, rare, inimitable and irreplaceable resources (Barney, 1997).

In terms of contribution to the theory of the business strategy, Fillion and Lima (2010) discusses the relevance of studies that seek to understand behavioral characteristics of the individual entrepreneur, in order to contribute to the understanding of which skills may be related to entrepreneurs on success or failure of your business.

In terms of marketing strategies, the old conception of passive and alienated consumer was replaced by participatory vision. Currently, public involvement goes beyond what Bourdieu (1999, p 45), even in decade 60s, called "cartoonish limits of militant, dedicated to an imaginary audience participation". This understanding, is no more the illusory understanding of dispossession in favor of the experts "because, currently, the dynamics of soccer symbolic goods market, fans cannot be considered caricatures, since the term imaginary participation in the sense of false

reality, does not correspond the facts, his participation is established and thus have a real dimension, because the symbolism becomes tangible reality to the imagination.

## V. FINAL CONSIDERATIONS

At the end of this article, many learning occurred, many curiosities and new questions appeared, and others remained. Specifically, expectations about the locus of research is confirmed, the market of symbolic goods soccer involves a number of areas of knowledge and involvement of the various spheres of society permeated by consumption and commodification of ever more sophisticated products.

The doubts remained concerning the possibilities of generalization of entrepreneurial strategy for other clubs, since there are different characteristics in each environment, particularly the kind of involvement and passion of the fans of the Sport Club Corinthians Paulista are hardly found in other clubs.

One of the most obvious difficulties is concerned to the large amount of publications on the subject, which made it impractical, for the purposes of the survey, to list them. So, were selected the publications, somehow deemed relevant for the study of the strategies employed in this case.

The curiosities are focused on the character of the spectacle of symbolic goods in the formation of brand image. (BORDIEU, 1999; DEBORD, 2003;) This character, emphasized by the marketing director of Sport Club Corinthians, to highlight the level of performance created during the hiring player Ronaldo. His celebrity status in the world of football, that even taking part in a few games, his attendance at the stadium just to support the team endowed the game of charm and irreverence. As one manager said: "competitors did not have similar resources to position their brand with such effectiveness as our club, because there was only one Ronaldo and he played for Corinthians".

Concerning about it was presented in the course of this study, it can be stated that the term "society of the spectacle" is still relevant and the Knowledge Management in this market requires the ability to involvement of subordinates by the leader for the development of competencies related to knowledge, how to do and how to be (CARVALHO et al., 2008).

The study had some limitations that deserve to be discussed. Firstly, respondents were related in some way to the Board of the club, what may represent some sort of narrowing of perception, beyond some enthusiastic praise of the interviewed about the work of managing the club. Secondly, the strategic aspects of the Entrepreneurial School and RBV tend to value the internal resources of the organization, while external aspects do not receive such attention, such as in the

areas of Environmental School and School of Positioning. (MINTZBERG et al., 2000).

For these reasons, despite the obvious representation of Corinthians mark as one of the biggest clubs in Brazilian soccer world, the results and conclusions of the research can only serve as reference to other soccer clubs through a process of inference and analogy.

For future research, it is suggested that the study of other aspects not covered in this work, like the influence of organized supporters in club management or even business relationship between the players and the direction of the club from the perspective of stakeholder theory.

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GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 14 Issue 9 Version 1.0 Year 2014  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

# Importance of Human Resource Management and the Competitive Advantage: A Case Analysis on Basis of the Textile Industry of Bangladesh

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**Abstract-** Textile Industry plays an important role in Bangladesh economy. It captures 40% of total manufacturing and 50% of total employment. A huge 78 percent of the country's export earnings come from textiles and apparel, according to the latest figures available. Bangladesh exports its apparel products worth nearly \$5 billion per year to the United States, European Union (EU), Canada and other countries of the world. It is the sixth largest apparel supplier to the United States and EU countries. The industry employs about 3 million workers of whom 90% are women. So, people are most valuable asset. The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the employee's productivity. Recent decades have focused on increased concern for the quality of working life, total quality management and worker's participation in management. These three phases may be termed as welfare, development and empowerment. So, Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. Human Resource Management can also be performed by line managers.

**Keywords:** *human resource management, motivation, selection, etc.*

**GJMBR-A Classification :** *JEL Code: O15*



*Strictly as per the compliance and regulations of:*



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**Keywords:** human resource management, motivation, selection, etc.

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## I. INTRODUCTION

The textile industry has played an important role in Bangladesh's economy for a long time. Currently, the textile industry in Bangladesh accounts for 45 percent of all industrial employment. "People are our most valuable asset for any organization" which no member of any senior management team would disagree with. Yet, the realities for many organizations are that their people remain undervalued, under trained and underutilized. The market place for talented, skilled people is competitive and expensive. Taking on new staff can be disruptive to existing employees. Also, it takes time to develop 'cultural awareness', product / process / organization knowledge and experience for new staff members. Human Resource (or personnel) management, in the sense of getting things done through people, is an essential part of every manager's responsibility, but many organizations find it advantageous to establish a specialist division to provide an expert service dedicated to ensuring that the human resource function is performed efficiently.

## II. THE SCOPE OF HRM

1. Personnel aspect-This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, layoff and retrenchment, remuneration, incentives, productivity etc.
2. Welfare aspect-It deals with working conditions and amenities such as canteens, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.
3. Industrial relations aspect-This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes, etc.

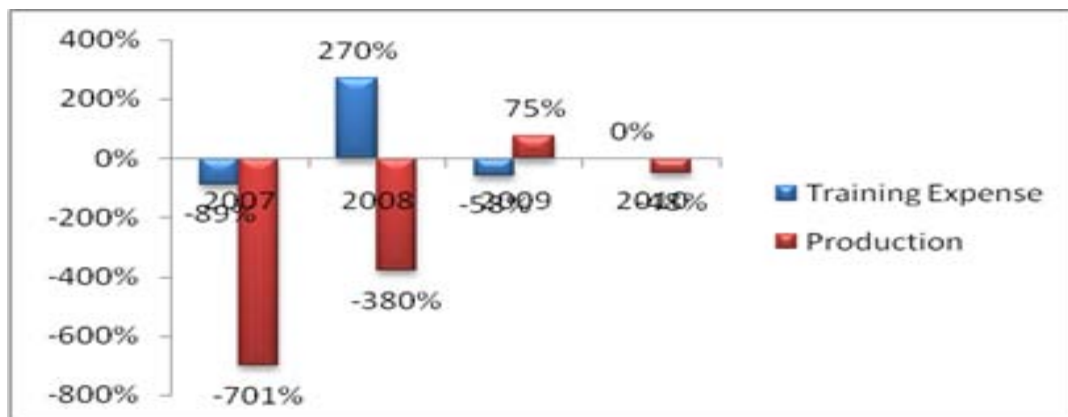
## III. FUNCTION OF HRM

Following are the various functions of Human Resource Management that are essential for the effective functioning of the organization:

1. Recruitment
2. Selection
3. Induction
4. Compensation
5. Performance Appraisal
6. Training & Development

#### IV. HRM PLANNING

Use Cost Benefit Ratio to determine whether the training as well as other allowances gives fruitful result to the company. Example: Trend Analysis from Square Textiles showed that



If training expense increased it will decrease the production gap for that year as well as next year.

We can find out Return on Investment from Training Expense of Square Textiles Ltd:

2007: Training cost 1,950+974= 2,924 taka

Profit (local) 44,152,375+ (Export) 2,483,797,691= 2,527,950,066 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (2527950066 - 2924) / 2924 = 864551:1$

By investing 1 taka on training we can get profit of 864,551.

2008: Training Cost 3,600+341,607= 345,207 taka

Profit (Local) 33,963,046+ (Export) 3,002,615,926= 3,036,578,972 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (3036578972 - 345207) / 345207 = 8795:1$

By investing 1 taka on training we can get profit of taka 8795.

2009: Training Cost 5700+8400000= 8405700 taka

Profit (Local) 98168048+ (Export) 3760888916= 3859056964 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (3859056964 - 8405700) / 8405700 = 458:1$

By investing 1 taka on training we can get profit of taka 458.

2010: Training Cost 0+10120000= 10120000 taka

Profit (Local) 68981768+ (Export) 4356375448= 4425357216 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (4425357216 - 10120000) / 10120000 = 436:1$

By investing 1 taka on training we can get profit of taka 436.

#### V. TRAINING & DEVELOPMENT



Figure 1 : Training analysis

The main problem regarding performance gap was lack of training. Here we need proper training for both the workers as well as employees.

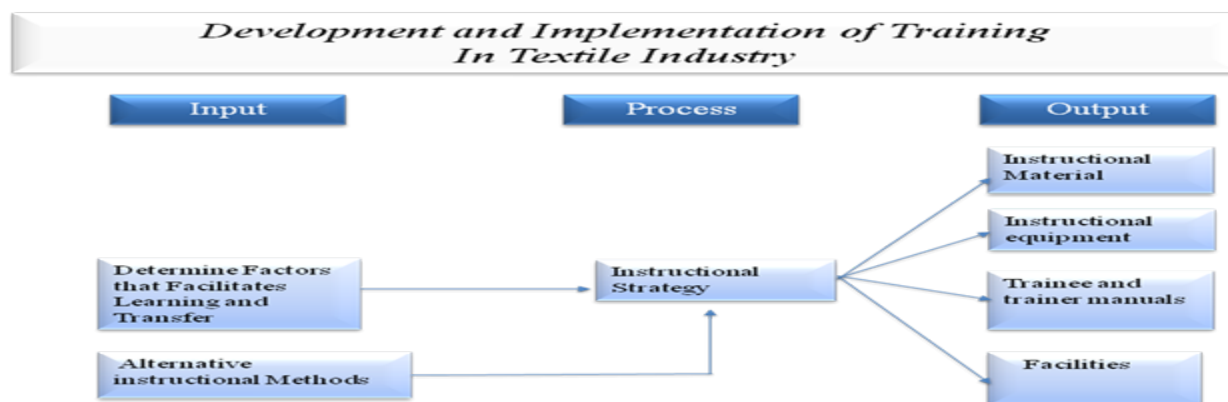


Figure 2 : Training implementation process

## VI. INPUTS

### a) For employees

**Discussion:** The discussion method uses a lecturer to provide trainees with information that is supported, reinforced, and expanded on through interactions both among the trainees and between the trainer and trainees. This added communication gives much greater power. The discussion method provides a two way flow of communication. Knowledge is communicated both by trainer and trainee.

**Demonstration:** To conduct an effective demonstration one should first prepare a lesson plan by breaking the tasks to be performed into smaller and easily learning parts. Then the parts will be sequentially organized by tasks and explanations for why the action is required.

**Computer based training:** CBT is effective at developing declarative and, in particular, procedural knowledge. It can be useful in developing some types of skills and for modifying attitudes. CBT develops declarative knowledge through repeated presentation of facts, using a variety of formats and presentation styles. It can do an excellent job of describing when and how to apply knowledge to various situations. Procedural knowledge is developed by allowing trainees to practice applying the knowledge to various situations simulated by the software.

### b) For Workers

**Orientation Training:** Orientation is a part of the overall integration of new employees into an organization, by which it helps new employees adapt to the work environment and their jobs. Orientation is, in fact, a training opportunity to promote organizational effectiveness from the start of a person's employment.

**Diversity Training:** One organization has different type of employees their culture, value, society, norms, religion, race is different that's why their opinion or thinking is

different. Organization faces many problems when these people don't co-operate each other for these things. Organization gives diversity training for learning to respect each other.

**On the Job Training:** On-the-job training (OJT) uses more experienced and skilled employees to train less skilled and experienced employees. OJT takes many forms and can be supplemented with classroom training. Included within OJT are the job-instruction technique, apprenticeships, coaching, and mentoring. Formal OJT programs are typically conducted by employees who can effectively use one-on-one instructional techniques and who have superior technical knowledge and skills. Since conducting one-on-one training is not a skill most people develop on their own, *train-the-trainer* training is required for OJT trainers. In addition to training the trainers, formal OJT programs should carefully develop a sequence of learning events for trainees.

**Sexual Harassment Training:** Sexual harassment at work is an unwelcome or uninvited behavior of sexual nature, which is offensive, embarrassing, intimidating and affects an employee's work performance, health, career or livelihood. One major problem in dealing with sexual harassment in organizations is its perceptual nature. Men and women generally differ in what they perceive to be sexual harassment. Sexual harassment can occur in any situation where an employee is treated unfairly because of his or her gender. This training can help female workers to cope up in the factory.

**Safety Training:** Providing health and safety information and training helps one to:

- ensure authority that employees are not injured or made ill by the work they do;
- develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone;

- find out how they can manage health and safety better;
- Meet the legal duty to protect the health and safety of the employees.

## VII. PROCESS AND OUTPUT

While conducting the training process the manuals, materials should be given or described to the employees before. Then a proper training center should be arranged where workers will feel comfortable to take the training.

## VIII. APPRAISING PERFORMANCE

For appraising performance, company can use BARS – Behaviorally Anchored Rating Scale method. In Textiles business we can take the example of Production Manager:

### f) Prepare Final Instrument:

Timeliness  
Come to office in time  
Prepare product plan in time  
Collect materials before production date

Good Communication  
Find clients quickly  
Keep good track with other employees

Supportive  
Gives proper training on the usage of machine  
Controls and reduces workers stress  
Help Human Resource Manager to know the workers need from the organization  
Help supervisor sometime  
Unbiased  
Unbiased in recruitment

## IX. COMPENSATION ANALYSIS

### a) Compensation for workers

Cash Compensation

Base Pay: 4000 to 6000 taka

Merit Pay:

- For 100 to 90% performance = 5-10% increment
- For 90 to 85% performance = 1-5% increment

*Short Term Incentive:* It can be given based on group work. If group performance is good that group can be given an incentive for that month but it will not be added to the next month's salary.

*Long-term Incentives:* Workers can get portion of the total profit of the month.

*Benefits: Income Protection:* It will include,

*Medical Insurance:* 20% of the basic salary

*Provident Fund:* 10% of the basic salary

### b) Work Life Balance

#### i. Pay for Time not for work

- Casual leave: 15 days
- Earning leave: 30 days
- Maternity Allowances: 1000 taka per month

### c) Generate Critical Incident

1. Come to office in time
2. Prepare product plan in time
3. Keep good track with other employees
4. Find clients quickly
5. Collect materials before production date
6. Gives proper training on the usage of machine
7. Help supervisor sometime
8. Unbiased in recruitment
9. Controls and reduces workers stress
10. Help Human Resource Manager to know the workers need from the organization

### d) Develop Performance Dimensions

Timeliness, Good Communication, Supportive, Unbiased.

### e) Reallocate Incident:

Here evaluator has to ask other coworkers about his activities.

### c) Allowances:

Travelling and conveyance: 300 taka per month

1. Lunch: 300 taka per month
2. For the good behavior with other employees and especially with female employees they will be given 200 taka as a reward.
3. They will get festival bonus 40% of the basic salary.
4. For over time they will get 25% more.

*Compensation for experienced workers:*

Cash Compensation

Salary: 8000 taka

*Long-term Incentives:* Workers can get portion of the total profit of the month.

*Benefits:* Pay for Time not Basic for work:

- Casual leave: 15 days
- Earning leave: 30 days
- Provident Fund: 8% of the basic salary

*Allowances :*

Travelling and conveyance: 500 taka per month

- Lunch: 500 taka per month
- House Rent: 50% of the basic salary
- Medical Allowance: 10% of the basic salary



d) *Compensation for executives*

*Benefits:* This benefit is for all the permanent employees. There is an earn leave for 31 days annually. This leave is mandatory. Employees must take this leave and they are paid a handsome amount to spend times with their families. This is the most special kind of cost for the company for giving employees a good work life balance. The employee's position which is vacant for 31 days, another employee fill up that position or maintain his duties.

e) *Cash Compensation*

- Trainee Assistant Officer – 15,000 taka
- Assistant Officer- 15,000 taka
- Trainee Assistant Cash Officer – 18,000 taka

- Junior Office- 18000 taka
- Officer-20000 taka
- Senior Officer- 22,000 taka
- Principle Officer- 25,000 taka
- Senior Principle Officer- 30,000 taka
- Assistant Vice President- 32,000 taka
- First Assistant Vice President- 35,000 taka
- Senior Assistant Vice President- 40,000 taka
- Vice President- 45,000 taka
- Senior Vice President – 50,000 taka
- Executive Vice President- 55,000 taka
- Senior Executive Vice President- 60,000 taka
- Deputy Managing Director- 1,50,000 taka
- Managing Director – 2,00,000 taka

Allowances:

Medical Allowance	10%
House rent Allowance	70%
Super Annuation Fund	120 times(after working for 5 years)
Leave Fare Assistance	3.5%
Maternity Allowance	2 times for 2 children 20,000 to 25,000
Hospitalization Allowance	3 basic in 1 year
Entertainment Allowance	3%
Gratuity	(5 years job required) Organization 10%
Provident Fund	Employee Contribution 10%
Connivance Allowance	2000
Furniture Allowance	Only to Senior Managers 50,000 taka

## X. CONCLUSION

Human Resource is the most important asset for Textiles industry. If human resources are perfectly motivated, then productivity, profit, and work environment everything will be perfect. Not every organization has same types of outcome from workers or employees but definitely they can get appropriate result from their works and employees if they can plan, train, appraise, compensate properly. A good appraise of performance will keep an employee updated to his performance. Employee has to know that his best performance will not only facilitate them but also the whole organization and the whole country. All the workers and employees have to be given a proper balance of salary and allowances. Training is the most important factor for a textile company. Without training, lots of compensation, benefits, and allowances will not work. Now Bangladesh has no more the opportunity to get a quota free access to export. It has lots of competitions now. So to stand a head from the competitors Bangladeshi Textiles have to take appropriate actions. For that Bangladesh have to encourage more and more workers, especially female workers, to join and take Bangladeshi Textiles a head on the global market.

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# GLOBAL JOURNALS INC. (US) GUIDELINES HANDBOOK 2014

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*Abstract, used in Original Papers and Reviews:*

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Many researchers searching for information online will use search engines such as Google, Yahoo or similar. By optimizing your paper for search engines, you will amplify the chance of someone finding it. This in turn will make it more likely to be viewed and/or cited in a further work. Global Journals Inc. (US) have compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

### Key Words

A major linchpin in research work for the writing research paper is the keyword search, which one will employ to find both library and Internet resources.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy and planning a list of possible keywords and phrases to try.

Search engines for most searches, use Boolean searching, which is somewhat different from Internet searches. The Boolean search uses "operators," words (and, or, not, and near) that enable you to expand or narrow your affords. Tips for research paper while preparing research paper are very helpful guideline of research paper.

Choice of key words is first tool of tips to write research paper. Research paper writing is an art. A few tips for deciding as strategically as possible about keyword search:





- One should start brainstorming lists of possible keywords before even begin searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in research paper?" Then consider synonyms for the important words.
- It may take the discovery of only one relevant paper to let steer in the right keyword direction because in most databases, the keywords under which a research paper is abstracted are listed with the paper.
- One should avoid outdated words.

Keywords are the key that opens a door to research work sources. Keyword searching is an art in which researcher's skills are bound to improve with experience and time.

Numerical Methods: Numerical methods used should be clear and, where appropriate, supported by references.

*Acknowledgements: Please make these as concise as possible.*

## References

References follow the Harvard scheme of referencing. References in the text should cite the authors' names followed by the time of their publication, unless there are three or more authors when simply the first author's name is quoted followed by et al. unpublished work has to only be cited where necessary, and only in the text. Copies of references in press in other journals have to be supplied with submitted typescripts. It is necessary that all citations and references be carefully checked before submission, as mistakes or omissions will cause delays.

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## Tables, Figures and Figure Legends

*Tables: Tables should be few in number, cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g. Table 4, a self-explanatory caption and be on a separate sheet. Vertical lines should not be used.*

*Figures: Figures are supposed to be submitted as separate files. Always take in a citation in the text for each figure using Arabic numbers, e.g. Fig. 4. Artwork must be submitted online in electronic form by e-mailing them.*

## Preparation of Electronic Figures for Publication

Even though low quality images are sufficient for review purposes, print publication requires high quality images to prevent the final product being blurred or fuzzy. Submit (or e-mail) EPS (line art) or TIFF (halftone/photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Do not use pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings) in relation to the imitation size. Please give the data for figures in black and white or submit a Color Work Agreement Form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

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*Figure Legends: Self-explanatory legends of all figures should be incorporated separately under the heading 'Legends to Figures'. In the full-text online edition of the journal, figure legends may possibly be truncated in abbreviated links to the full screen version. Therefore, the first 100 characters of any legend should notify the reader, about the key aspects of the figure.*

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#### TECHNIQUES FOR WRITING A GOOD QUALITY RESEARCH PAPER:

**1. Choosing the topic:** In most cases, the topic is searched by the interest of author but it can be also suggested by the guides. You can have several topics and then you can judge that in which topic or subject you are finding yourself most comfortable. This can be done by asking several questions to yourself, like Will I be able to carry our search in this area? Will I find all necessary recourses to accomplish the search? Will I be able to find all information in this field area? If the answer of these types of questions will be "Yes" then you can choose that topic. In most of the cases, you may have to conduct the surveys and have to visit several places because this field is related to Computer Science and Information Technology. Also, you may have to do a lot of work to find all rise and falls regarding the various data of that subject. Sometimes, detailed information plays a vital role, instead of short information.

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**3. Think Like Evaluators:** If you are in a confusion or getting demotivated that your paper will be accepted by evaluators or not, then think and try to evaluate your paper like an Evaluator. Try to understand that what an evaluator wants in your research paper and automatically you will have your answer.

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**26. Go for seminars:** Attend seminars if the topic is relevant to your research area. Utilize all your resources.



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**28. Make colleagues:** Always try to make colleagues. No matter how sharper or intelligent you are, if you make colleagues you can have several ideas, which will be helpful for your research.

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**31. Adding unnecessary information:** Do not add unnecessary information, like, I have used MS Excel to draw graph. Do not add irrelevant and inappropriate material. These all will create superfluous. Foreign terminology and phrases are not apropos. One should NEVER take a broad view. Analogy in script is like feathers on a snake. Not at all use a large word when a very small one would be sufficient. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Amplification is a billion times of inferior quality than sarcasm.

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**33. Report concluded results:** Use concluded results. From raw data, filter the results and then conclude your studies based on measurements and observations taken. Significant figures and appropriate number of decimal places should be used. Parenthetical remarks are prohibitive. Proofread carefully at final stage. In the end give outline to your arguments. Spot out perspectives of further study of this subject. Justify your conclusion by at the bottom of them with sufficient justifications and examples.

**34. After conclusion:** Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium through which your research is going to be in print to the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects in your research.

## INFORMAL GUIDELINES OF RESEARCH PAPER WRITING

### Key points to remember:

- Submit all work in its final form.
- Write your paper in the form, which is presented in the guidelines using the template.
- Please note the criterion for grading the final paper by peer-reviewers.

### Final Points:

A purpose of organizing a research paper is to let people to interpret your effort selectively. The journal requires the following sections, submitted in the order listed, each section to start on a new page.

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Writing a research paper is not an easy job no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record keeping are the only means to make straightforward the progression.

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Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear

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Mistakes to evade

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- Separating a table/chart or figure - impound each figure/table to a single page
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In every sections of your document

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- Use past tense to describe specific results
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- Fundamental goal
- To the point depiction of the research
- Consequences, including definite statistics - if the consequences are quantitative in nature, account quantitative data; results of any numerical analysis should be reported
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## Approach:

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- Center on shortening results - bound background information to a verdict or two, if completely necessary
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- Present a justification. Status your particular theory (es) or aim(s), and describe the logic that led you to choose them.
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- Leave out information that is immaterial to a third party.

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The page length of this segment is set by the sum and types of data to be reported. Carry on to be to the point, by means of statistics and tables, if suitable, to present consequences most efficiently. You must obviously differentiate material that would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matter should not be submitted at all except requested by the instructor.



## Content

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### Approach

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- Recommendations for detailed papers will offer supplementary suggestions.

### Approach:

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Topics	Grades		
	A-B	C-D	E-F
<i>Abstract</i>	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form  Above 200 words	No specific data with ambiguous information  Above 250 words
<i>Introduction</i>	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
<i>Methods and Procedures</i>	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
<i>Result</i>	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
<i>Discussion</i>	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
<i>References</i>	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring



# INDEX

---

## A

Adandaloc · 62

---

## B

Baspinar · 38, 45  
Beverley, · 22, 30  
Bhanugopan · 23, 30

---

## C

Contextso · 68  
Cumhuriyet · 54

---

## D

Dhanmondi · 62

---

## E

Eeunions · 17

---

## F

Flamengo · 67, 70

---

## H

Hofstede · 1, 2, 6, 7, 8, 10

---

## I

Imasato · 71  
Indumathy · 23, 31  
Intilaqa · 35, 37

---

## L

Lapierre · 24, 31  
Laschinger · 23, 31

---

## O

Ozdevecioglu · 41, 53

---

## P

Pavlovich · 74  
Pralad · 71

---

## R

Ronaldo · 68, 73, 74

---

## S

Sadique · 22, 32  
Sanliurfa · 53  
Schermernhorn · 22, 23, 32  
Shamekhat · 34



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ISSN 9755853



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