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OF MANAGEMENT AND BUSINESS RESEARCH: A

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ADMINISTRATION AND MANAGEMENT

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# Impact of Organizational Change on Organizational Performance

By Saira khatoon & Dr. Ayesha Farooq

*Aligarh Muslim University, India*

**Abstract- Purpose:** The purpose of this paper is to explore the relationship between the aspects of change and organizational performance as well as to study the impact of these aspects of change on performance.

**Methodology:** This study sought to explore the influence on organizational performances. The constructs considered in the study includes quality of change communication, participation, attitude of top management toward change, leadership and readiness for change on performance in the organization. A research instrument was designed based on extensive literature review of the change, and organizational performance and data were collected from organizations that were segregated on the basis of the public and private sector and also manufacturing and service industry. The research instrument was pilot tested, and necessary modification was made. The reliability and validity of the instrument were determined using Exploratory Factor Analysis (EFA).

**Keywords:** *organizational change, performance, change communication.*

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# Impact of Organizational Change on Organizational Performance

Saira khaton <sup>α</sup> & Dr. Ayesha Farooq <sup>ο</sup>

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**Findings:** The variables related to change portrayed in the research instrument are the aspects of change management in organizations; both for the individual as well as groups and the work also gains insight into the effects of the organizational change on organizational performance. This research instrument offers the impact of change aspects on performance and subsequently, improvisation of the processes in future. The results obtained indicated a positive relationship between the aspects of change on performance, as well as they impacted the performance of the organizations.

**Managerial Implications:** The researchers have concluded that the adoption of the changes by companies can be a means to improve organizational performance. The adoption will assist the business organizations to formulate practical strategies to enhance their performance.

**Keywords:** organizational change, performance, change communication.

## I. INTRODUCTION

According to Kotter (1995), effective change efforts must begin with individuals and groups evaluating an organization's "market position, competitive

situation, technological developments and financial performance". The organizational change implemented by the commitment of top management and it respond to various demands from a dynamic competitive environment (Wright and Snell, 1998). Increasing global competition, accelerating technological change and expanding customer expectations are creating a turbulent environment. In order to this rapid and uncertain change, organizations combine different aspects of change to improve performance and adopt flexible workplace practices in order to be successful (Gittleman et al., 1998). Armenakis et al. (1993) cite the example of a CEO, who travels to numerous corporate locations in order to discuss the need for change. Although researchers have shown that aspects of change such as change communication, participation, the attitude of top management, leadership and readiness for change are related to increasing organizational performance, the contribution of these aspects of change has been studied empirically (Bhattacharya et al., 2005).

However, aspects of change lay the foundations for the change in the organization: Quality of change communication is vital to the active implementation of organizational change (DiFonzo and Bordia, 1998; Lewis and Seibold, 1998; Schweiger and Denisi, 1991) and has made work more portable and ubiquitous which increases employee flexibility to organize work (Moen, 1996). Communication means the exchange of information and the transmission of meaning (Gilley et al., 2009). The most important factor for failure in change attempts is the managers' inability to persuade organization members to support the change (Fox and Amichai-Hamburger, 2001). Participation of top management and employees in an organizational context is demarcated as the active contribution of employees and management in the decision-making process of an organization (Chirico & Salvato, 2008). The attitude of top management, toward organizational change, is defined as a top management's psychological tendency expressed by overall positive or negative evaluative judgment of change (Lines, 2005). Attitudes toward organizational change could be viewed as a complementary to the acceptable (bottom line) outcomes, such as survival and profitability (Armenakis and Bedeian, 1999). The leader cannot perform organizational changes by using only formal structure and systems as principal instruments (Svanberg, 2007).

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The leaders also have to pay attention to the organizational culture and provide a new basis for cohesion (Hirschhorn, 2000). Armenakis et al., (1993) argue that readiness for change can be generated through active communication of the message for change (rational component). Fox and Amichai-Hamburger (2001) further emphasize the importance of using emotional elements when delivering information about the change because of their persuading role to overcome resistance to change depending on the strength of the relation between cognitive and emotional facets, affecting the emotions will lead cognitive elements to align with them (strong relation), or at least minimize the employees' emotional objection to the change (weak relation).

The purpose of this research paper is to explore the relationship between aspects of change (quality of change communication, participation, the attitude of top management toward change, leadership and readiness for change) on organizational performance as well as to study the impact of these aspects of change on performance.

## II. CONCEPTUAL BACKGROUND

Leana and Barry (2000) Theorize that organizational change is aimed at adapting to the environment, improvement in performance and changes in employees behavioral patterns in the workplace. Organizations are constantly required to adapt to a changing environment to sustain their position in the market and even more so if they are to grow actually (Biedenbach and Soumlerholma, 2008). Changes are a necessary measure of the current marketplace. The present rate of technological development and emergent global competition lets us predict an enduring need for change in the future (Armenakis and Harris, 2009). An extensive literature on organizational change contends that to succeed in the process of implementing changes particular individual, group, and organizational capabilities are needed which are critical at that moment, and some of those capabilities are related to quality of change communication, participation, attitude of top management, and readiness for change management (Burke, 2002; Denis et al., 2001; Greenwood and Hinings, 1993).

The changes executed by a firm are usually the result of a decision-making process that the firm formulates or designs with anticipation (Rajagopalan and Spreitzer, 1996) in order to accomplish a competitive advantage in the industry (Burgelman, 1991). The implementation of the majority of these changes requires necessary modifications to both the nature and configuration of organizational resources (economic, human, technological, information, and administrative), having a clear strategy plan to manage potential role conflicts and to minimize the resistance to

changes within the firm. The accomplishment of an extremely competitive position in the industry rests mostly on the firm's top management team whom should decide the scope or magnitude of organizational changes to be implemented in the future; those changes are identified and designed while the upper managers are working on the process of strategy formulation.

The scholars of organizational change report that the implementation of changes in the firm is an extremely complex task requiring top managers to develop multiple organizational capabilities and make commitments to several types of resources in large quantities that are often irrevocable (Eisenhardt and Zbaracki, 1992; Ghemawat, 1991). Firms manage a good deal of information, for instance, price strategies, product breadth, and depth, internal processes, operational and administrative costs, about their direct competitors in the same country. The systematic monitoring of the direct competition allows a firm to obtain useful information identifying good practices to be used consequently to implement internal changes to improve organizational performance.

## III. ASPECTS OF CHANGE

*The quality of change communication:* The general importance of communication during change has already been empirically demonstrated and approved by practitioners (Lewis, 1999). Poorly achieved change communication results in rumors and resistance to change, exaggerating the negative aspects of the change (Smelzer and Zener, 1992; DiFonzo et al., 1994). The empirical picture that is slowly emerging indicates that communication process and organizational change implementation are inextricably linked processes (Lewis, 1999, p. 44). Robertson et al., (1993) states that why communication is important during organizational change they demonstrated it by the model of the dynamics of planned organizational change. Robertson et al. propose that the change effort is dependent on the ability of the organization to change the individual behavior of individual employees. If organizational change is about how to change the different tasks of individual employees, communication about the change, and information to these employees is vital. Communication with these employees should be an important, and integrative part of the change efforts and strategies.

*Participation:* Participation of top management and employees in an organizational context is defined as the dynamic involvement of top management and employees in the decision-making process of an organization (Chirico & Salvato, 2008). Manville and Oberg (2003) stated that participation is a means by which employees are given an opinion to express themselves. Wagner (1994) said that participation refers

to a process where influence is shared among individuals who are hierarchically unequal. McNabb & Sepic (1995) found out that the deficiency of participation was a significant cause of disappointing results with organizational change. One of the earlier works that noted the significance of participation of employees in the change process is the landmark study of Coch and French (1948) they has a variety of experiments at the Harwood Manufacturing Plant, they perceived that a groups that were permitted to participate in the strategy and expansion of change had a much lower resistance than those who did not.

*The attitude of top management toward change:* The attitude of top management, toward organizational change, is defined as a top management's psychological tendency expressed by overall positive or negative evaluative judgment of change (Lines, 2005). Attitudes toward organizational change could be viewed as a complementary to the acceptable (bottom line) outcomes, such as survival and profitability (Armenakis and Bedeian, 1999).

*Leadership:* The leader cannot perform organizational changes by using only formal structure and systems as principal instruments (Svanberg, 2007). The leaders also have to pay attention to the organizational culture and provide a new basis for cohesion. (Hirschhorn, 2000). The key role leaders play in the change process has been noted by change theorists, yet no conclusive research focuses on this relationship between leadership and change (Almaraz, 1994). Burns (1978) developed the initial ideas on transformational and transactional leadership in the political context, and Bass (1985) further refined them and introduced them into the organizational context. Tichy and Devanna (1990) shows that transformational leaders engage in a process, which includes a sequence of phases: recognizing the need for change, creating a new vision, and then institutionalizing the change. A review of the literature on change-oriented or outstanding leadership, which also includes charismatic and visionary leadership (House, 1995), indicates that the "majority of the approaches share the common perspective that by articulating a vision, fostering the acceptance of group goals, and providing individualized support, effective leaders change the basic values, beliefs, and attitudes of followers so that they are willing to perform beyond the minimum levels specified by the organization" (Podsakoff et al., 1996, p.260).

*Readiness for change:* Armenakis et al. (1993) contend that readiness for change can be generated through active communication of the message for change (rational component). Fox and Amichai-Hamburger (2001) further emphasize the importance of using emotional elements when delivering information about the change because of their persuading role to

overcome resistance to change depending on the strength of the relation between cognitive and emotional facets, affecting the emotions will lead cognitive elements to align with them (strong relation), or at least minimize the employees' emotional objection to the change (weak relation). Herskovits, (2003) gave a work-related definition of resistance to change as: "Employee action or inaction that is intended to avoid change and interfere with the successful implementation of a change in its current form". Researchers have found a strong consensus about the significant role of readiness for change in understanding the processes that lead to a successful change implemented-on (Armenakis, Harris, & Feild, 1999; Kotter, 1995; Mento, Jones, & Dirndorfer, 2002; Sashkin & Burke, 1987). Despite the relevance of climate change, the process of change, and readiness for change in predicting change behavior, there are few well-validated available measures that assess these components (Holt, Armenakis, Harris, & Feild, 2007).

#### IV. RESEARCH METHODOLOGY

##### a) *Rationale for the Study*

An extensive literature review shows that the aspects of organizational change proved to be a suitable dimension resulting in better performing organizations and is used to replace traditional performance system. However, there has been no empirical study so far to show the extent to which aspects of change has been used in manufacturing and service industry as well as in public and private Sector organization in India and the relationship between aspects of organizational change on organizational performance.

##### b) *Objectives of the study*

- To study the concept of aspects of change.
- To study the relationship between aspects of change and organizational performance.
- To study the impact of aspects of change on organizational performance.

c) *Conceptual Model of Research*

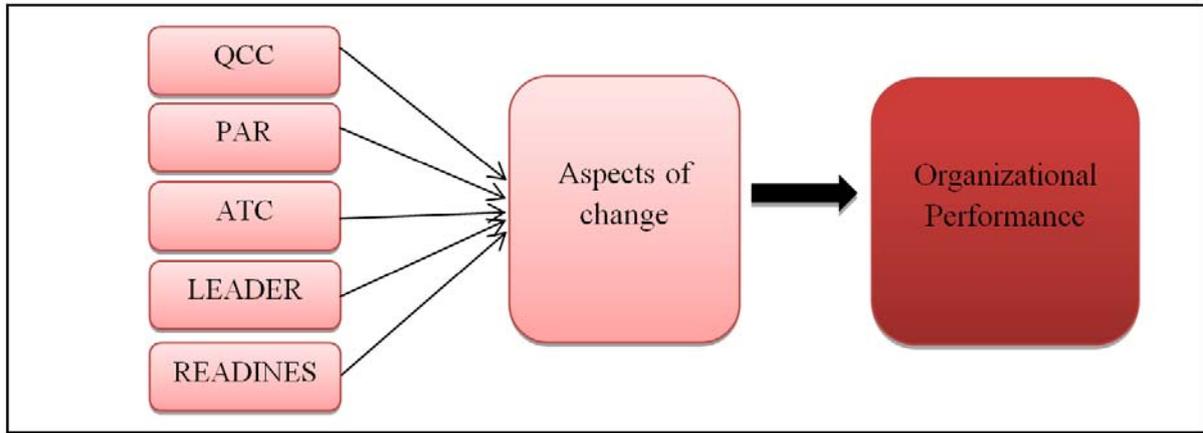


Figure 1: Conceptual Model of Research

Source: By Researcher

d) *Research Hypothesis*

In the light of the objectives following research hypotheses are developed.

*Category 1:* Investigating the positive relationship between aspects of change and organizational performance.

*H1:* There is a positive relationship between quality of change communication and organizational performance.

*H2:* There is a positive relationship between participation and organizational performance.

*H3:* There is positive relationship between the attitude of top management and organizational performance.

*H4:* There is a positive relationship between leadership and organizational performance.

*H5:* There is a positive relationship between readiness for change and organizational performance.

*Category 2:* Investigating the impact of aspects of change and organizational performance.

*H1:* There is a significant positive impact of quality of change communication on performance.

*H2:* There is a significant positive impact of participation on performance.

*H3:* There is a significant positive impact of the attitude of top management on performance.

*H4:* There is a significant positive impact of leadership on performance.

*H5:* There is a significant positive impact of readiness for change on performance.

V. METHODOLOGY

a) *Research Design*

Aspects of change are latent independent variable leading to, which is the dependent variable. Five constructs are identified for aspects of change namely: quality of change communication, participation,

the attitude of top management, leadership, readiness for change. The next category, overall performance (OP), was acknowledged in six statements. A research instrument was designed based on extensive literature review. The instrument was based on five- point Likert scale with choices 'strongly agree', 'agree,' 'neither agree nor disagree,' 'disagree' and 'strongly disagree.' The organizations chosen for the research fall under fortune 500 companies. Initially, the questionnaire for the pilot study had 51 statements. The questionnaire was reviewed by experts for their feedback. After necessary modifications, it was became 31 items from 51. The questionnaire was sent to 275 potential respondents, out of which only 175 responses were received. Senior managers were contacted for their responses since they are more aware of the aspects of the change occurring in the organization.

The reliability and validity of the instrument were determined with the help of factor analysis and computing Cronbach alpha. The value of Cronbach alpha for the entire instrument as well as for each construct was more than 0.500. Those variables with low factor loadings (less than 0.400) were deleted, and the questionnaire was refined. As a result, 31 statements remained in the final survey. After final data collection, 175 responses turned out to be valid and considered for the analysis.

*Reliability:* Measurement results are reliable when they remain stable from one rating period to another or from one rather to other (Smith, 1976; Wexley, 1979). The preliminary questionnaire used for the pilot study had 51 items. The first five categories were related to organizational change: quality of change communication (QCC), participation (PAR), the attitude of top management toward change (ATC), aspects of leadership (LDR), and readiness for change (REC). The next category, overall performance (OP), was

acknowledged in six statements. As a result, 31 statements remained in the final questionnaire. The instrument reliability and validity were determined with the help of factor analysis and computing Cronbach's alpha.

Table 1 : Descriptive Statistics and Cronbach's Alpha Item Statistics

Items	Mean	Std. Deviation	Cronbach's Alpha
QCC1	2.38	.983	.787
QCC2	2.16	1.034	
QCC3	2.57	1.191	
QCC4	2.36	1.030	
QCC5	2.86	1.118	
QCC6	2.31	1.106	
QCC7	2.53	1.118	.729
PAR8	2.25	1.056	
PAR9	2.44	1.125	
PAR10	2.35	1.079	
PAR11	2.16	.967	
PAR12	2.47	1.077	
ATC13	2.19	1.071	.552
ATC14	2.41	.973	
ATC15	2.65	1.054	
LED16	2.53	1.192	.466
LED17	2.45	1.042	
LED18	2.22	1.088	
LGP19	2.35	1.006	
RED20	2.39	1.016	.642
RED21	2.86	1.222	
RED22	3.09	1.163	
RED23	3.00	1.195	
RED24	2.85	1.129	
RED25	2.27	.992	
RED26	2.04	1.077	
OP27	2.04	.941	.755
OP28	2.74	1.116	
OP29	2.38	1.062	
OP30	2.16	.906	
OP31	2.37	1.005	

Hypotheses Testing

Category 1: Investigating the positive relationship between aspects of change and organizational performance.

In this study, five aspects of change have been taken namely, QCC, PAR, ATC, LDR and REDI as the independent variable. To investigate, the relationship

between aspects of change and OP has been estimated by Karl Pearson's Correlation. Proper hypothesis has been developed and validated accordingly. The hypotheses to investigate the positive relationship between aspects of change and organizational performance are given below [Hypotheses H1-H5].

Table 2 : Correlations among Change and Performance

	QCC	PAR	ATC	LDR	REDI	CHANGE	OP
QCC	1						
PAR	.428**	1					
ATC	.235**	.265**	1				
LDR	.190**	.398**	.308**	1			
REDI	.258**	.199**	.282**	.475**	1		
CHANGE	.723**	.689**	.533**	.650**	.687**	1	
OP	.553**	.462**	.225**	.300**	.264**	.579**	1

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

N= 175

The results of correlation show a positive relationship between aspects of change and organizational performance. Thus, Hypotheses H1-H5 is accepted. This implies that aspects of change such as

QCC, PAR, ATC, LDR and REDI positively correlated with the performance of the organization. According to the previous studies Dumond (1994) claims that the main problems in the implementation of performance measurement systems are raised due to the lack of communication and dissemination of performance information. The higher the level of management support, the more the participative behavior is expected to result in positive outcomes like an increase in performance (Caldwell, 2003). Top management and Senior Managers responsible for developing and implementing performance measurement systems are reflecting more on the concept of strategic control. P.A.

Phillips (2007). Gebert and Steinkamp (1991) argue that there is a close relationship between the economic success of an organization and leadership style used. Leadership also has a significant impact on performance (Yousef, 1998). Jayashree and Hussain (2010) point out that few empirical studies have assessed the role of performance measurement in change. Eccles (1991) claims that it will become increasingly necessary for all major businesses to evaluate and modify their performance measures in order to adapt to the rapidly changing and highly competitive business environment.

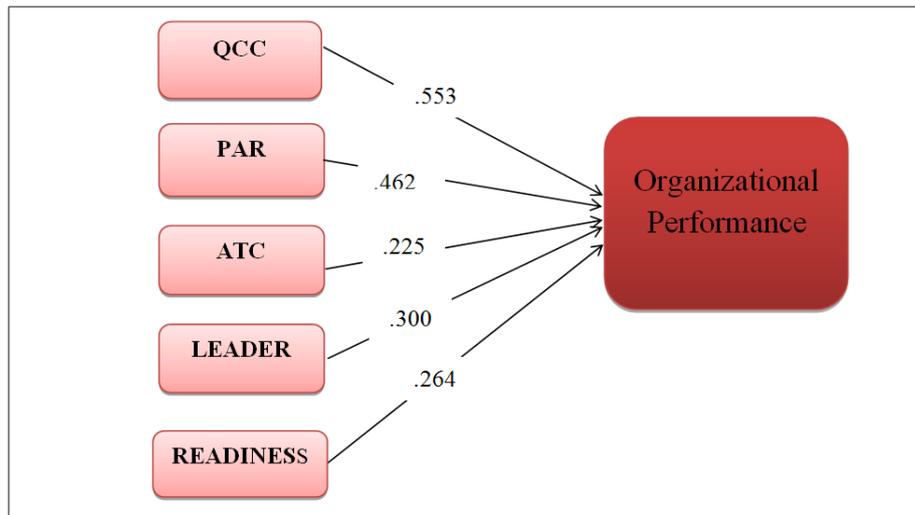


Figure 2 : Model Presenting the Value of Correlation

## VI. PATH ANALYSIS: STRUCTURAL EQUATION MODELING

Hair et al. (2010) have advocated that Structural Equation Modeling examines “the structure of interrelationships expressed in a series of equations.” The establishment of the covariance-based structural equation model (CBSEM) approach can be traced back to the development of the maximum likelihood (ML) covariance structure analysis developed by Joreskog (1966, 1967, 1969, 1970, 1973, 1979) and extended by Wiley (1973). SEM technique is the preferred choice for developing complex models, and various types of hypothesized models can be tested using SEM (Shumacker & Lomax, 2004). The structural constructs (i.e. multidimensional constructs, hierarchical constructs; cf. Fornell and Bookstein, 1982; McDonald, 1996; Wetzels et al., 2009; Bagozzi, 1994; Chintagunta et al., 2006) represent multilevel interrelationships among the constructs that involve several exogenous and endogenous interconnections and include more than one dimension. The researcher should distinguish higher order models from a model that employs unidimensional constructs that are characterized by a single dimension among the constructs. In the

measurement model, the contribution of each scale item is assessed. It further establishes the ability of the scale to measure the concept into the estimation of relationships between dependent and independent variables (Hair et. al., 1998). Hence, the measurement model provides the base for assessing the validity of the structural model. The structural model, allows the researchers to test the predicted relationships between dependent and independent variables.

The proposed model has five exogenous variables viz. The quality of change communication (QCC), participation (PAR), the attitude of top management toward change (ATC), Leadership (LDR) and readiness for change (REDI). Other variable employed in the study is Organizational Performance (OP) is treated as an endogenous variable. The model is depicted as recursive in nature. This implies that the model does not permit feedback loops. There is a unidirectional causal flow among the variables of the model.

### a) Analysis of Model Fit

The specific indices which are appropriate for this study include such as Chi-square/df, GFI, AGFI, NFI, CFI and RMSEA (Hair et al., 1998; Shumacker and

Lomax, 2004). Reporting chi-square test with its degree of freedom and associated p-value is mandatory (Hooper, Coughlan & Mullen, 2008). Researchers suggest a value between 1 and 5 as appropriate for chi-square/df (Chin et al., 1997; Salisbury et.al., 2002). Though a value less than 3 is considered good (Kline, 2004). Although there is no consent regarding an acceptable ratio for this statistic, recommendations range from as high as 5.0 (Wheaton et al., 1977) to as low as 2.0 (Tabachnick & Fidell, 2007). However it is

suggested that the lower the value, the better the fit (Segars & Grover, 1993; Chau, 1997).

The other model fit indices such as GFI, AGFI, NFI, CFI, and RMSEA are sensitive to model misspecification and do not depend on sample size as strongly as Chi-square (Rigdon, 1996; Hu & Bentler, 1998; Fan et al., 1999; Iacobucci, 2009; Bagozzi, 2010). Therefore, researchers are suggested to rely on the other fit indices as well other than Chi-square.

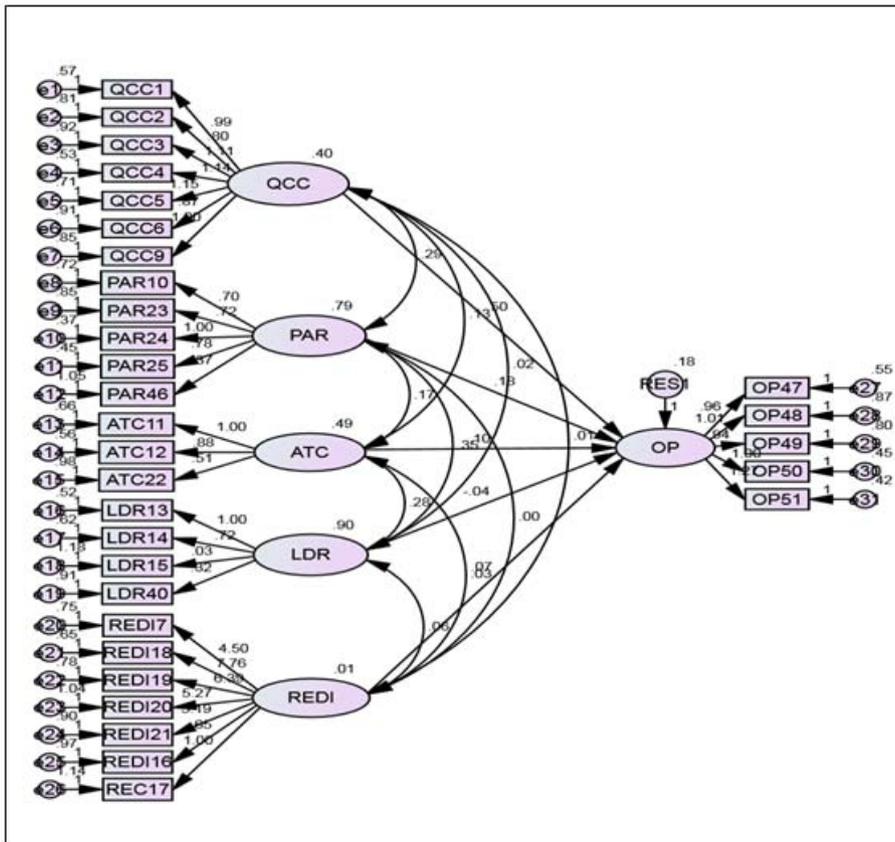
Table 3 : SEM- Model Fit Summary

Fit Indicators	Observed Value
Chi-square/ Degree of Freedom	2.657
Good of Fit Index (GFI)	.748
Adjusted Good of Fit Index (AGFI)	.701
(CMIN)/DF	2.658
Non- Normed Fit Index (NNFI)	.563
Comparative Fit Index (CFI)	.667
Root Mean Square Error of Approximation (RMSEA)	.086

Table: 3 show the fit indices for the entire scale. The fit indices showed that the higher-order factor of the model fitted the data adequately. Chi-square to degrees

of freedom ratio (2.657) is below 3. Also, The RMSEA value (0.073) falls between 0.07 and 0.08. Therefore, the measurement model for entire scale is acceptable.

Exhibit 1 : Structural Modeland Path Coefficients



Minimum was achieved; Chi-square=1134.573; df=419 ; Probability level= 0.000.

QCC- Quality of Change Communication, PAR-Participation, ATC- Attitude of Top Management, LDR-Leadership, REDI- Readiness for Change, & OP- Organizational Performance.

*b) Hypotheses Testing Through Path Analysis**Category 2: Investigating the impact of aspects of change on organizational performance.*

In this study, five aspects of change have been taken namely, QCC, PAR, ATC, LDR and REDI as the independent variable. The impact of these aspects of change on OP has been estimated by Structural Equation Modeling (SEM). Proper hypothesis has been developed and validated accordingly.

The hypotheses to investigate the impact of aspects of change on organizational performance are given below [Hypotheses H6-H10].

*H6:* There is a significant positive impact of quality of change communication on performance.

In order to study the impact of QCC on OP, Structural Equation Modeling (SEM) is applied. The results show the positive impact of QCC on OP (Estimate = .519). Further, this impact of QCC on OP is statistical significant ( $p = 0.000, < .05$ ). Therefore, the Hypotheses H6 is supported.

The result of the H6 is supported by the study of (Strand & Dore, 2009), they suggested that the significance of the quality of change communication scale confirms that agency-wide communication needs to elucidate goals of the organization, occurrences within the organization and specific work assignments for employees to feel ready for a change. Poor communication contributes significantly to decreased organizational performance. Stanley, Meyer & Topolnytsky (2005) also identify communications a major factor in overcoming employee resistance to change. They defined communication as management communicating the reason for the change, and confidence management decisions.

*H7:* There is a significant positive impact of participation on performance.

In order to study the impact of PAR on OP, Structural Equation Modeling (SEM) is applied. The results show the negative impact of PAR on OP (Estimate = .257). Further, this impact of PAR on OP is statistical no significant ( $p = 0.067, > .05$ ). Therefore, the Hypotheses H7 is not supported.

The result of H7 is contradicted by the study of Herzig and Jimmieson (2006), they advocated that the participation of top management toward change perceive the organization to be more ready for the better organizational performance. The higher the level of management support, the more the participative behavior is expected to result in positive outcomes like an increase in performance (Caldwell, 2003).

*H8:* There is a significant positive impact of the attitude of top management on performance.

In order to study the impact of ATC on OP, Structural Equation Modeling (SEM) is applied. The results show the negative impact of ATC on OP

(Estimate = .115). Further, this impact of ATC on OP is statistical no significant ( $p = 0.272, > .05$ ). Therefore, the Hypotheses H8 is not supported.

The result of H8 is contradicted by the study of P.A. Phillips (2007), they say that Top Management and Senior Managers responsible for developing and implementing performance measurement systems are reflecting more on the concept of strategic control. Kwon & Zmud, 1987; Shields & Young, (1989) find that the impact of the attitude of top management on performance has significant positive influences on measurement system.

*H9:* There is a significant positive impact of leadership on performance.

In order to study the impact of LDR on OP, Structural Equation Modeling (SEM) is applied. The results show the negative impact of LDR on OP (Estimate = -.068). Further, this impact of LDR on OP is statistical no significant ( $p = 0.671, > .05$ ). Therefore, the Hypotheses H9 is not supported.

The result of H9 is contradicted by the study of Yousef, (1998) he advocated that there is a significant positive impact of leadership on performance. The above result shows that there is no positive impact of leadership on performance.

*H10:* There is a significant positive impact of readiness for change on performance.

In order to study the impact of REDI on OP, Structural Equation Modeling (SEM) is applied. The results show the negative impact of REDI on OP (Estimate = .014). Further, this impact of REDI on OP is statistical no significant ( $p = 0.912, > .05$ ). Therefore, the Hypotheses H10 is not supported.

The result of H10 is contradicted by the study of Eccles (1991), claims that it will become increasingly necessary for all major businesses to evaluate and modify their performance measures in order to adapt to the rapidly changing and highly competitive business environment. On the other hand, the above result was in the favor with the study of Malmi, 1997; Anderson and Young, 1999 they suggested that Readiness for change does not always seem to lead to a successful performance, regardless of how skillfully they are managed.

Table 5 : Results of Hypotheses Testing through SEM

Hypothesis	Relationship	Estimate	p-value	Results
H6	QCC→OP	.519	.000	Sig.
H7	PAR→OP	.257	.067	No. Sig.
H8	ATC→OP	.115	.272	No. Sig.
H9	LDR→OP	-.068	.671	No. Sig.
H10	REDI→OP	.014	.912	No. Sig.

VII. DISCUSSION AND CONCLUSIONS

Innovation can be seen as an aspect of organizational change: doing something new within the organization (Jaskyte, 2010). The growing importance of service industries and increased global competition has further intensified the need for different control and performance measures. The empirical study appeared indicated that organizational change and communication process are intimately related practices (Lewis, 1999). Recent studies about change communication show that communication has a positive correlation with many organizational outputs like organizational performance, organizational commitment, organizational citizenship behaviors, and job satisfaction. Participation & Involvement of employees towards change enhances workers' input into decisions that affect their well-being and organizational performance (Glew et al., 1995). An emergent body of research suggests that employee participation has a positive impact on change implementation (Sims, 2002) and performance (Huselid, 1995). Top management and Senior Managers responsible for developing and implementing performance measurement systems are reflecting more on the concept of strategic control. P.A. Phillips (2007). Gebert and Steinkamp (1991) dispute that there is a close relationship between the economic success of an organization and leadership style used in the organization. Readiness for change does not always seem to lead to satisfactory performance, regardless of how skillfully they are managed (Malmi, 1997; Anderson and Young, 1999). The present study has been undertaken with the primary aim of exploring the relationship between the aspects of change and organizational performance as well as to study the impact of these aspects of change on performance. The effort was directed at generating scientific data that can help to fulfill the research objective of our study.

The findings of the category 1 show, that there is a positive correlation between aspects of change (QCC, PAR, ATC, LDR & REDI) and organizational performance (OP). The findings of the study of category 2, show that there is the only quality of change communication (QCC) has an a significant positive impact on organization performance (OP) while, other aspects of change PAR, ATC, LDR, & REDI has no significant positive impact on organization performance

(OP). Chan, (2004) found in a study of local governments in the USA and municipal governments in Canada; a majority reported not having developed any performance measure for innovation and change while The study of Bloodgood & Morrow, (2003) contradicted our study, they proposed Organizational change that an organization has selected, and the type of knowledge resources that a firm needs to implement successfully this strategy will have a positive impact on organizational performance.

a) Managerial Implication

Our study provides systematic new evidence on the aspects of the change and BSC concept. We present a model that suggests the aspects of change and Balanced Scorecard perspectives to focus on how they impact and communicate with organizational performance. The result shows that the communication of change has a positive impact on performance it illustrate that the poorly managed change communication results in anecdotes and resistance to change, exaggerating the negative aspects of the change (DiFonzo et al., 1994; Smelzer and Zener, 1992), while there is a positive relationship between aspects of change and organizational performance. Managers in the organizations whose strategies are controlled by top managers tend to be the most satisfied with the performance levels of their organization.

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# Factors Affecting the Choice of Project Scope Management Practices among Telecommunication Organizations

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Findings revealed that Competitive Advantage, Organizational Process Assets, Expert Judgment, Complex Activity List, Complex Project Scope Statement, Limited Resources, Fast Tracking, Project Delays, Client Demand, Technical Skills Required, Dynamism of Technology and Return on Investment were adopted factors influencing the choice of project scope management practices among telecommunication organizations.

**Keywords:** *project scope, management practices, choice, telecommunication, organizations.*

**GJMBR - A Classification :** *JEL Code : M10*



*Strictly as per the compliance and regulations of:*



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Findings revealed that Competitive Advantage, Organizational Process Assets, Expert Judgment, Complex Activity List, Complex Project Scope Statement, Limited Resources, Fast Tracking, Project Delays, Client Demand, Technical Skills Required, Dynamism of Technology and Return on Investment were adopted factors influencing the choice of project scope management practices among telecommunication organizations. All of these factors had a mean rank of 3.50 and above on a 5 point-Likert scale. Four of these factors were identified to be major factors that influenced the choice of project scope management practices employed by telecommunication organizations for the implementation of ICT projects. These include Competitive Advantage (58.5%), Complex Project Scope Statement (85.8%), Client's Demand (60.9%) and Return on Investment (52.5%). Correlation analysis also revealed that these four factors had significant relationships with the choice of project scope management practices employed by the organizations.  $p < 0.05$ )

In conclusion, the study revealed that Competitive advantage, Complex project scope statement, client's demand and Return on Investment are critical factors that can influence the choice of project scope management practices in the telecommunication organizations.

**Keywords:** project scope, management practices, choice, telecommunication, organizations.

## I. INTRODUCTION

As business needs change, Information and Communications Technology (ICT) develops in line with these changes especially in the present age of increased awareness and need. Organizations that maximize the use of new technologies found

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themselves dealing with projects that are difficult and expensive to implement (Ojiako et al., 2005). These projects are however embarked upon in order to meet up with several requirements. These include: contributing to organizations strategic plan, (its mission, goals and objectives), meeting up with executive sponsor requirements, technological advancement, legal requirements, commercial goals, political concerns, Government regulations, Nation building among others.

However, in order to ensure that these projects are implemented and delivered to the expectations of stakeholders, project management is embraced, especially in telecommunication industry, to proactively manage these projects such that the expected outcomes (products or services) will fulfill the purpose upon which they are embarked upon. Embracing project management to manage projects go a long way in improving upon project delivery success especially among ICT projects implemented by telecommunication organizations. However, the application of project management to manage projects are also governed by the methodologies applied but the objective remains the same, that is, improve upon project success and meet up with set project objective, goal and success criteria.

Several organizations face challenges in implementing these projects to desired expectations and these challenges do stem from improper gathering, interpretation and documentation of requirements and defining the boundary (scope) needed to fulfill project objectives. Significant efforts have been made in the identification, application and management of procedures, practices, processes, standards and methodologies towards ensuring that project requirements and scope are properly analyzed and documented to aid project delivery and success (Pmbok, 2013).

Project scope management is applied basically to aid the management of projects to success including ICT projects embarked upon by Telecommunication organizations. It involves all the practices that will aid in ensuring that all the work and only the work that are required are done on the project work. Project scope management involves planning, gathering requirements, creation of work breakdown structure, verifying and controlling project scope (Pmbok, 2013). It is noteworthy

that organizations decide on the choice of project scope management practices that they will embark upon and several factors can be responsible for the choice of project scope management practices they will employ in implementing projects. These factors can combine to influence the choice of practices the organization will employ to manage projects individually or translate to organization standards for managing all projects. The primary objective of organizations is achieving project success and reducing failures especially in a competitive environment. With the increasing competition and dynamism in the ICT industry and also the need to improve upon cost savings and maximize profits, effective project scope management is the most important factor that affects project success or failure (Avison and Torkzadeh, 2009).

## II. LITERATURE REVIEW

Information and Communication Technology (ICT) is technology that supports activities involving the creation, storage, manipulation and communication of information, together with the related methods, management and application. In other words, Information Technology enables the easy way to record, store, process, retrieve, and transmit information (Robert and Murphy, 2010). It encompasses modern technologies such as computers, telecommunications, facsimile and microelectronics. Older technologies such as document filling systems, mechanical accounting machines, printing and cave drawings are also included in the term Information Technology.

Emerging trends in socio-economic growth shows a high premium being placed on information and communication technology (ICT) by homes, organizations, and nations. This is fast making the world to become a global village and the necessary tool for this process is communication of which tele-communication is a key player. Projects implementation in the telecommunications sector all over the world is very rapid as one innovation replaces another in a matter of weeks (Ajiboye *et al.*, 2007). Communication without doubt is a major driver of any economy. This introduction has brought about a revolution in the telecommunication sector services worldwide.

Investments in ICT projects and training by telecommunication organizations have not totally led to massive gains in corporate productivity and ultimately improvement upon nations gross domestic product (GDP). The delivery of ICT projects among telecommunication organizations specifically, is failing to meet business and user needs due to factors such as poorly defined scope, cost and time overruns, inadequate quality and meeting up with expected features and functions to satisfy project stakeholders (CIO Magazine, 2001). Chaos manifesto, 2012 revealed that 39% of all projects (ICT projects inclusive)

implemented in 2013 were successful (delivered to time, on budget and with required features and functions), 43% were challenged (late, over budget with unsatisfactory required features and functions) and 18% failed (cancelled prior completion or delivered and never used). However, an increase in project success was observed over the years and this was as a result of several factors such as methods, skills, costs, tools. Decisions, internal and external influences, team bonding, technology and paramount amongst these is the increased awareness and introduction of project management especially in the various stage of project implementation including project scope management practices needed for ICT projects implementation (Heeks, 2002).

The introduction of project management into managing ICT projects comes with diverse methodologies. Project management methodologies specify the best way to initiate, plan, execute, control and deploy projects to achieve set objectives including customer satisfaction. There are several methodologies and the most suitable for projects implementation are determined by considerations such as the industry, sector or project type. Whichever methodology is considered or selected, they all also describe the approach for project scope management practices that can be employed to accomplish project objectives. Some of the methodologies in place includes; Waterfall, Agile, critical chain, critical path, scrum, PRINCE2, Project Management Institute (Varner, 2014). The Project Management Institute (PMI) methodology approaches project by classifying project implementation into process groups (Initiating phase, Planning phase, Executing phase, Monitoring and Controlling phase and Closing phase), knowledge areas and processes. Project scope management is a knowledge area that has plan scope, collect requirements, define scope, create work breakdown structure (WBS), verify scope and control scope as it processes (PMBOK, 2013). These processes are the practices employed in project scope management of projects including ICT projects implementation by telecommunication organizations.

Project scope management includes all those practices that are necessary to ensure that the project is streamlined to only the required necessary work in order to achieve a necessary product, service or result. Scope means what is needed to be done and scope management is the managing of what needs to be done (Wysocki, 2009). A well defined project scope is important for effective allocation of resources, plan expenditures, save time and energy by eliminating and or reducing features that have little value to project objectives. However, the process of defining scope can result in problems of the extreme if not well managed. Project definitions that are too broad may lead a team into a morass of connecting issues and associated problems beyond the team's resources. Project scopes

that are set too narrow could restrict teams from finding root causes. The tendency is to err on the side of making the scope too broad rather than too narrow (Mulcahy, 2009).

According to the PMI methodology, project scope management constitute the processes needed to ensure that the project includes all of the work required and only the work required to complete the project implementation successfully (Pmbok, 2013). There are five fundamental practices relating to project scope management (Heldman, 2009). These include:

### III. COLLECT REQUIREMENTS

This is the practice whereby the customers and stakeholders expectation of the project is recorded. The captured information must be elicited and analyzed in concrete detail. Requirement becomes the foundation of the work to be done and serves as a guide to the cost, schedule, the quality and customer satisfaction baseline of the project (Mulcahy, 2009).

#### a) Define Scope

Define scope is the practice of implementing a detailed documentation and description of the project and product. The product scope describes the features and characteristics of the product, result or service of the project while project scope describes the project work required to create the project deliverables (Heldman, 2009). Project scope definition is primarily concerned with what is and is not included in the project to be implemented. Define scope process usually qualifies major deliverables assumptions and initial constraints documented during the project initiation stage or phase.

#### b) Create work breakdown structure (WBS)

This is a project scope management practice of subdividing the project goals and deliverables and work to be done into smaller, more manageable units. Creation of the WBS requires the scope statement, requirement documentation and organizational culture, practices and procedures. The method used to breakdown and subdivide task and deliverables into smaller units is known as decomposition. The result of this process is the WBS, which effectively divides goals and tasks by setting milestones, cost estimates schedule activities among others (Pmbok, 2013).

#### c) Verify Scope

Scope verification involves the official acceptance of the completed project scope by the customer or stakeholders (Schwalbe, 2011). This process is involved with formalizing the acceptance of the project deliverables. Reviews are made with the customer concerning deliverables and the sponsor to ensure that the scope is in line with the initial goals of the sponsor. Several documents may be used to achieve this process including project management

plan, requirements documentation and validated deliverables. The main method of achieving this process is by review and inspection.

#### d) Control Scope

This is the process of monitoring and controlling the status of the project and product scope. Control is used to monitor the actual changes as they occur and integrated into the change control process. Controlling scope is a challenge to many ICT projects (Schwalbe, 2007). A reliable system must be in place to track, monitor, manage, and review change to project scope. Controlling scope changes must focus on; determining if a scope change is required; facilitating scope changes to ensure that changes are agreed upon; and managing the changes if they happen. Throughout a project life cycle, the need for change will arise from project stakeholders however, it is essential for project team members to proactively analyst, review and subject such changes to due approval processes before implementation. This is achieved by having a change control system in place. The change control system, handled by the project steering committee or change control board, is a process that estimates the impact of the change on project scope and determines if the change will be accepted or rejected (Luckey and Phillips, 2006).

### IV. RESEARCH METHODOLOGY

The study covered two states of the Southwest geopolitical zone of Nigeria namely Lagos, and Oyo states. The states have the largest concentrations of the telecommunication headquarters in Nigeria (NCC operators' data, 2013) containing details of all existing telecommunication firms in Nigeria. Twenty five telecommunication firms in Nigeria were visited which consisted of five (5) Global Systems for Mobile Communications (GSM) firms; four (4) Code Division Multiple Access (CDMA) firms and sixteen (16) fixed/fixed wireless firms. The ultimate goal was to establish the effect of project scope management practices on projects implemented by telecommunication organizations.

A set of questionnaire was designed and administered to a total number of 375 respondents comprising 125 project sponsors, project managers/coordinators, and project team members respectively. It elicits information on the factors influencing the choice of project scope management practices among telecommunication organizations. These factors include: competitive advantage, organizational process assets, expert judgment, complex activity list, complex project scope statement, limited resources, fast tracking, project delays, client's demand, technical skill required, dynamism of technology and return on investment. The data gathered were treated and subjected to analysis using descriptive and appropriate inferential statistics.

Inferential statistics such as correlation, Analysis of Variance (ANOVA) were used to examine the factors influencing the choice of project scope management practices on ICT projects implemented by telecommunication organizations.

### V. RESULTS AND DISCUSSION

#### a) Scope Management Practices Employed on Projects among Telecommunication Firms

Table 1 presents the detailed analyses of the scope management practices employed on projects among telecommunication organizations. According to

Table 1 : Scope Management Practices Employed on Projects among Telecommunication Firms

Parameters	5	4	3	2	1	Mean rank	SD
Collect Requirements	24 (25.5)	50 (53.2)	20 (21.3)	-	-	1.95	.68
Define Project Scope	23 (23.5)	48 (51.1)	23 (24.5)	-	-	4.00	.70
Create Work Breakdown Structure	27 (28.7)	47 (50.0)	20 (21.3)	-	-	4.07	.70
Verify Scope	7 (7.4)	63 (67.0)	24 (25.5)	-	-	3.81	.54
Control Scope	7 (7.4)	54 (57.4)	33 (35.1)	-	-	3.72	.59

Source: Field Survey (2014).

KEY: 1 = Not satisfactory, 2 = Slightly satisfactory, 3 = Moderately satisfactory, 4 = Satisfactory, 5 = Very satisfactory, N = 94

#### b) Factors Influencing the Choice of Project Scope Management Practices among Telecommunication Firms

As shown in Table 2 the highest (58.5%) proportion of the respondents agreed that competitive advantage is a significant factor that affects the choice of project scope management practices employed in the organizations. Also, Organizational Process Assets was agreed to be slightly significant (38.7%) and moderately significant (21.7%) to the choice of project scope management practices employed in the organizations, Expert judgment was also agreed to be slightly significant (41.5%) and moderately significant (45.3%) to the choice of project scope management practices employed in the organizations. It was also revealed that the highest percentage of the respondents (85.8%) agreed that Complex Project scope statement is a significant factor that affects the choice of project scope management practices employed in the organizations.

the mean rank shown in the result, the major scope management practices employed by the organizations were; Define Project Scope (4.00), Create Work Breakdown Structure (4.07), Verify Scope (3.81) and Control Scope (3.72). All these factors had the mean rank of 3.5 and above. The result also showed that, among the five scope management practices employed by the firms, only Collect Requirement had a very low mean rank of 1.95. The reason for this may be the fact that projects are progressively elaborated. This is in conformity with the findings of (Litten, 2013).

The analysis further revealed that majority (60.9%) of the respondents agreed that Client's demand is very significant to the choice of project scope management practices, Dynamism of technology (64.6%) and Returns on the investment (52.5%) are also significant to the choice of project scope management practices employed by the firms. Lastly, Fast-tracking (65.6%), Project delays (50.5%), Client's demand, and Technical skill required (69.2%) were factors that significantly affect choice of project scope management practices employed by the organizations.

The summary of these results revealed that twelve factors were identified and ranked proceeding to the extraction exercised. Only four of these factors were extracted. The implication of these results is that these four factors accounted for 4.00 and above of the variances observed as ranked in the analysis and critical for scope management practices in the Telecommunication firms.

Table 2 : Factors Influencing the Choice of Project Scope Management Practices Employed by Telecommunication Firms

Factors	5	4	3	2	1	Mean rank
Competitive advantage	-	62(58.5)	3 (2.8)	41(38.7)	-	<b>4.56</b>
Organizational Process Assets	-	12(11.3)	23(21.7)	41(38.7)	17(16.0)	3.68
Expert judgment	-	12(11.3)	44(41.5)	48(45.3)	-	3.69
Complex Activity list	-	3 (2.3)	19(17.9)	32(30.2)	3 (2.8)	3.61
Complex Project scope statement	9 (8.5)	91(85.8)	3 (2.8)	-	-	<b>4.03</b>
Limited resources	3 (3.2)	69(74.2)	21(22.6)	-	-	3.81
Fast-tracking	8 (12.5)	42(65.6)	14(21.9)	-	-	3.91
Project delays	2 (2.1)	48(50.5)	42(44.2)	3 (3.2)	-	3.52
Client's demand	56(60.9)	33(35.9)	-	-	3 (3.3)	<b>4.51</b>
Technical skill required	1 (1.3)	54(69.2)	20(25.8)	3 (3.8)	-	3.68

Dynamism of technology	10(15.4)	42(64.6)	10(15.4)	3 (4.6)	-	3.91
Returns on investment	41(41.4)	52(52.5)	3 (3.0)	-	3 (3.0)	<b>4.29</b>

Source: Field Survey (2014).

**KEY:** 1 = Not significant, 2 = Slightly significant, 3 = Moderately significant, 4 = Significant, 5 = Very significant

It can be deduced from the result that in order for telecommunication organizations to provide better value on similar products offered to customers among other competitors, they tend to match their existing core competencies with available opportunities so as to become the market leader. Also the study is in conformity with Project Management Institute report (2004) that Telecommunication organizations employ project scope management practices in projects implementation in order to be able to meet up with the clients demand and their expectations.

The implication of these results is that while the contributions of other extracted factors on choice of project scope management practices employed in the organizations should not be ignored; special attention should be given to these four critical factors (Competitive Advantage, Complex Project Scope Statement, Clients' Demand and Return on Investment). The knowledge and understanding of the contributions of these major factors are very pertinent towards the

choice of project scope management practices employed among telecommunication organizations.

c) *Correlation Matrix of Factors Influencing the Choice of Project Scope Management Practices Employed by the Telecommunication Firms*

Table 3 shows the Correlation matrix of the existing relationship the listed factors have on choice of project scope management practices employed by telecommunication organizations. The result revealed that only six out of the twelve factors; Organizational process assets ( $r = .448^{**}$ ;  $p < 0.05$ ), Expert judgment ( $r = .261^{**}$ ;  $p < 0.05$ ), Complex project scope statement ( $r = .260^{**}$ ;  $p < 0.05$ ), Limited resources ( $r = -.425^{**}$ ;  $p < 0.05$ ), Client's demand ( $r = .533^{**}$ ;  $p < 0.05$ ), and Returns on investment ( $r = .309^{**}$ ;  $p < 0.05$ ) were shown to have a significant relationship with the choice of project scope management practices employed in the firms. The six factors were tested at 0.05 level of significance.

**Table 3 :** Correlation Matrix of Factors Influencing the Choice of Project Scope Management Practices

	1	2	3	4	5	6	7	8	9	10	11	12	13
Factors	1.00												
CA	-.173	1.00											
OPA	.448**	.264	1.00										
EJ	.261**	.476**	.172	1.00									
CAL	.187	.372**	.955**	-.176	1.00								
CPSS	.260**	.158	.235*	.443*	-.216**	1.00							
LR	-.425**	-.108	.261*	.533**	-.456**	-.321	1.00						
FT	-.139	-.016	.176	.527**	-.043	.771**	-.516	1.00					
PD	-.207*	-.135	.292**	.004	-.007	.200	-.503**	-.026	1.00				
CD	.533**	-.074	-.160	-.441**	.115	-.317**	.360**	-.166	-.141	1.00			
TSR	-.085	-.093	.115	.879**	-.217	.426**	.275	.360**	.178	.156	1.00		
DoT	.157	.094	.442**	.518**	.267*	.441**	-.458*	.409**	.378**	-.084	1.00**	1.00	
Rol	.309**	.236*	-.035	.012	-.044	-.102	-.096*	-.436**	-.068	.242*	.244*	.251*	1.00

\*Significant at 0.05 (two tailed)

\*\*Significant at 0.05 (two tailed)

**KEY:** 1 = project scope management practices 2 Competitive Advantage, 3 = Organizational Process Assets, 4 = Expert Judgment, 5= Complex Activity List, 6 = Complex Project Scope Statement, 7 = Limited resources, 8 = Fast-Tracking, 9 = Project delays, 10 = Client's demand, 11 = Technical skill required, 12 = Dynamism of Technology, 13 = Returns on Investment.

d) *ANOVA Results of Factors for the Choice of Project Scope Management Practices*

Table 4 shows the Analysis of Variance results of the factors for the choice of project scope management practices employed in the firms from the opinion of the respondents. The result revealed that there was a significant difference ( $F = 4.027$ ,  $P = 0.045$ ) in the opinion of the respondents that 'competitive advantage' is a factor for the choice of project scope

management practices employed in the organizations. Also, 'organizational process' asset had a significant difference ( $F = 44.804$ ,  $P = 0.0001$ ) with the choice of project scope management practices employed in the organizations. 'Expert judgment' had a significant difference ( $F = 4.452$ ,  $P = 0.037$ ) with the choice of project scope management practices employed in the organizations, 'complex activity list' had a significant difference ( $F = 60.014$ ,  $P = 0.0001$ ) with the choice of

project scope management practices employed in the firms, 'complex project scope statement' had a significant difference ( $F = 10.435, P = 0.0021$ ) with the choice of project scope management practices employed in the organizations, 'limited resources' had a significant difference ( $F = 10.230, P = 0.0001$ ) with the choice of project scope management practices employed in the organizations, 'fast tracking' had a significant difference ( $F = 30.738, P = 0.0021$ ) with the choice of project scope management practices employed in the organizations. However, the results

showed that there was no significant difference ( $F=2.910, P = 0.091$ ) in the opinion of the respondents on 'project delay' as it affects the choice of scope management practices employed by the organizations. The results further shows that there was no significance difference ( $F=0.210, P = 0.648$ ) in the opinion of the respondents on 'client's demand' as it affects choice of scope management practices employed by the organizations, there was no significance difference ( $F=.021, P = 0.886$ ) in the opinion of the respondents on

*Table 4 : ANOVA Results of Factors for the Choice of Project Scope Management Practices*

FACTORS		Sum of Squares	Df	Mean Square	F	Sig.
CA	Between Groups	1.197	1	1.197	4.027	.045
	Within Groups	30.331	102	.297		
OPA	Between Groups	26.155	1	26.155	44.804	.000
	Within Groups	51.955	89	.584		
EJ	Between Groups	1.944	1	1.944	4.452	.037
	Within Groups	44.114	101	.437		
CAL	Between Groups	13.347	1	13.347	60.014	.000
	Within Groups	12.010	54	.222		
CPSS	Between Groups	1.903	1	1.903	10.435	.002
	Within Groups	18.057	99	.182		
LR	Between Groups	19.960	1	3.266	17.230	.000
	Within Groups	3.266	91	.190		
FT	Between Groups	7.105	1	7.105	30.738	.000
	Within Groups	14.332	62	.231		
PD	Between Groups	.968	1	.968	2.910	.091
	Within Groups	30.279	91	.333		
CD	Between Groups	.138	1	.138	.210	.648
	Within Groups	58.609	89	.659		
TSR	Between Groups	.007	1	.007	.021	.886
	Within Groups	24.980	76	.329		
DoT	Between Groups	.638	1	.638	1.283	.272
	Within Groups	30.800	62	.497		
Rol	Between Groups	1.726	1	1.726	2.706	.103
	Within Groups	60.603	95	.638		

**KEY:** CA = Competitive Advantage, OPA = Organizational Process Assets, EJ = Expert Judgment, CAL= Complex Activity List, CPSS = Complex Project Scope Statement, LS = Limited resources, FT = Fast-Tracking, PD = Project delays, CD= Client's demand, TSR = Technical skill required, DoT = Dynamism of Technology, Rol = Returns on Investment.

'technical skill required' as it affects choice of scope management practices employed by the organizations, there was no significance difference ( $F=1.283, P = 0.272$ ) in the opinion of the respondents on 'dynamism of technology' as it affects choice of scope management practices employed by the organizations, there was no significance difference ( $F=2.706, P = 0.103$ ) in the opinion of the respondents on 'return on investment' as it affects choice of scope management practices employed by the organizations.

## VI. CONCLUSION

The study investigated project scope management practices among organizations in the telecommunication sector in Nigeria and examined the determinant factors for the choice of project scope management practices employed in the organizations.

The study revealed that major project scope management practices employed by telecommunication firms were define project scope, create work breakdown

structure, verify scope, and control scope. The factors shown to significantly influence the choice of project scope management practices were competitive advantage, organizational process assets, complex activity list, complex project scope statement, limited resources, fast tracking, and expert judgment. The studies further revealed that the key significant impact of project scope management practices on project success were customer expectation, customer satisfaction, resource allocation and project duration.

The adoption of project scope management practices by telecommunication organizations in Nigeria are majorly affected by 'Competitive advantage', 'Complex project scope statement', 'Client demand' and 'Return on investment'. This will eventually ensure profitability, better return on investment and continued market share.

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# What is the Watchman Thinking about- Stay or Go? Examining Leadership Style and Organisational Commitment as Precursors of Turnover Intention of Private Security Employees

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**Keywords:** *transformational leadership, transactional leadership, organizational commitment, turnover intention, ghana.*

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*Strictly as per the compliance and regulations of:*



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**Abstract-** This study examined the effect of leadership style (transformational and transactional) on turnover intention of employees in Westec Security Systems Ghana Limited. The study was quantitative, cross-sectional, descriptive and analytical in nature. Structured questionnaires were used for the data collection. Two hundred and fifty eight (258) questionnaires were returned by respondents out of 265 administered. The findings indicated a significant negative relationship between affective commitment and turnover intention ( $\beta = -.226, p < .001$ ), continuance commitment and turnover intention ( $\beta = -.148, p < .01$ ), and normative commitment and turnover intention ( $\beta = -.121, p < .001$ ). In addition, the findings revealed a significant negative relationship between transactional leadership and turnover intention ( $\beta = -.152, p < .001$ ) and a significant negative relationship between transformational leadership and turnover intention ( $\beta = -.234, p < .001$ ). From these findings, it is recommended that managers adopt strategies such as transactional and transformational leadership style and organisational commitment in any attempt to reduce turnover intention of employees. This is a novel study in the Ghanaian setting where respondents are drawn basically from a private security firm, keenly stressing their value to researchers and national development.

**Keywords:** transformational leadership, transactional leadership, organizational commitment, turnover intention, Ghana.

## I. INTRODUCTION

Right from the walls of Microsoft Corporation in the United States of America, Alibaba in China, Lufthansa in Germany, BHP Billiton in Australia, Petrobras in Brazil and Shoprite in South Africa, there is virtually no organisation that can confidently and honestly profess the absence of employee turnover since its incorporation. Turnover is considered as highly cost-related activity generally because of the need to advertise, recruit and select and train new employees to replace (Abbasi and Hollman, 2000; McKinney, Bartlett and Mulvaney, 2007). No organisation would happily embrace such cost, thus making it unattractive activity for organisations to engage in it— particularly voluntary

turnover. Voluntary turnover occurs when employees willingly decide to quit an organisation. The attempt by strategic managers has been how to drastically reduce employee voluntary turnover in organisations. In the light of this, researchers and practitioners over the years have focused on identifying the very factors that help to reduce employee voluntary turnover. Griffeth, Hom and Gaertner (2000) considered employee turnover intention as an immediate predictor of actual turnover. Turnover intention has got to do more with the mind of the individual. It is believed that actual turnover do take place after the individual have thought of it for some time. It is more of a desire to do something but wholly influenced by the mind. Mobley (1977) defined the concept as the cognitive process of thinking, planning and willing to leave a job. Earlier research suggests that intent to quit is identified with negative outcomes such as poor performance and lower productivity (Meyer and Allen, 1997; Griffeth et al., 2000) thereby stimulating research in finding the antecedents of the construct. Extant of such studies indicate the relevance of leadership behaviours and the commitment levels of employees as significant antecedents of turnover intention (e.g. Hedberg and Helenius, 2007; Jehanzeb, Rasheed and Rasheed, 2013).

What then is the significance of this study? The rationale behind the conduct of this scientific research was on three cords. Firstly, in spite of the considerable rate of existing studies on the variables in the Ghanaian setting, there appeared to yet an empirical study that considered transformational and transactional leadership behaviours and organisational commitment concurrently acting as antecedents of turnover intention. Secondly, there was the need to extend research to other industries. Several related studies in Ghana drew respondents mostly from the banking, educational and health sector (e.g. Kumasey, Delle and Ofei, 2014; Cobbold and Asamani, 2015). These are perceived recognised industries or sectors in the country where most people pay huge attention. In studies where respondents were drawn from security organisations, much priority was attached to employees from government institutions especially the police (e.g. Abdul-

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Nasiru, Mensah, Amponsah-Tawiah and Simpeh, 2014). However, the private security industry in Ghana has seen remarkable increase in the past decade. Generally, officers of such are spotted at the security post of most big companies, institutions and magnificent homes of the elites in the country. Thus, the security of the country has come to stay with the combined effort of private security firms. Apparently, no study has paid attention to workers in private security organisations. In view of this, this research sought to focus on one of the largest and renowned security firms in Ghana- Westec Security Systems Ghana Limited. The company has existed for almost two decades in the country, and has suffered its own share of employee voluntary turnover especially over the past half a decade. Considering all these purposes, the researchers deemed it appropriate to determine how employees' intent to stay or leave in the organisation could be influenced by effective managerial behaviours as well as employees' organisational commitment.

## II. EMPLOYEE TURNOVER INTENTION

Turnover is defined as the ratio of the number of organisational employees who had left, either voluntarily or involuntarily during the period under consideration, to the total number of people in that organisation during the period (Price, 1977). From the above definition, there are basically two types of turnover: involuntary and voluntary. Involuntary turnover occurs when management takes the final decision in the cessation of an employees as a member of the organisation. On the other hand, voluntary turnover occurs when employees in their rightful thought decide not to continue working with an organisation. The latter is where the worry of management has always been. This is because organisations, by a very large extent, lose not only the competence of talented staff but are also left with extra cost to bear. However, voluntary turnover in most instances does not come out of the blue. It is believed that actual turnover if well studied could be detected from the behavioural intentions of employees (Radzi, Ramley, Salehuddin and Jalis, 2009).

Turnover intention is an employee's personal estimated likelihood that he or she has a premeditated intent to leaving the organisation permanently in near future (Kerlinger, 1973). This means that turnover intention is predominantly more of a mind set up than emotional attitude. From the perspective of Meyer, Stanley, Herscovitch and Topolnytsky (2002), turnover intention is a willfully planned intention of employees to leave an organisation mostly on the score to work in other organisations. The study aligns itself with the famous definition of turnover intention as a cognitive process of thinking, planning and desiring to leave a job (Mobley, Griffeth, Hand and Meglino, 1979; Mobley, 1977). Thus, turnover intention has a beginning and

maturity before manifesting into actual turnover. What an individual conceives grows overtime and may guide their perception. According to Mobley (1977), what individuals perceive and judge cannot be disassociated from their intent. Impliedly, the identification of what individuals think is a good step to halt a possible negative outcome.

No one can categorically state the intent of another person. However, there are signs that one can rely to possible predict what another person intends doing. Prior scientific research suggests that employees who usually intent to leave an organisation show signs including tardiness to work, poor job performance and disinclination to accept extra roles in the organisation (Oluwafemi, 2010; Samad, 2012; Griffeth et al., 2000). Similarly, factors such as organisational culture, HRM practices, perceived organisational justice, job satisfaction, (San Park and Kim, 2009; Ali, and Jan, 2012; Yau-De, Chyan, and Kuei-Ying, 2012; Kim, 2012) have been considered to influence employees intent to quit an organisation. In addition, the demography of employees plays a significant role in their turnover intention. For instance, age has been found as predictor of turnover intention (Chen and Francesco, 2000). This is not out of context as employees in their youthful age are likely to be more ambitious than those nearing retirement. Similarly, the number of years (tenure) that an employee has spent in the organisation in one way or the other influences his or her turnover intention (Chen and Francesco, 2000). Employees who have spent longer years in the organisation will think critically into any decision regarding voluntary turnover particularly where he or she has played significant role in the success of the firm. In the health sector, Abubakar, Chauhan and Kura's (2014) study revealed younger nurses are more likely to leave their organizations than their older counterparts. Some studies also report that the gender of employees influences their turnover intention. Thatcher, Stepina and Boyle (2002) found female IT employees with higher level of turnover intention than their male coworkers. Moreover, Abubakar et al.(2014) reported that male nurses were more likely to quit their organizations than females.

## III. ORGANISATIONAL COMMITMENT

Meyer and Allen (1991) defined organisational commitment as a psychological state that binds an employee to the organisation. Research posits several antecedents of organisational commitment including leadership style (Avolio, Zhu, Koh and Bhatia (2004), promotion, satisfaction, job characteristics, extrinsic and intrinsic exchange (Meyer and Allen, 1991), and demographic variables such as tenure, age and education (Luthans, Baack and Taylor, 1987). Organisational commitment is a multidimensional concept that comprise affective, continuance and

normative commitment. Affective commitment refers to employees' emotional attachment to, identification with, and involvement with the organisation as well as enjoyment in being a member of the organisation (Sabir, Sohail and Khan, 2011; Meyer and Allen, 1991). Continuance commitment describes anything of value that an individual may have invested (e.g. time, effort and money) that would be lost or deemed worthless at some perceived cost to the individual if he or she were to leave the organisation (Meyer and Allen, 1984). According to Singh and Pandey (2004), the seemingly high costs associated with leaving the organisation have significant effect on employees' decision whether to exit or stay in the organisation. Lastly, normative commitment refers to the moral obligation that employees develop after the organisation has invested in them (Randall and Cote, 1991). Employees' normative commitment is simply driven by what they consider good and ethical. From the standpoint of Meyer and Allen (1991), employees will remain with a particular organisation on the conviction that it is the "right and moral" thing to do.

#### IV. LEADERSHIP STYLE

Leadership style refers to a pattern of behaviours that leaders engage in when dealing with employees in an organisation (Dosunmu and Olusanya, 2011). Over the years, researchers and practitioners have considered various leadership styles such as trait, autocratic, democratic, laissez faire and situational (International Association for Analytical Psychology, 2009). In recent times, there has been a paradigm shift in terms of literature on leadership as most researchers have focused on transactional and transformational leadership style (Dartey-Baah and Ampofo, 2015; Al-sharafi and Rajjani, 2013). Bass and Steidlmeier (1998) emphatically stated that there is no other leadership style better than transformational and transactional leadership styles. The principle of transactional leadership is strongly rooted in "exchange relationship" (Burns, 1978). Transactional leaders believe that the best way to get employees to accomplish their tasks is to strike a deal with them. The deal can be favourable or otherwise depending on the result obtained by the individual. In most cases, employees are rewarded for meeting set targets or good performance, while they are punished for poor performance. Basically, the exchange relationship involves both the leader and the follower as both derive something of value (Yukl, 1981). Thus, failure of one party to discharge their duty may cause displeasure and hesitation on the other party to perform their aspect of the transaction. According to Bass (1985), lower order needs of satisfaction such as salary and incentives are what is mostly used by managers to motivate employees.

Transactional leadership is made up of three dimensions: contingent reward, management-by-

exception (active), and management-by-exception (passive). Contingent reward leaders are those entrenched in the philosophy of offering rewards to followers in exchange of work done. Such leaders make sure that employees know and understand tasks to be performed in order to obtain rewards. Bass (1985) advances that contingent reward leaders emphasise clarification of tasks to followers and the use of rewards to enable individuals and groups to achieve expected levels of performance. Management by exception (active) leaders actively appraise and monitor the work of followers and make sure that set standards are met (Antonakis, Avolio and Sivasubramaniam, 2003). They can best be described as proactive leaders. However, management by exception (passive) leaders intercede only when problems arise, standards are not met, and/or noncompliance occurs (Antonakis et al., 2003). In other words, the leader takes remedial action only after a problem has emerged (Elenkov, 2002).

Transformational leaders inspire employees purposely to adopt the vision of the organisation as their own, while attempting to increase their values, concerns and developmental needs (Gwavuya, 2011; Cacioppe, 1997). Transformational leaders motivate and encourage their employees to consider challenges as opportunities and organisational goals as their own in addition to their cooperation with employees so that employees raise their expectations and meet their needs, abilities, and moral character (Avolio and Bass, 1995; Bass and Avolio, 1997). Transformational leadership is grouped into idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Bass, 1990). Idealized influence leaders are seen as mentors or role models that people feel happy to emulate in the organisation (Moss and Ritossa, 2007). Such leaders have vision, instill pride in employees, gain respect and trust from employees, sacrifice their personal gains for the benefits of the group, set examples for followers and display high moral standards (Bass, 1985).

Inspirational motivation leaders inspire and encourage employees by setting high standards and meaningful goals for them to achieve. They are visionary leaders who inspire employees to believe in and follow them to achieve goals. Bass and Avolio (2004) assert that inspirational motivation leaders talk optimistically about the future, talk enthusiastically about what needs to be accomplished, articulate a compelling vision for the future and expresses confidence that goals will be attained. Individualized consideration leaders create a supportive climate to meet each individual's needs and they understand employees' individual differences. They do not make major decisions concerning employees without give them an opportunity to express their views. Bass and Reggio (2006) opine that leaders with individualized consideration believe in two-ways of communication. Lastly, intellectual stimulation leaders

get their followers to look at problems in new ways and from diverse angles. The leaders want employees to be innovative, creative and problem solvers (Limsila and Ogunlana, 2008), and also handle outmoded problems in the organisation with new perspectives (Moss and Ritossa, 2007) without criticizing employees for new ways of doing things (Bass and Reggio, 2006). In sum, intellectual stimulation leaders believe in various ways of doing things only if results can be achieved. In other words, the status quo can be changed where there are best practices and ways of performing an activity to achieve results.

## V. ORGANISATIONAL COMMITMENT AND TURNOVER INTENTION

Yin-Fah, Foon, Chee-Leong and Osman(2010) studied the organisational commitment, job stress, job satisfaction and turnover intention of private sector employees in Petaling. Among the findings of the study was a significant negative relationship between organisational commitments and turnover intention. Another study by Jehanzeb et al. (2013) in Saudi Arabia determined the relationship between the perception of availability of training and organisational commitment, and also the impact of organisational commitment on turnover intentions in the private sector. The findings indicated a strong negative relationship between organisational commitment and turnover intentions of employees. In Pakistan, Rehman, Karim, Rafiq and Mansoor (2012) examined the effect of emotional exhaustion on turnover intention of customer service representatives, using organisational commitment as a mediating variable. It was found that organisational commitment partially mediates the relationship between emotional exhaustion and turnover intention. It was also found that there was a significant and negative relationship between organisational commitment and turnover intention.

Samad's (2005) study examined the effect of each of the three dimensions of organisational commitment on turnover intention of government doctors. It was reported that affective, normative and continuance commitment were negatively correlated with turnover intention. Meyer and Allen (1991) also found that high levels of employees' affective, normative and continuance commitment lead to lower levels of their turnover intention (Meyer and Allen, 1991). In a later study, Meyer et al. (2002) again found that all the dimensions of organisational commitment (affective, normative and continuance) negatively influence employees' turnover intention. They argued that committed employees are less likely to intent leaving the organisation compared to uncommitted employees. Wasti (2003) found a negative relationship between affective commitment turnover intention, continuance commitment and turnover intention, and normative

commitment and turnover intention. Also, Vandenberghe and Tremblay (2008) determined the role of pay satisfaction and organisational commitment in turnover intentions and found negative relationship between affective commitment with turnover intention, and normative commitment and turnover intention.

Based on the above findings, it is hypothesized that:

*H1:* There will be a negative relationship between affective commitment and turnover intention of employees.

*H2:* There will be a negative relationship between continuance commitment and turnover intention of employees.

*H3:* There will be a negative relationship between normative commitment and turnover intention of employees.

## VI. LEADERSHIP STYLE AND TURNOVER INTENTION

Previous studies prove that both transformational and transactional leadership styles influence employees' turnover intention. For example, Sharifheravi, Shahidi and Mahmood (2010) examined the relationship between leadership style and turnover intention in IT Companies in Iran. It was found that transformational leadership has a significant negative relationship with turnover intention. It was also reported that individual consideration, among the dimensions of transformational leadership, was the most important precursor of turnover intention. The researchers therefore recommended the need for managers to choose the right leadership style in order to decrease employees' turnover intention. Also, Hamstra, Van Yperen, Wisse and Sassenberg (2011) found that transformational leadership reduce turnover intention for highly promotion-focused followers, whereas transactional leadership reduced turnover intention for highly prevention-focused followers. Furthermore, Wells and Peachey (2010) found a negative relationship between transformational leadership style and turnover intentions, and transactional leadership style and turnover intentions. In a study in Yemen, Al-sharafi and Rajiani (2013) examined the role of leadership practices in enhancing loyalty and reducing turnover intention among the most valuable employees in the telecommunication sector. It was reported that there was a negative relationship between leadership practices and turnover intentions of employees.

However, some studies found an insignificant nexus between leadership style and employee turnover intention. Long, The an, Ismail and Jusoh (2012) examined the relationship between leadership styles and employees' turnover intention of academic staff in a community college in Malaysia. They found that both transformational and transformational leadership styles

had no significant relationship with employee turnover intention. Similarly, in Gul, Ahmad, Rehman and Shabir's (2012) study, it found that there was insignificant relationship between transactional and transformational leadership styles and employees' turnover intentions. Additionally, Ghamrawi and Jammal (2013) realised that leadership style has negative but insignificant relationship with turnover intention. In the same vein, Sharif Heravi et al. (2010) found no significant relationship between transactional leadership style and turnover intention of employees in IT companies in Iran.

On the basis of the findings above, it was hypothesized that:

H4: There will be a negative relationship between transactional leadership style and turnover intention of employees.

H5: There will be a negative relationship between transformational leadership style and turnover intention of employees.

## VII. METHODOLOGY

### a) Sample and Sampling Procedure

The study was quantitative, cross-sectional, descriptive and analytical in nature. There were 853 junior staff of Westec Security Systems Ghana Limited in the Greater Accra Region. Two hundred and sixty five employees were sampled using Krejcie and Morgan's (1970) table for determining sample size from a given population. In order to give every employee an equal chance of being selected, the simple random sampling (lottery method) was used to select the respondents. A sampling frame consisting of names of staff was used, expediting the process of selection. Out of the 265 questionnaires self-administered, 258 properly filled questionnaires were retrieved from respondents which was used for the data analysis.

### b) Measures

**Leadership style ( $\alpha = .831$ ):** The 31 item in Multifactor Leadership Questionnaire (MLQ Form 5x-short) was used to measure leadership style (Bass and Avolio, 2004). The MLQ Form 5x-short comprises 19 items on transformational leadership ( $\alpha = .876$ ) and 12 items on transactional leadership ( $\alpha = .824$ ). The rating scale ranges from 1 = "not at all" 2 = "once in a while", 3 = "sometimes", 4 = "fairly often", to 5 = "frequently, if not always". Example of item is "My manager seeks differing perspectives when solving problems".

**Turnover intention ( $\alpha = .846$ ):** A 6-item scale was used to measure turnover intention (Farrell and Rusbult, 1992). A 5 point Likert-scale ranging from 1 = "Strongly disagree", 2 = "Disagree", 3 = "Neutral", 4 = "Agree", to 5 = "Strongly agree" was used. Example of item is "I often think about quitting".

**Organisational commitment ( $\alpha = .873$ ):** The 18-item in Organisational Commitment Questionnaire (OCQ) was used to organisational commitment (Meyer and Allen, 1997). The OCQ instrument measures the three components of organisational commitment: affective ( $\alpha = .862$ ), continuance ( $\alpha = .714$ ) and normative ( $\alpha = .836$ ). The rating scale ranges from 0 = "not at all" 1 = "once in a while", 2 = "sometimes", 3 = "fairly often", and 4 = "frequently, if not always". Example of item is "My manager helps me to develop my strength".

### c) Analysis

Demographic characteristics of respondents were calculated using descriptive statistics. Standard multiple regression was the statistical tool used to measure all the hypotheses. Beta values at 99% significant.

## VIII. RESULTS

Table 1 : Demographic characteristics of respondents

		Frequency	Percent
Sex	Male	78	62
	Female	48	38
	Total	126	100
Marital status	Married	43	34
	Single	72	58
	Divorced	3	2
	Widow/widower	8	6
	Total	126	100
Age	20-30	49	39
	31-40	37	29
	41-50	24	19
	51-60	16	13
	Total	126	100

An  $R^2$  of .127 in table 2 signifies that approximately 13% of the variation in turnover intention

is explained by affective, continuance and normative commitment. Table 2 also indicates that the model was

significantly fit for the study ( $F=8.568 < 0.001$ ). In addition, table 2 shows that there is a significant negative relationship between affective commitment and turnover intention ( $\beta= -.226, p<.001$ ), continuance

commitment and turnover intention ( $\beta= -.148, p < .01$ ), and normative commitment and turnover intention ( $\beta= -.121, p < .001$ ). The results are therefore in confirmation with hypothesis one, two and three.

Table 2 : Descriptive statistics of the variables

	Mean	Std. Deviation
Transactional leadership	3.247	.7235
Transformational leadership	3.686	.8326
Turnover intention	4.531	.9113
Affective commitment	4.325	.8251
Continuance commitment	3.469	.7314
Normative commitment	3.364	.7253

Table 3 shows an  $R^2$  of .251 which means that approximately 25% of the variation in turnover intention is explained by transactional leadership style and transformational leadership style, with the remaining 75% unexplained.  $F=8.568 (p < .001)$  indicates that the model is significantly fit. Additionally, table 3 shows that

there is a significant, negative relationship between transactional leadership style and turnover intention ( $\beta=-.152, p<.001$ ), and transformational leadership style and turnover intention ( $\beta =-.234, p < .001$ ). Thus, the findings are in support of hypothesis four and five.

Table 3 : Results of standard multiple regression for turnover intention on affective, continuance and normative commitment

	B	Std. Error	$\beta$
Intercept	2.241	.449	
Affective commitment	.486	.627	-.206**
Continuance commitment	.612	.532	-.218**
Normative commitment	.537	.526	-.113*

$R^2 = .127, F=8.568, *P<0.01, **P<0.001$

Table 4 : Results of standard multiple regression for turnover intention on transformational and transactional leadership styles

	B	Std. Error	$\beta$
Intercept	1.848	.317	
Transactional leadership	.359	.534	-.152*
Transformational leadership	.416	.385	-.234*

$R^2 = .251, F=19.532, *P<0.001,$

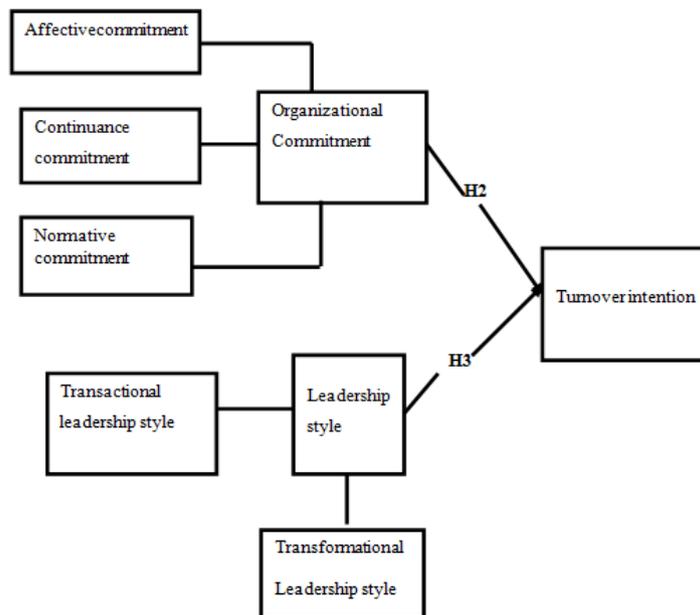


Figure 1 : Relationship between leadership style, organizational commitment and turnover intention

## IX. DISCUSSION

The finding that all the components of organisational commitment are negatively related with employee turnover intention explicitly indicates that the intent to employees to continuously stay in the organisation is hinged on their increased levels of commitment to the organisation. Hence, employees with high level of organisational commitment will likely less think about leaving the organisation. As indicated by Meyer et al. (2002), committed employees are less likely to intent leaving an organisation compared to less committed employees. The love and desire for an organisation is justifiable enough for some employees to stay in an organisation. Thus, for the intense affection or love for an organisation, employees proudly identify themselves with every aspect of the organisation and would therefore not allow anything to easily influence their intent to quit the firm. Intent to quit an organisation may arise only when employees become emotionally despondent or love is by a large extent completely eroded.

Furthermore, the placing of premium on the presence and contributions of employees in the organisation has a great possibility to decrease employees' turnover intention. This is because the acknowledgement of employees as key stakeholders in organisations helps to shape their thoughts on such matters as forfeiture of gains that they have immensely and partly contributed to the firm if they leave. However, employees will not stop thinking about leaving an organisation where they are not considered as significant stakeholders. Lastly, employees are trapped by the investment organisations put in them over the years to think about staying with the organisation. Thus, employees vastly act upon moral conviction in such circumstances as they think that the most appropriate way to reciprocate their appreciation to the organisation is to stay to meaningfully contribute towards achieving set goals. As such, normative committed employees are less likely to intent leaving the organisation. The findings are consistent with previous research (Samad, 2005; Meyer et al., 2002; Yin-Fah et al., 2010; Vandenberghe and Tremblay, 2008) that an increase in affective, continuance and normative will lead to a decrease in turnover intention of employees. In spite of the negative relationship of the organisational commitment components with employees' intent to quit, it was realised that affective commitment had the strongest relationship with turnover intention. This means that employees' love for their organisation has the greatest tendency to influence their turnover intention. Hence, the more the love of employees for their organisation the more they think less of leaving the firm.

Another finding of the study was that transactional and transformational leadership styles have significant relationship with turnover intention.

Specifically, transformational leaders help to reduce employees' turnover intention because they identify and develop the needs of employees in relation to meeting organisational goals. In this regard, employees develop a strong admiration for transformational leaders, making them feel comfortable and happy working with such leaders in the organisation. Similarly, employees are less likely to intent to quit an organization when managers believe in the principle of "I will give you this if you do this" or "exchange relationships". Employees who receive rewards they are promised will become happy to stay in the company. The findings are in line with previous research (Hamstraet al., 2011; Wells and Peachey, 2010; Sharif Heravi et al., 2010) that transactional and transformational leadership styles significantly and negatively influence employee turnover intention. However, the findings do not support earlier research that (Gul et al., 2012; Long et al., 2012) there is no significant relationship between transactional leadership style and turnover intention of employees. Similarly, the findings is inconsistent with previous study (Sharif Heravi et al., 2010; Gul et al., 2012) that there is no significant relationship between transformational leadership style and employee turnover intention.

## X. CONCLUSION

Organisations' growth and sustainability in contemporary competitive markets depend on a number of factors (e.g. materials, finance, technology and human resource), but the human resource factor is of great dominance in all sphere. The presence of qualified and talented employees in organisations is fundamental in the effective operationalization of the others factors to achieve organisational goals. Thus, most organisations invest colossal amounts of money in HRM practices such as recruitment and selection and training and development with the common intent to get the best and talented employees to discharge organisational tasks. The big conundrum but unadventurous situation of many organisations is when talented employees leave the organisations for another after years of huge investment in them. However, voluntary turnover does not take place without employees' turnover intention. Impliedly, most voluntary turnovers are not spontaneous but they are pondered over by employees over a considerable period of time. As posited by Salahudin et al. (2009), turnover intention is key among the determinants of actual turnover of employees. Therefore, strategies to reduce turnover intention will have a rippling effect on actual turnover. The study found leadership style and employees' organizational commitment as fundamental strategies that help to reduce employees' intent to quit an organisation. Employees will not think about leaving an organisation when managers focus on employees' development and success in the organisation by supporting, coaching,

motivating and mentoring them. Also, employees are less likely to think about leaving an organisation where leaders recognize their contributions by offering them deserving and satisfactory rewards such as bonuses and incentives. Managers should therefore adopt both leadership styles as effective strategies to reduce turnover intention. In times of choice, managers should adopt and practice transformational leadership style instead of transactional leadership style. Lastly, the more employees become committed to the organisation the lesser they think about leaving the organisation. Employees with strong love for the organisation, considered as key stakeholders in the organisation and are not oblivious of the investment organisation have made in them may find no reason worth comprehensible to think about leaving the organisation. Managers should therefore help to improve the organisational commitment of employees in order to reduce turnover intention.

## XI. STUDY LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

The study was limited to only employees of Westec Security Systems Ghana Limited in the Greater Accra Region without the inclusion of employees in other regions. Future studies should increase the population of the study by considering other employees in other parts of the country. Also, the findings of the study cannot be generalized in the private security sector. There are a good number of private security firms in the country which future studies may consider either to widen the scope of study or undertake a comparative study. Additionally, the study was not specific on the effect of the components of transactional and transformational leadership on turnover intention of employees. For instance, transactional leaders believe in exchanges being reward for task completion or good work done, or punishment for task incompleteness. Considering the degree of response to duty in security jobs and culture of compliance with order from higher hierarchy, it would have been more appropriate to find the impact of contingency rewards and management-by-exception components of transactional leadership on employees' turnover intention.

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## Ethics: Source of Competences' Development

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**Abstract-** The Management of companies has lived, since the end of the Seventies, a noteworthy metamorphosis articulated mainly around the human capital that represents, henceforth, a predominant component in the strategic equation.

Yet, the development of competences remains dependent on managerial ethics to provide to the company the keys to success.

Within the framework of this research, we propose to highlight the bond involving ethics, decisional system of the management system and the development of competences (valorization, construction, unlearning) and to see in which measurements ethics makes it possible to develop competences. These theoretical results were the subject matter of an empirical validation which leads us to confirm that ethics reaches the development of competences.

**Keywords:** *development of competences (valorization, construction, unlearning); "ethics" (decisional subsystem); management system.*

**GJMBR - A Classification :** *JEL Code : O10*



*Strictly as per the compliance and regulations of:*



# Ethics: Source of Competences' Development

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## INTRODUCTION

The firm is defined as being a social structure organized in order to fulfill its goals where the individuals have different reasons to take part in its activities. Consequently, it is continuously bothered by conflicting interests which it tends to match up so as not to handicap the achievement of its objectives. Hence, the government of the whole elements that make an organization requires the synchronization of personal and collective interests to create value for the whole stakeholders.

This requests, according to Grimand and Vandangeon-Derumez (2000), a connector between the possession of a portfolio of resources and its actualization in an offer system, then to carry it out in the form of a sustainable competing advantage. Spitezki (1999) claims a mode of management implemented by the company, based on its finalities, the conceptual vision of its commanding style and execution processes which make it possible to harmonize and coordinate efforts for a common finality that to develop the competitiveness of the company. It is the management system which is defined, according to Atamer and Calori (2003), as being the organizational routines related as well to the behavior standards as to the decision-making and control processes. According to Frioui (1998) and Chaher (2002), the management system appears as being the tool which characterizes the way in which a company carries out its mission. It is composed of three subsystems:

- Decisional subsystem: it is represented by ethics which synthesizes whole principles, values and beliefs directing the individuals' behavior within the firm.
- Operational subsystem: it coincides with the operating mode of the firm. It transcribes the vision and the way of working within the company.
- Control subsystem: it is the exercise of a certain control in order to make sure of the smoothly progress of the activity.

The interaction between these three subsystems lets appear that the decisional subsystem engages the company with respect to all of its internal and external partners. This phenomenon remains dependent on ethics.

Within the framework of this article, we will see up to what point does ethics influences the competences development.

## I. THEORETICAL BACKGROUND

### a) Ethics

It includes the whole of principles, values and beliefs which control the behavior of the men (Mercier, 2000; Milliat, 2005). According to Puel (2000), ethics is expressed as human act which refers to significance. Milliat (2005) conceives that ethics precedes the behavior and explains it mainly. It corresponds to the identity search having the ambition to discriminate good from bad way of acting. Ethics inserts human dimension by reconsidering the critical role of the individuals estimated as proficient to express and to support their specific interests. It offers to the company the opportunity of transmitting its specificity and making its members benefit of the membership feeling. Macombe (2006) notifies that it gives sense to the entity as well as contributes to the constitution of a sustainable competing advantage.

According to Mertz (2000), the ethical climate is the shared perception of a behavior regarded as just. It is inspired by the company's values system. A value is a crucial conviction which is with a marked importance and a great significance for the individuals and still partially inalterable with the passing time (Bergeron, 1997). The values correspond to the ideology of the company, the whole of standards, common beliefs referring to the mission of the organization and the good way of managing the employees (Desreumaux, 1998). In period of change, they contribute to steady and to thwart the apprehensions by setting up reference marks to the individuals.

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The majority of the multinational corporations dedicate most of their performance to the consecration of some determining values. These key values are regarded as critical for the success of a company. Indeed, these beliefs and these convictions condition the management of the organization's members by shaping their behavior while resolving problems or making decision.

In the business domain and within the meaning of De Serres (2005), ethics evolved largely throughout the last century. Initially and all over the period 1920 till 1950, it was inspired by the religious movements while adopting excluding principles related to criteria such as alcohol, tobacco, armament. Then, the period 1960-1970 is marked by the militant engagement with the introduction, furthermore, of the social and environmental criteria. At the beginning of the Eighties, the excluding criteria included, in particular, the company's activity like its geographical localization. Since the 1990, have been initiated the socially responsible funds where ethics represents, from now on, a generic term which qualifies a responsible management including the company's social and environmental implication besides the consideration attributed for its different partners' expectations. The social performance constitutes, therefore, an important criterion to evaluate the real financial performance of the company. Moreover, by combining traditional finance with responsible finance, certain problems involved in the governance of the company will be resolved. Ethics answers the attempt of converging three values' scales (Chaher, 2002; Frioui, 1999):

- Those of the leader;
- Those of the company;
- Those of the Stakeholders.

#### b) *The values' scale of the manager*

The functions that were associated to the leaders in the literature show the basic role that they play in the decisional system owing to the fact that they influence considerably the strategy of the company. Andrews (1987) identified three principal roles for the leader:

- He is the architect of the finality of the organization.
- He is an organizational leader who takes care of the achievement of its goals.
- He represents a model inspiring his collaborators.

Desreumaux (1994) puts forward the proactive role of the managers in the modeling of the activities' area and the organizational characteristics of the company, and overall in the control of its destiny where the strategy of a company, its organization, even its environment, are figured by the intentions and actions of the individuals, those whom hold the command within the organization.

Among the values of the leader that intervene in the decision-making, Brasseur (2002) recognizes oneself perception and the perception of the others, the conception of the manager's role and the representation of success. Frioui (2006) picks out, among dominant values translating the preferences of the manager, the personal equation, the notoriety, the influence, the regard and the consideration of collaborators.

In addition, further than carrying out his mission, the manager sees to the widening of his negotiation's capacity with the company's stakeholders as well as his putting down of roots which consists in maintaining his position, extending his autonomy and raising his additive remuneration and privileges or his value in the leaders' market or even evicting possible competitors (Alexandre and Paquerot, 2000). According to Pigé (1998), it is a process of forming relational networks (formal or informal) by which the leader succeeds to emancipate, at least partially, of his shareholder and board of directors' supervision. The vision of the environment, the strategic horizon, the goals and objectives of the leaders... shape the cultural, social and political specificities of the companies (Martinet, 2002).

#### c) *The values' scale of the company*

Desreumaux (1998) initiated the organization as being made up of three inter connected elements like the economic structure of advantageous activities, the social structure of relationship between individuals and groups and, finally, the superstructure composed of shared values; it is the ideology. This superstructure represents the whole values, representations and interpretations of the collective life which contributes to take root the company and to perpetuate its identity and its coherence.

The values provide for the company the way of imposing and supporting its culture under the changes of the environment. According to Mertz (2000), the ethical climate is the shared perception of a behavior considered as just. It takes as a starting point the values' system of the company. Frioui (2006) regards them as being the whole of the devoted values governing a specified company such as merit, honesty, confidence, credibility, solidarity etc.

Atamer and Calori (2003) enumerated thirteen values which appeared determining. The creation of a culture of trust within a company seems to be of a strategic importance. Among other values one can mention additionally the risk acceptance, the know-how, the participation, the order, the profit, the individualism, the innovation, the societal contribution, the customer service, the team spirit, the personal blossoming and the competition. We add up, according to Mertz (2000), cooperation, equity as well as honesty.

Lam, Schaubroeck and Ayree (2002) connect equity to favorable results of employees. In addition,

Chang (2002) insists on the importance of equity where justice in organizations is an important determinant of employee behaviors or attitudes at the workplace. Tripodi (2002), Ellul (2001), Alexis and Batazzi (2000), Cucchi (1997), Dejoux (1996), Garvin (1993)... stressed the importance of training.

d) *The values' scale of Stakeholders*

As being aware of the critical role of its human resources in the appropriation of a competing advantage, the organization can be effective only if it succeeds in managing the petitions of its personnel and the other stakeholders which are needed owing to their resources and their support.

In addition, the stakeholder theory revealed that a company is directed by other interests that those of its managers (Doublet, 2000; Rienstra and Nijkamp; 1996). Each one seeks to maximize its own utility function (Poincelot, 1999). According to Freeman (1984), they influence and are influenced by the activity of the company such employees, customers, shareholders, suppliers, backers, State...

According to Clarkson (1995) the stakeholders are those without whose participation the corporation cannot survive. Hill and Jones (1992) define them as being the elements that make the environment of the

company and having legitimate claims. This legitimacy emerges from the relations of exchange established between the organization and its stakeholders. The prosperity of the company and its success depend on the consideration and the conciliation of the interests and the values of the various stakeholders. Thus, their values are integrated in the governance system of the company (Charreaux and Desbrières, 1998).

Clarkson (1995) proposed to discriminate between stakeholders according to their importance degree by classifying them into two groups: main stakeholders, those whose participation's interruption has an effect on the good control of the company's activities, and the minor stakeholders those who affect and are affected by the control of the company's activities but are not essential for its performance.

The values of the main stakeholders translate their respective interests. In consequence, several authors such as (Aryee, Budhwar et Chen, 2002; Lam, Schaubroeck et Aryee, 2002; Kickul, Lester et Finkl, 2002; Mertz, 2000 et Hellriegel, Slocum and Woodman, 1989) stress the objectives that summon up the responsibility of the company towards its partners.

We can synthesize these various interests in the following table:

*Table 1* : Values of main Stakeholders Objectives and interest

Stakeholders' Objectives and Interests	Short term	Long term
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Dividends distributed.</li> <li>- Acceptable profitability</li> </ul>	<ul style="list-style-type: none"> <li>- Net Amount of the credit and the price of the action.</li> <li>- Reputation of the company.</li> <li>- Treatment without discrimination.</li> <li>- The protection of their financial investment</li> <li>- More value</li> <li>- Reliable information</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Ratio: Price /quality/ Allowed Time</li> <li>- Relation based on integrity and mutual respect: impartiality and non-discrimination.</li> </ul>	<ul style="list-style-type: none"> <li>- Service after sale</li> <li>- Satisfaction of expectations and respect of the held promises.</li> <li>- Development and offer of products and services of value.</li> </ul>
<b>Personnel</b>	<ul style="list-style-type: none"> <li>- Good remuneration</li> <li>- Significance and meaning of work</li> </ul>	<ul style="list-style-type: none"> <li>- Possibilities of personal progress, career,</li> <li>- Safety and health of employment</li> <li>- Communication, attention and dialogue</li> </ul>
<b>Backers</b>	<ul style="list-style-type: none"> <li>- Nature and statute of the borrower company's management</li> <li>- Quality of the guarantees presented by the borrower company</li> </ul>	<ul style="list-style-type: none"> <li>- Solvency of the company</li> <li>- Profitability of the activity to be financed</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Reputation of the company</li> <li>- Solvency of the company</li> </ul>	<ul style="list-style-type: none"> <li>- Partnership</li> <li>- Stable relations in the long run</li> </ul>
<b>Public Collectivity</b>	<ul style="list-style-type: none"> <li>- Reasonable Use of energy and natural resources.</li> <li>- Jobs creation</li> </ul>	<ul style="list-style-type: none"> <li>- collective good will</li> <li>- Safeguarding of the ecosystem</li> </ul>

## II. COMPETENCES

The end of the Eighties marks a significant inflection in the usual models of strategic analysis where the theory of the resources tries to substitute a new integrating framework for investigations founded, mainly, on the industrial economy (Grimand and Amaury, 2000). This vision designs the firm in rupture with the economic and strategic current approaches. Several researches as well as an abundant literature were interested in the concept of competence which became a predominant matter for researchers in management (Claude-Gaudillat, Quélin; 2004).

Wernerfelt (1984) criticized the dominant approaches especially the approach structure-behavior-performance supported by Porter (1980) showing the positive impact of human resources on the performance of the companies and initiating the resource based view approach. The central idea which impelled this theory stipulates that the companies, even those belonging to the same industry, carry out dissimilar performances because they control heterogeneous resources. The performance of the company is related not only to the choice of an attractive industry, but also to an intelligent and original management armed with single or rare resources.

The researches of Penrose (1959) dealing with the theory of the firm revealed the importance of the resources, tangible and intangible in the explanation of the existence and the growth of companies.

In (1973), McClelland put the accent on the concept of competence. He highlighted the importance of competences for organizational prosperity, productivity and steady progress. He expressed the human performance in terms of diplomas, the held knowledge, but also the individual characteristics and competences, in other words what one can do. The performance of the company is correlated, according to Barney (1991), with the identification and the exploitation of competences, as well with their use wisely and with their scarcity. Hamel and Prahalad (1990) put forward this concept of competence inciting companies to maintain their competences and in particular their core competencies. Lin and Wang (2005) consider the human capital as a strategic capital that must be upheld and consolidated.

Altogether, the competing advantage is, not necessarily, the outcome of a thought through choice of a couple product/market but it could be drawn from the usufruct of these resources (Quélin and Arrègle, 2000; Durand, 2000; Fournier, 2004).

We approach, first of all this concept with its various components and, then, we present the methods of competences' development.

### a) *Dimensions of competence*

Several researches as well as an abundant literature were interested in the concept of competence.

Many authors' names were involved with this concept. Thus, Prahalad and Hamel (1990) speak about key competences. Barney (1991) evokes the immaterial or intangible resources. Wernerfelt (1984) and (1995) put forward the forces and the weaknesses of the company or the tangible and intangible assets linked in a permanent way to its activity. By competence, Athey and Orth (1999) mean "a set of observable performance dimensions, including individual knowledge, skills, attitudes, and behaviors, as well as collective team, process, and organizational capabilities, that are linked to high performance, and provide the organization with sustainable competitive advantage".

Bright, Rodriguez, Gregory, Gowing and Patel (2002) presented the USOPM' competence definition (the United States Office of Personnel Management) formulated as following "a measurable pattern of knowledge, skill, abilities, behaviors, and other characteristics that an individual needs to perform work roles or occupational functions successfully". Musca (2004) defines it as being the individual or collective aptitude to carry out a given activity or process by coordinating and combining the use of the capital. St-Amant and Renard (2004) present the competence of an individual as a practical intelligence of situations based on resources and knowledge and which transforms them.

Sanchez, Heene and Thomas (1997), Losey (1998), Gratton and Ghoshal (2003), were interested to deepen this concept by developing its dimensions and its components. Losey (1999) expresses competence in the form of an equation:

Losey's Competency Equation:

$$\text{Competency} = \text{Intelligence} + \text{Education} + \text{Experiment} + \text{Ethics} + \text{Interest}.$$

Gratton and Ghoshal (2003) define competence or the human capital as being composed of three dimensions:

- Intellectual capital
- Social capital
- Emotional capital

All these debates put explicitly or implicitly the accent on three interdependent and composing dimensions of competence within the meaning of Durand (1997) and (2000).

- *Knowledge*: St-Amant and Renard (2004) noticed that the knowledge makes reference to the various dynamic cognitive diagrams which process and combine data, events, intuitions and objects that will be used to form a mental framework to decode the world and to ensure its comprehension. Dupray (2001) evokes the biographical attributes and the characteristics relating to the route of initial training of the individual as critical determinants of the construction of knowledge. It constitutes the structured set of assimilated information that is

integrated within a context of reference (Durand, 2000). Athey and Orth (1999) qualify it as “emerging knowledge or skills required for future success”.

- **Know-how:** The competence indicates, following Dupray (2001), a located capacity of action which is acquired, developed and shown only in its effective exercise, by its use. Otherwise, the concept of competence includes an appreciation of the person, who implements in his work capacities of a practical, intellectual, technical or relational nature useful immediately for the production. Athey and Orth (1999) speak about “knowledge or skills associated with current job performance”. The Know-how associated with the knowledge tends, thus, to improve it and to make it evolve. The experience, “the life's greatest teacher” within the meaning of Losey (1999), is a very important part in the constitution of the know-how. It arises, according to Durand (1997), from practice. It gets the most out of the capacity to act according to a pre-established processes or objectives.
- **Know-how to be:** It is defined by the will and the capacity to behave in a productive way. Dupray (2001) integrates the behavior of the individual among the determinants of competence given that it characterizes his connection with his work and his professional career. What's more, it includes the way in which the person plan ahead his future compared to his career and his capacity to seize professional opportunities and to acquire knowledge. His know-how to be is materialized by the attention and the efforts which he is likely to provide in his work. It is, according to Athey and Orth (1999), the “new ways of thinking or behaving that provide distinctive competitive advantage”. The behavior, the identity and the will constitute an essential facet of the capacity of an individual to achieve a task, and consequently, of his

competence. The motivation influences as well positively as negatively the competence.

b) *The development of competences*

“High performing people are critical for high-performing organizations”. On the basis of this thought worked out by Bright, Rodriguez, Gregory, Gowing and Patel (2002) and subsequent to the evolution of management, the competing context and the nature of the organizations, the development of competences proves to be a principal activity which requires a privileged effort and an attention in order to make the company benefit from opportunities of evolution and conquest conditions of success. To fill the gap of competences within the meaning of Durand and Guerra-Vieira (1996) is a crucial task and an activity that the company has to adopt in order to control the portfolio of recently necessary competences. It is an activity which is incorporated in the agenda of a strategic analysis of the company's forces and weaknesses, proposals of axes of improvement and creation of innovation's opportunities. The transition from the existing set of competences to the new folder recommended represents a fruitful stage of evolution for the company providing it with a potential of adaptation to the new requirements of the activity. Teodorescu (2006) introduces models of competence which contribute to the achievement of the company's objectives.

The management of the company's portfolio of competences is undertaken with an inventory of those it holds. This census, to which it appeals in order to clarify its managerial vision and to apprehend its competing context expressed in terms of competences, makes possible to distinguish those that it holds of those that are to be controlled. It can be considered according to the approach of Durand and Guerra-Vieira (1996) carrying out the typology of competences and the actions to be undertaken according to the subsequent step:

Table 2 : Continuum of valorization and construction of competences

	Already held in the company		To learn	
	Same competence required “ <i>Reinforcement</i> ”	Competence held elsewhere in the company “ <i>Synergy</i> ”	Inter-organisational Competence “ <i>Access in network</i> ”	Capacity of learning “ <i>Adaptability</i> ”
<b>Valorization</b>	+++ <i>Pure Valorization</i>	+++ <i>Internal Valorization</i>	++ <i>External Valorization</i>	+ <i>Valorization of its capacity of learning</i>
<b>Construction</b>		<i>Adaptation</i> +	<i>Absorption and rebuilding</i> ++	<i>And construction of competence</i> +++
<b>Unlearning</b>		<i>And unlearning</i> +	<i>As well unlearning</i> ++	<i>On the base of unlearning</i> +++

Durand (2000)

Thus, the development of a competence follows a distinct methodology according to the situation:

- The valorization of competences: When it is about a confirmed competence, owned by the company, this one seeks to maintain it and to put it forward in order to benefit from the competitive advantage which comes out. Thus, four possibilities are on hand:
  - A pure valorization.
  - An internal valorization: by establishing it where one needs.
  - An external valorization: To cash in on.
  - To develop it making all the company profit.
- The construction of competences: It is a requirement to seek to build competences when they are missing. Three cases arise:
  - Required competence had proven its reliability elsewhere within the company. It is a question of using it like a means of training by adapting it to the context via a synergic adequacy.
  - The company estimates the possibility of dominating it, through a network of qualified partners, more advantageous: absorption and rebuilding.
  - The company, not controlling the competence and rejecting the possibility of acquisition via a partnership, develops it in-house through its capacity of learning.
- The unlearning - creative destruction: Sometimes and in order to develop its competences, the deconstruction of those became obsolete proves to be crucial. This activity aims at concentrating the energy of the company on the valorization of attested competences or to build those required.

It is within this dynamic context that the competence is shaped and transmits to the organization a potential and a certain capacity procuring for it a higher performance.

The development of distinctive competences appears increasingly as being the starting point of the strategic analysis of the company and like the outcome of the efforts implemented to increase its performance and to improve its competitiveness. Rouby and Solle (2002) noticed that the strategic analysis evolved to be articulated, consequently, just about four fundamental stages: the identification, the exploitation, the protection and the development of organizational core competences.

#### c) *Ethics: source of development of competences*

Competences are animated with a particular dynamic, kept up far from any form of stability because of the quasi permanent need to generate new competences and to destroy those become obsolete. Thus, Edouard (2000) underlined the need for developing competences in order to control a

competing advantage. Additionally, this requirement aims, according to Winter and Sidney (2000), to improve the capacity of the organization.

Developing competence is a complex task which requires a meticulous choice of the suitable actions making it possible to act on its constitutive dimensions. It requires a favorable atmosphere allowing the blooming of the knowledge, the know-how and the know-how to be and which is laid out by the management system. Ethics, the decisional subsystem, endeavors to make competences move forward and develop human resources making of it a strategic constituent on which the company can be based in order to have a durable competitive advantage. Indeed, the force of the know-how, the collective cognitive devices, the common knowledge, the shared learning is to allow a convergence of interests, beliefs and individual anticipations within the firm in order to fill certain common objectives of value creation in particular of competences development.

Our contribution to these considerations roughly debated results in the proposal of a model helping to perceive the nature of the bonds between ethics and the development of competences and the attempt of empirical validation on the banking sector in Tunisia.

### III. MODEL OF RESEARCH

The principal issue of this research is to apprehend the following problematic question:

In which measurements ethics can ensure the development of competences?

Our model of research arises in the subsequent way:

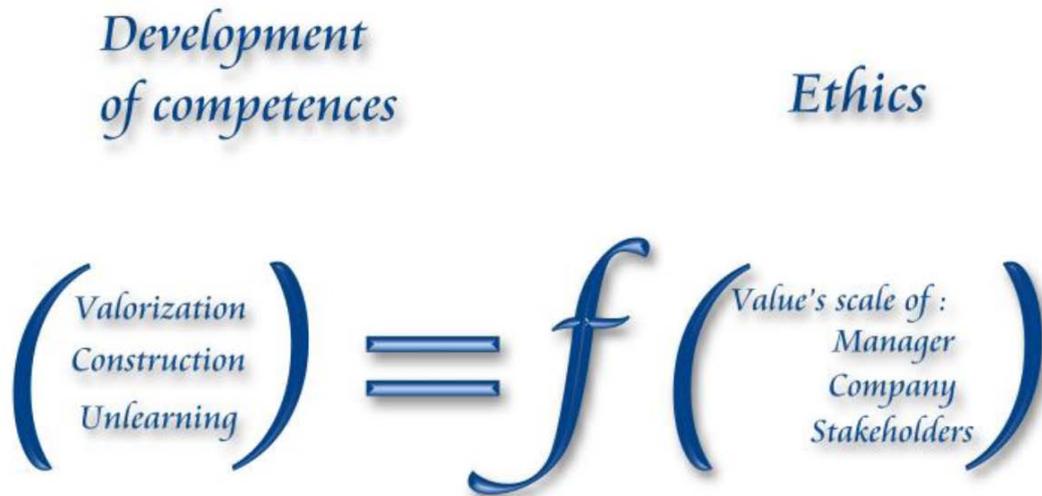


Figure 1 : Ethics source of development of competences

We are proposed to study the determining relation between the development of competences and the ethics which tries to meet all of the values' scales, of the stakeholders, the company as well as the leader. The specified model of research enables us to approach a whole of guiding lines making possible to approach the impacts of ethics on competences and to estimate in which measurements this impact generates their development.

a) *Hypothesis*

Our specified model is founded on the following hypothesis:

- *H.1:* Within the context of the responsible management, ethics attempts to satisfy the various values' scales (leader, stakeholders, company).
- *H.2:* Ethical governance induces the development of competences while seeking to satisfy the various scales of values.

b) *Empirical Analysis*

The review of the literature about the management of competences enabled us to note down a set of dimensions making the theoretical variables of our model operational. We specified the area of each one of these variables and we developed a list of items allowing their measurement for the later analysis.

We present, first of all, the adopted methodology for the research. Then, we carry out the collected data processing, the analysis and the interpretation of the generated outcome.

#### IV. METHODOLOGY

In order to find an answer to our problematic question, to check our hypothesis and to validate our model of research, we chose the Tunisian banking environment as a context for the empirical validation using a questionnaire to collect essential information.

We inquired a sample of 45 managers (33.33%, shareholders, all employees, 5%customers) of several banks.

To treat and analyze the collected information, we used the SPSS 11.0 as the data software processing and adopted the two following complementary statistical approaches:

- An exploratory approach: this phase enabled us to structure the data collected by carrying out analysis of reliability thanks to the indicator Alpha of Cronbach and of validity through ACP (principal component analysis).
- A confirmatory approach: this approach enabled us to check the hypothesis formulated beforehand by testing them through analysis of correlation and regression.

#### V. RESULTS AND DISCUSSION

Within what follows, we present the results of the two approaches used.

a) *Exploratory approach*

The following table summarizes the principal results of this exploratory stage.

Table 3 : Summary of reliability and validity analysis

		<i>Analysis of Reliability (Alpha of Cronbach)</i>	<i>Analysis of Validity (Restored Variance (%))</i>	
<i>Ethics</i>	<i>Leader's Values</i>	<i>0.425</i>	<i>51</i>	
	<i>Company's Values</i>	<i>0.8452</i>	<i>57</i>	
	<i>Values of Stakeholders</i>	<i>Shareholders' Values</i>	<i>0.9664</i>	<i>94</i>
		<i>Customers' Values</i>	<i>0.8650</i>	<i>79</i>
	<i>Employees' Values</i>	<i>0.9567</i>	<i>93</i>	
<i>Development of Competences</i>	<i>Valorization</i>	<i>0.8716</i>	<i>57</i>	
	<i>Construction</i>	<i>0.9100</i>	<i>60</i>	
	<i>Unlearning</i>	<i>0.5767</i>	<i>71</i>	

Thanks to this exploratory approach, we can perceive the reliability of the variables which includes intern coherence (homogeneity of items making up each dimension of the variables) and the reproducibility. In fact, Alpha of Cronbach is higher than 0.8 for the best part of the variables. Moreover, we pick out the validity of the variables owing to the principal component analyses (ACP) which made it possible to recap the initial information by replacing it by a restricted number of variables or composite factors even as restoring more than 60% of the primary data for the majority of the variables.

– *Correlation analysis*

b) *Confirmatory approach*

The theoretical examination of the research topic enabled us to state the assumptions *H1* and *H2* which accompany the specified model. Therefore, we propose to present the results of the correlation and the regression analysis between the variables “development of competences” and “ethics” that allow to test these hypothesis.

Table 4 : Summary of the Correlation's analysis

		<i>Development of Competences</i>			
			<i>Valorization</i>	<i>Construction</i>	<i>Unlearning</i>
<i>Ethics</i>	<i>Leader's Values</i>	<i>Correlation de Pearson</i>	<i>0.031</i>	<i>-0.091</i>	<i>0.302</i>
		<i>Sig. (bilateral)</i>	<i>NS</i>	<i>NS</i>	<i>(0.11)</i>
	<i>Company's Values</i>	<i>Correlation de Pearson</i>	<i>0.329</i>	<i>0.379</i>	<i>-0.106</i>
		<i>Sig. (bilateral)</i>	<i>(0.088)</i>	<i>(0.047)</i>	<i>NS</i>
	<i>Stakeholders' Values</i>	<i>Correlation de Pearson</i>	<i>0.471 VE</i>	<i>0.386</i>	<i>-0.158</i>
		<i>Sig. (bilateral)</i>	<i>(0.011)</i>	<i>(0.042)</i>	<i>NS</i>

It communicates positive dependences between the dimensions company's values and employees' values as a partner with the variable “development of competences”. Thus, the employees' aspirations with regard to their potential, within the Tunisian banking environment, are explicitly formulated. They covet the valorization of their competences as well as the support of their improvement. At this time, the banks fulfill these expectations hoping to benefit from qualified human resources for a social performance consolidating its financial performance. Nevertheless, the shareholders as well as the customers do not seem to be concerned with these requests which do not constitute a purpose in itself nor a need of the essence for these partners. Thus, the ethical governance

generates the development of competences which represent a strategic resource.

– *Regression Analysis*

Since the “development of competences” is composed of three dimensions, each one of them was the subject of regression with the variable ethics.

- *Valorization*: The regression of the dimension valorization of competences led to an overall significant model (Fisher = 0.104). It is formulated as follows:

$$\text{VAL} = -8.379\text{E-}17 + 0.215 \text{VD} - 1.302\text{E-}03 \text{VS} - 0.277 \text{VA} - 2.025\text{E-}02 \text{VC} + 0.573 \text{VE}$$

Significance            (0.257)            (0.996)            (0.157)            (0.928)            (0.074)

This equation shows that the variability of the "valorization of competences" is explained by the item "the employees' values" thanks to a strong positive and significant correlation between them where the latter aspire to a motivating remuneration, to an interesting horizon of career, in short to the contentment of their hopes. However, the "shareholders' values" contribute fairly but negatively to the explanation of the dependent variable variations given that they expose a differing interest to this form of investment because what precedes for this category of stakeholders it is the remuneration of their assets in the short and long-term in addition to the positioning of their bank. Therefore, ethics satisfies the interests of the employees what contributes to the competences' valorization.

- *Construction*: The regression of the competences' construction led to a non significant model (Fisher = 0.461), the dimension "construction of competences" is not explained by "ethics".
- *Unlearning*: The regression of the competences' unlearning led to a non significant model (Fisher = 0.697). Thus, the variable "ethics" does not make it possible to recall the variations of this dimension in the banking environment.

## VI. CONCLUSION

Next to changes which crossed all the levels of the organization, both in-house as outdoors, this one has undoubtedly evolved. It is, accordingly, considered as being made up of single combinations of resources and competences (individual and collective) which prove to be source of sustainable competing advantage.

Nowadays, what it can do and the way in which it intends to arrange the assets and competences that it controls in relation with its dynamics and its organizational capacity constitute the bases of success and excellence. Moreover, we passed from a state where the strategy is seen as an adaptation to the environment to a state where that one is perceived like an occasion to put forward the resources and competences. Rouby and Solle (2002) stressed that any organization is brought to point out the important fields of competences in which it wants to excel and consequently, to inventory at a more elementary level, the knowledge, the know-how and the behaviors essential to the definition and the implementation of its vision. Then, the managerial team will have to identify the key knowledge, in other words the basic knowledge required to the constitution and the maintenance of the requested competence, the know-how to be developed with regard to this basic knowledge in order to stimulate their development or their implementation. It will have to

identify at the same time the know-how to be found, in other words, the individual and collective attitudes that will allow the development of the knowledge and the know-how considered fundamental.

Currently, the management of companies is becoming increasingly responsible while focusing the employees in particular because the managers are becoming, from now on, conscious that the performance is measured not only in an economic scale but also in ethical and social ones through the development of competences as alternative.

This research enabled us to put forward the need for adopting a responsible managerial behavior for going beyond the simple detention of human competences which constitute a source of competing advantage and presenting their development on the basis of three dimension valorization, construction and unlearning. Our model enabled us to recall the bonds involving the decisional facet of management, ethics, and the management of competences and to deduce its positive impacts on competences' development.

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# The Impact of Institutional Quality on Monetary Policy in Pakistan

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**Abstract-** This study seeks to examine whether the monetary management in Pakistan is conducted under the framework advocated by the Taylor rule. We investigate this question after modifying the Taylor rule to control for the influence of institutional quality on monetary policy. Even after controlling for institutional quality, we find no evidence that the central bank makes use of the Taylor framework in devising monetary policy. Our results also suggest that by and large the focus of the monetary policy has been on containing inflation.

**Keywords:** *institutional quality, monetary management, central bank, taylor rule, ARDL method.*

**GJMBR - A Classification :** *JEL Code : E 310, E 320, E 340, E 580*



*Strictly as per the compliance and regulations of:*



# The Impact of Institutional Quality on Monetary Policy in Pakistan

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**Abstract-** This study seeks to examine whether the monetary management in Pakistan is conducted under the framework advocated by the Taylor rule. We investigate this question after modifying the Taylor rule to control for the influence of institutional quality on monetary policy. Even after controlling for institutional quality, we find no evidence that the central bank makes use of the Taylor framework in devising monetary policy. Our results also suggest that by and large the focus of the monetary policy has been on containing inflation.

**Keywords:** institutional quality, monetary management, central bank, taylor rule, ARDL method.

## I. INTRODUCTION

A growing body of literature now maintains that sound institutions<sup>1</sup> are essential for sustainable economic growth. Institutional quality can effect overall economic growth by providing the underlying environment for economic activity to flourish. Recent developments in institutional economics suggest that besides affecting the overall economic activity, institutions can also affect the conduct, transmission, as well as the cyclical properties of monetary policy<sup>2</sup>. The primary goal of the monetary policy is to stabilize prices and to promote sustainable growth. There is debate in literature whether the monetary policy should be conducted based on some predetermined rule or should the policy maker enjoy discretion in the conduct of monetary policy. Though the debate is not fully settled but literature seems to favor rules over discretion<sup>3</sup>. Barring some exception, the monetary policy has not been able to rein in inflation or stabilize output in Pakistan (Qayyum, 2008). This makes it important to thoroughly examine how the monetary policy is conducted, whether the authority follows a rule or the discretion is allowed to influence the monetary policy. This type of investigation has been conducted for Pakistan using the standard Taylor rule framework<sup>4</sup>,

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<sup>1</sup> North (1990) defines institutions as “the humanly devised constraints that shape human interaction”. These constraints are further divided into formal rules (constitutions, laws, rules etc.) and informal constraints (norms, conventions, self-imposed code of conducts etc.).

<sup>2</sup> See for example Huang and Wei (2006), Calderon *et al.* (2010), Choudhary *et al.* (2010), Duncan (2011) etc.

<sup>3</sup> See for example Taylor (1993, 1997, 2007), Clarida *et al.* (1999), Barro and Gordon (1983), Svensson (1996) etc.

<sup>4</sup> Studies include Malik and Ahmed (2007), Malik (2007), Iqbal (2009), Malik and Ahmed (2011) etc.

however the standard Taylor rule does not account for the influence of institutions on monetary policy. This study examines the conduct of monetary policy by augmenting the Taylor rule to account for the influence of institutional quality on monetary policy. This has not been done so far in case of Pakistan.

### a) Objectives of the Study

The objectives of this study are:

1. To estimate the monetary policy reaction function for Pakistan by incorporating institutional quality variable in the Taylor rule framework.
2. To examine whether the monetary policy is procyclical or counter cyclical by incorporating institutional quality in the traditional framework.

## II. REVIEW OF LITERATURE

The neo-institutional economist<sup>5</sup> stress that institutional factors play an important role in the process of economic growth. Using state activism, property rights and corporate governance as a measure of institutional quality, Huang *et al.* (2004) examine the relationship between institutional quality and growth by disaggregating foreign direct investment into investment that supports local entrepreneurship and investment that replaces local entrepreneurship. They find that institutional quality influence foreign direct investment. They further find that foreign direct investment that supports local entrepreneurship translates into sustainable growth.

### a) Institutional Quality and Monetary Policy

Traditionally, monetary policy and institutional quality have been treated as independent disciplines. Initially, studies were conducted in a principal agent framework to assess the potential negative impact of corruption among government officials, who secured bribes from private citizens interested in government produced goods, on the development of a nation. These studies pointed at identifying the motivating factors among the agents to be honest– the honest the official, the higher the payoff for the nation. Huang and Wei (2006) model the role of institutions in the effectiveness of monetary policy. Using corruption as a proxy of institutional quality they show that institutional quality has implications for the conduct and transmission of

<sup>5</sup> Like Douglass North, Darron Acemoglu and Dani Rodrik etc.

monetary policy. They argue that weak Institutions can directly affect monetary policy by weakening the monetary authority in terms of autonomy and by eroding the credibility of the central bank.

#### b) *Institutional Quality and Cyclical Policy of Monetary Policy*

Pro-cyclicality of macroeconomic policy is often described as a problem faced by developing countries (Frankel, 2010). Pro-cyclical monetary policy is harmful because it reinforces the business cycle (Kaminsky *et al.*, 2005). Pro-cyclical monetary policy harms the economic activity because during the periods of rapid economic growth (booms) expansionary monetary policy is pursued leading to overheating of the economy and thereby exerting inflationary pressure while during periods of slower economic growth (busts) contractionary monetary policy is pursued further pushing the economy towards recession.

#### c) *Taylor Rules: Studies for Pakistan*

Studies that have estimated Taylor rule for Pakistan include (Malik and Ahmed, 2007; Malik, 2007; Islam, 2009; Iqbal, 2009; Sulaiman *et al.*, 2011; Malik and Ahmed, 2011). All these studies find that the central bank has not been following Taylor rule for the conduct of monetary policy. Malik (2007) and Islam (2009) using counterfactual simulations argue that economic performance could have been improved, had the central bank followed Taylor rule. Malik and Ahmed (2007) argue that the reason for non-observance of the rule could be that besides the stability of output and inflation the central bank follows other objectives as well e.g. exchange rate stability. They further argue Taylor rule does not hold for Pakistan even after adjusting upwards the parameters of inflation and output gap.

All of these studies have failed to find classical Taylor type relationship in the conduct of monetary policy of Pakistan. After failing to observe the classical relationship, they have modified the Taylor type rule by augmenting the Taylor rule with other objectives that the monetary authority may take into consideration. These objectives may include interest rate smoothing, exchange rate management, reduction of trade deficits, government borrowings etc. Most of the studies find that the central bank follows policy of interest rate smoothing while some studies find exchange rate stabilization also significant.

### III. THEORETICAL FRAMEWORK AND EMPIRICAL STRATEGY

#### a) *Theoretical Framework*

We seek to examine the effect of institutional quality on monetary policy. Based on recent literature, our premise is that institutional quality affects the outcomes of monetary policy. One way to characterize the monetary policy of a country is through the Taylor

type rule. The Taylor rule<sup>6</sup> recommends increasing the policy rate of interest when inflation is above target and lowering interest rate when recession appears to be more of a threat. The Taylor rule works on the assumption that the interest rate channel of monetary policy is very effective (Taylor, 1993). Recently, there has been a surge in the literature to incorporate institutional quality into monetary policy framework<sup>7</sup>. Few studies which have examined Taylor rule for Pakistan conclude that the central bank does not follow the Taylor rule<sup>8</sup>. Given the view that institutions influence the conduct of monetary policy, it is important to revisit the Taylor rule for Pakistan while controlling for institutional quality.

#### b) *Empirical Strategy*

We use the Autoregressive Distributive Lag (ARDL) method for estimation of our model. The reasons for using this model are manifold. First, we suspect that the variables used in the analysis are integrated, potentially of different order of integration. Second, if the variables are integrated of different order then the traditional co-integration methods like Engel Granger (1987) and Johansen (1991, 1995) co-integration techniques are not applicable. Third, as pointed out by Ruth (2004) and others<sup>9</sup>, Taylor rule can be better characterized by accounting for the interest rate smoothing. This can be done in a co-integration framework using the error correction term. Taking into consideration all the above mentioned benefits of ARDL, we consider it the appropriate technique for estimating our model. The ARDL estimation technique is described below.

##### i. *ARDL Method to Co-integration*

In our case, the general form of the ARDL equation can be written as follows:

<sup>6</sup> Taylor (1993) defined the rule over inflation and output gap as:  $i_t = r^* + 0.5y_t + 1.5\pi_t$ , where  $i_t$  = federal funds rate,  $\pi_t$  = inflation,  $r^*$  = real rate of interest, and  $y_t$  = output gap.

<sup>7</sup> See for example Huang and Wei (2006), Dimakou (2006), Wu (2008), Calderon *et al.* (2010), Chaudhary *et al.* (2010) Duncan (2011).

<sup>8</sup> For example Malik (2007), Malik and Ahmed (2007), Islam (2009), Malik and Ahmed (2011) etc.

<sup>9</sup> For example Judd and Rudebusch (1998), Gerlach-Kristen (2003).

$$\Delta i_t = \alpha_0 + \alpha_1 T + \beta_1 i_{t-1} + \beta_2 \text{Gap}_{t-1} + \beta_3 \text{inf}_{t-1} + \beta_4 \text{IQ}_{t-1} + \sum_{i=1}^p \gamma_i \Delta i_{t-i} + \sum_{i=0}^p \theta_i \Delta \text{Gap}_{t-i} + \sum_{i=0}^p \varphi_i \Delta \text{inf}_{t-i} + \sum_{i=0}^p \delta_i \Delta \text{IQ}_{t-i} + \varepsilon_t \dots \dots \dots (5.7)$$

Where  $i=1,2,3,\dots$ ,  $\alpha_0$  is the intercept,  $T$  is the trend,  $c_0, \alpha, \beta_1, \beta_2, \theta, \gamma$  are parameters.  $i$  is the interest rate,  $\text{Gap}$  is the output gap,  $\text{inf}$  is the inflation,  $\text{IQ}$  is the institutional quality index and  $\Delta$  is the difference operator i.e.  $\Delta y_t = y_t - y_{t-1}$ . In this equation, the variables at levels define the long run relationship and variables in difference form define the short run dynamics. The maximum lag will be set to three years and final model will be selected on basis of Schwarz Bayesian Criterion (SBC).

ii. *Co-integration Test*

The Bound testing procedure in ARDL is used to test for existence of co-integration in the model. The bound testing can be carried out for equation 5.7 by testing the following hypothesis:

$$H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0 \dots \dots \dots (5.8)$$

If  $H_0$  is rejected then we conclude that there is a long run relationship among the variables. According to Pesaran (1999) the asymptotic distribution of the F-Statistics are non-standard regardless of the degree of integration of the variables when the null hypothesis is of no co-integration. This depends upon whether the variables included in the ARDL model are  $I(0)$  or  $I(1)$ , the number of regressors, whether the ARDL model contains an intercept and/or a trend, and the sample size. Two sets of critical F-values, representing the lower bound and the upper bound, have been suggested by Pesaran *et al.* (2001). If the statistic is higher than the

upper bound, the null hypothesis of no co-integration can be rejected and the next step is to estimate the ARDL based ECM where the short-run and long-run elasticity's may be determined.

iii. *Long Run Relationship*

After confirmation of existence of long run relationship, long run coefficients from equation 5.7 can be extracted by normalizing the coefficients of the variables with respect to coefficient of dependent variable. In our case this will be done as follows.

$$\beta_1 i_{t-1} + \beta_2 \text{Gap}_{t-1} + \beta_3 \text{inf}_{t-1} + \beta_4 \text{IQ}_{t-1} = 0 \dots \dots \dots (5.9)$$

$$\beta_1 i_{t-1} = -\beta_2 \text{Gap}_{t-1} - \beta_3 \text{inf}_{t-1} - \beta_4 \text{IQ}_{t-1}$$

$$i_{t-1} = -\frac{\beta_2}{\beta_1} \text{Gap}_{t-1} - \frac{\beta_3}{\beta_1} \text{inf}_{t-1} - \frac{\beta_4}{\beta_1} \text{IQ}_{t-1}$$

$$i_{t-1} = \theta_1 \text{Gap}_{t-1} + \theta_2 \text{inf}_{t-1} + \theta_3 \text{IQ}_{t-1} \dots \dots \dots (5.10)$$

Where  $\theta_1 = -\frac{\beta_2}{\beta_1}$ ,  $\theta_2 = -\frac{\beta_3}{\beta_1}$ , and  $\theta_3 = -\frac{\beta_4}{\beta_1}$

are the long run coefficients.

iv. *Dynamic Short Run Relationship and Error Correction*

The dynamic short run relationship of equation 5.7 can be generated by replacing the long run equation 5.9 by the error correction term. The final dynamic short run equation with error correction can be can be specified as follows:

$$\Delta i_t = \alpha_0 + \alpha_1 T + \phi \text{ECM}_{t-1} + \sum_{i=1}^p \gamma_i \Delta i_{t-i} + \sum_{i=0}^p \theta_i \Delta \text{Gap}_{t-i} + \sum_{i=0}^p \varphi_i \Delta \text{inf}_{t-i} + \sum_{i=0}^p \delta_i \Delta \text{IQ}_{t-i} + \varepsilon_t \dots \dots \dots (5.11)$$

The coefficient of error correction term ( $\text{ECM}_{t-1}$ )  $\phi$  represents the speed of adjustment. It tells us the magnitude of the error correction accounted for in the current period.

c) *Data, Variable Definition and Construction*

i. *Data Span*

We have used annual time series data from 1984 to 2011, drawn from International Financial Statistics (IFS) for Pakistan. As the focus of this study is

on the impact of institutions on monetary policy, therefore we use annual frequency data.

ii. *Output Gap*

Output Gap is defined as the difference between the actual output produced within the economy and the potential output. One of the techniques widely used is the Hodrick – Prescott (HP) Filter. Assuming  $y_t$  is the series for which we want to extract the long run trend component, the equation for the HP filter can be written as follows

$$\sum_{t=1}^T (y_t - s_t)^2 + \lambda \sum_{t=2}^{T-1} ((s_{t+1} - s_t)^2 - (s_t - s_{t-1})^2) \dots \dots \dots (5.1)$$

Where  $s$  is the smoothed series or long run series of  $y_t$ , derived by minimizing the variance of  $y_t$  around  $s_t$ .  $\lambda$  is the smoothness parameter and it controls the smoothness of the series. For annual series  $\lambda$  is generally taken as 100.

$$\text{Inflation} = \pi_t = \log(\text{GDP Deflator}_t) - \log(\text{GDP Deflator}_{t-1}) \dots \dots \dots (5.2)$$

Where subscript shows the current period and  $t-1$  shows the previous period. Data for GDP Deflator is also drawn from the International Financial Statistics (IFS).

iii. *Inflation*

To capture the aggregate level of prices, we have used GDP deflator. Inflation is computed as:

$$p_i = \sum_{j=0}^n \frac{a_{ji} X_j}{\lambda_i} \dots \dots \dots (5.5)$$

Where  $\lambda_i$  is the eigen-value associated with the principle component  $P_i$ . The composite index of institutional quality can be generated using the principal components generated by equation 5.5 using the following formula as:

$$IQ = \frac{\sum_{i=1}^n (p_i E_i)}{\sum_{i=1}^n E_i} \dots \dots \dots (5.6)$$

Where,  $E_i$  are the eigen-values and is the index of institutional quality. Using annual data from ICRG dataset, institutional quality index is constructed by PCA. We have retained components with eigen-value  $\geq 1.0$ , identified using scree plots, and which account for more than 60 % of variance in the composite index.

e) *Test of Stationarity*

Though, the ARDL method doesn't require to test for the order of integration of the data series, but Quattara (2006) argues that F-statistics for bounds test provided by Pesaran *et al.* (2001) remains valid if and only if the variables used in the model are either  $I(0)$  or  $I(1)$  – any data series in the model should not be integrated of higher order, therefore we employ the Augmented Dickey Fuller and Phillips-Perron methods to test the order of integration of the data series.

iv. *Rate of Interest*

The policy interest rate indicates the stance of monetary policy. Common measures include Discount Rate, Call Money Rate, Treasury Bill (T-Bill) rate, Kibor, and Yield on Government Bonds etc.

v. *Institutional Quality*<sup>10</sup>

The most widely used measure of institutional quality comes from the international country risk guide (ICRG) dataset compiled by experts at Political Risk Services (PSR) Group. ICRG Political dataset consist of 12 categories i.e. Government Stability, Socioeconomic Conditions, Investment Profile, Internal Conflict, External Conflict, Corruption, Military in Politics, Religious Tensions, Law and Order, Ethnic Tensions, Democratic Accountability and Bureaucracy Quality. We have selected six indicators from ICRG data set for our analysis because these host the potential to influence monetary policy in one or the other way.

d) *Principle Component Analysis*

Principle Component Analysis (PCA) is a variable deducting method<sup>11</sup>. We use the normalized data from ICRG dataset to compute composite index of institutional quality using PCA. As in PCA, each variable can be written as linear combination of PCs, in our case this can be done using following formula as:

$$X_j = \sum_{i=1}^n a_{ji} P_i, \quad (j = 1, 2, \dots, n) \dots \dots \dots (5.4)$$

Where,  $X_j$  is the variable under consideration,  $P_i$  is the  $i^{\text{th}}$  principal component;  $a_{ji}$  is the factor loading of the  $j^{\text{th}}$  variable on the  $i^{\text{th}}$  principal component. The principal components are given by:

<sup>10</sup> Definition of the components of institutional quality are from ICRG methodology document available at <http://www.prsgroup.com/PDFS/icrgmethodology.pdf>.

<sup>11</sup> Principal component analysis is based on the frame work used by Bishoi *et al.* (2009).

### IV. RESULTS AND DISCUSSIONS

a) *Descriptive Statistics*

Table 4.1 summarizes the Descriptive statistics of the variables used in the analysis.

Table 4.1 : Descriptive Statistics

Variable	Mean	Median	Max	Min	Std. Dev.	Jarque-Bera	Probability
Call Money Rate	8.57	8.53	12.47	2.13	2.74	1.04	0.59
Output Gap	-0.001	-0.95	9.28	-5.78	4.02	1.54	0.46
Inflation	3.73	3.50	8.03	1.06	1.69	1.23	0.53
Institutional Quality	45.14	43.23	77.33	13.37	17.33	0.91	0.64

Table 4.1 shows that all variable exhibit considerable fluctuation and the data is normally distributed.

b) *Correlation and Graphs*

Figure 6.1 shows the movement in the interest rate and inflation. It shows a positive co-movement between these two variables. The figure shows that the

GDP deflator exhibits considerable volatility over the sample period. Inflation is at its lowest in 2002 and it is at its highest in 2009.

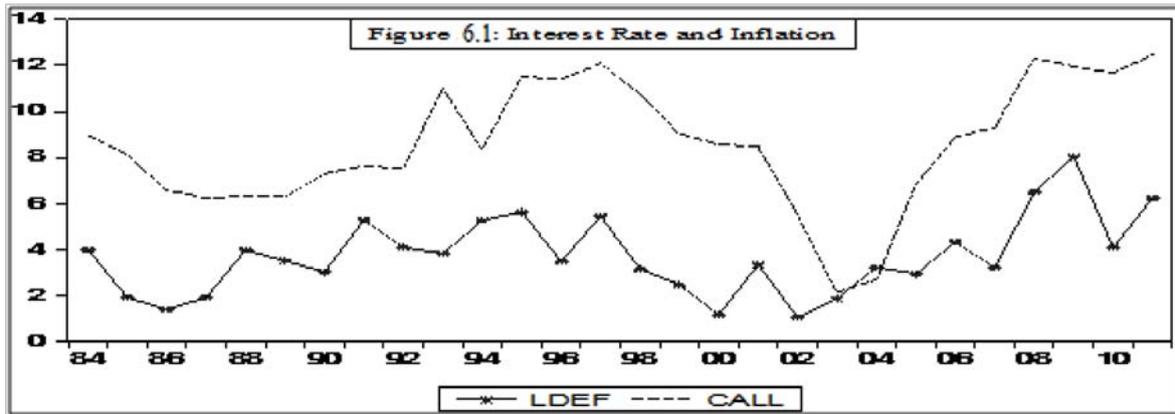


Figure 6.2 shows the movement of interest rate and output gap. The figure shows that output gap is at its lowest in 2003 and is at its highest in 2000.

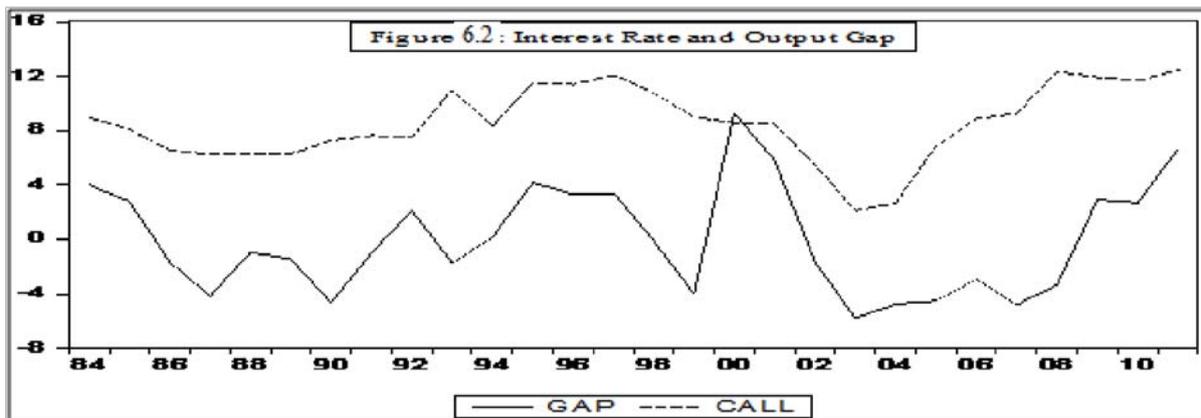
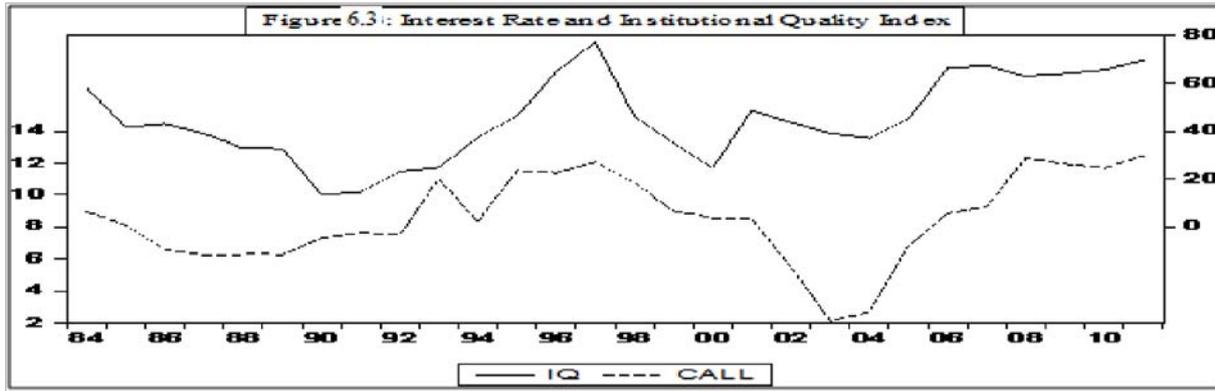


Figure 6.3 shows the movement of interest rate and institutional quality index. The two variables have moved together over time with some divergence in between. Institutional quality is at its highest in 1997 and is at its lowest in 1990.



c) Test of Stationarity

Table 4.2 summarizes results of unit root test.

Table 4.2 : Unit Root Tests

ADF Test							
Variable	At Level			At First Difference			Order of Integration
	No Intercept, No Trend	Intercept Only	Intercept, Trend	No Intercept, No Trend	Intercept Only	Intercept, Trend	
Call Money Rate	-0.09	-1.50	-1.71	-4.68***	-4.62***	-4.06***	I(1)
Output Gap	-3.01***	-2.95*	-2.82	-5.35***	-5.25***	-5.27***	I(0)
Inflation	-0.15	-2.87*	-3.12	-7.83***	-7.72***	-5.56***	I(0)
Institutional Quality	-0.40	-1.68	-5.40***	-4.62***	-4.55***	-4.50***	I(1)
PP Test							
Variable	At Level			At First Difference			Order of Integration
	No Intercept, No Trend	Intercept Only	Intercept, Trend	No Intercept, No Trend	Intercept Only	Intercept, Trend	
Call Money Rate	-0.12	-1.77	-1.94	-4.68***	-4.62***	-4.60***	I(1)
Output Gap	-3.01***	-2.95*	-2.75	-7.18***	-7.00***	-7.98***	I(0)
Inflation	-0.51	-2.78*	-3.15	-8.54***	-9.36***	-9.24***	I(0)
Institutional Quality	-0.40	-1.86	-2.75	-4.62***	-4.55***	-4.49***	I(1)

Note: \*\*\*, \*\* and \* shows significance at 1%, 5% and 10% respectively

As mentioned earlier, to use the ARDL model the underlying data series should at most be integrated of order one (difference stationary). Table 4.2 shows that the variables are either integrated of order zero or integrated of order one. Therefore, we can now safely proceed with estimation of our model, using the ARDL method.

d) Estimation Results

We have used Schwartz Bayesian criterion for selection of our model. Table 4.3 presents results of the selected equation which will be tested for existence of the long run relationship.

Table 4.3 : Test Equation Results

Dependent Variable: Call Money Rate			
Variables		Coefficient	
Call Money Rate (-1)		0.29 (0.14)	
Output Gap		-0.20 (0.11)**	
Output Gap (-1)		0.50 (0.15)*	
Output Gap (-2)		-0.58 (0.11)***	
Inflation		1.10 (0.25)***	
Inflation (-1)		-0.49 (0.28)*	
Inflation (-2)		0.51 (0.13)***	
Institutional Quality		-0.09 (0.05)*	
Institutional Quality (-1)		0.24 (0.06)***	
Institutional Quality (-2)		0.06 (0.07)	
Institutional Quality (-3)		-0.20 (0.05)***	
Intercept		0.90 (1.54)	
R-Squared	0.96	S.E. of Regression	0.74
Schwarz Bayesian Criterion	-39.07	F-Stats [Prob.]	31.80 [0.00]
Number of Observations: 28			

Note: values in parenthesis indicate Standard Error; \*\*\*, \*\* and \* shows significance at 1%, 5% and 10% respectively

The R-Square is 0.96 which indicates that the model has high explanatory power.

i. *Co-integration Test*

We have used Bound Test to examine the existence of long run relationship. Table 4.4 summarizes Bound test results.

Table 4.4 : Bound Test

Computed F-Static	Lower Critical F-Static	Upper Critical F-Static	Result
10.10783	5%=3.05 10%=2.68	5%=3.968 10%=3.53	Co-integration

The test results indicate that a co-integrating relationship exists among the variables as the computed F-statistics lies outside the inconclusive range and is greater than the upper critical bound.

ii. *Breusch-Godfrey Serial correlation LM test*

For the results to be valid there should be no autocorrelation in the residuals of the regression equation. Table 4.5 summarizes the results of Breusch-Godfrey Serial correlation LM test.

Table 4.5 : Breusch-Godfrey Serial correlation LM test

Lag	F-statistic	Chi-Square
1	0.759 (0.401)	1.488 (0.222)
2	0.351 (0.711)	1.501 (0.472)
3	0.215 (0.884)	1.516 (0.679)

Note: values in parenthesis indicate probability

The test results indicate residuals of the regression do not exhibit serial correlation, up to 3 lags.

iii. *Ramsey RSET Test*

Ramsey RSET Test is used to examine whether the model is correctly specified. Table 4.6 presents results of Ramsey RSET Test:

Table 4.6 : Ramsey RSET Test

F-statistic	Value
	0.0046 (0.94)

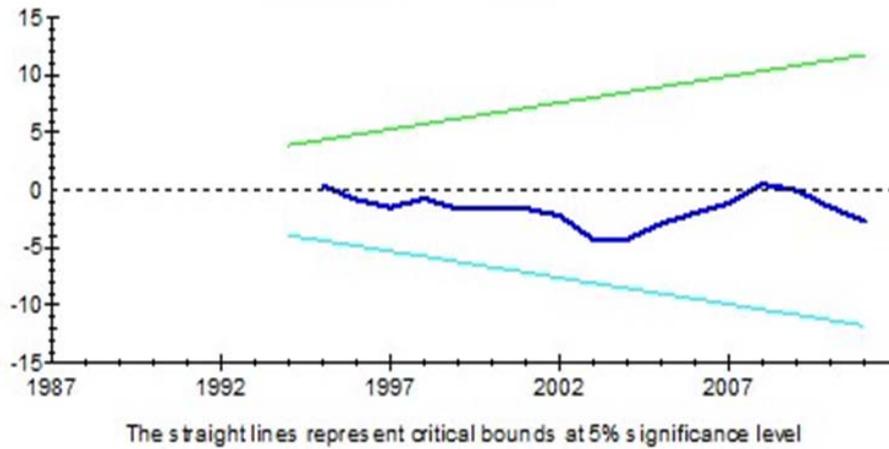
Note: values in parenthesis indicate probability

Test results indicate that the model has no specification error.

iv. *CUSUM and CUSUM Square Test*

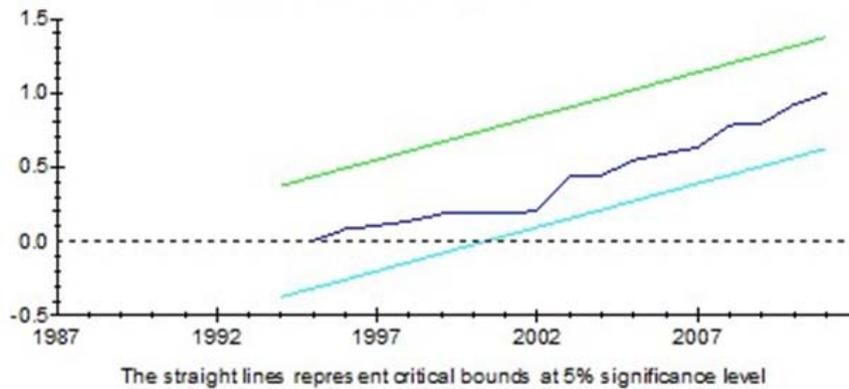
CUSUM and CUSUM Square tests are generally used to test for the stability of estimated parameters. If the model is stable then the estimated chart of the cumulative sums (CUSUM) will lie within the 5% significance band.

Figure 6.4: CUSUM Plot



CUSUM test shows that the parameters of our model lie within the 5% band and are therefore considered stable

Figure 6.5: CUSUM Square Plot



CUSUM square test also suggests that the model parameters are stable over time. Now we can proceed to discuss the results of our model as the model has passed all the diagnostic tests

e) *Long Run Relationship*

Table 4.7 summarizes the long run relationship of interest rate with inflation, output gap and institutional quality.

Table 4.7 : Long Run Relationship

Dependent Variable: Call Money Rate	
Variable	Coefficient
Output Gap	-0.39 (0.16)***
Inflation	1.60 (0.35)***
Institutional Quality	0.01 (0.05)
Intercept	1.27 (2.22)

Note: values in parenthesis indicate standard error; \*\*\*, indicate significance at 1%,

The long run equation results suggest that the relationship between the institutional quality and the rate

f) *Dynamic Short Run Relationship*

Table 4.8 summarizes the results of short run dynamic equation.

Table 4.8 : Dynamic Relationship

Dependent Variable: $\Delta$ Call Money Rate			
Variable		Coefficient	
$\Delta$ Output Gap		-0.20 (0.12)	
$\Delta$ Output Gap (-1)		0.58 (0.11)***	
$\Delta$ Inflation		1.10 (0.25)***	
$\Delta$ Inflation (-1)		-0.51 (0.13)***	
$\Delta$ Institutional Quality		-0.09 (0.05)*	
$\Delta$ Institutional Quality (-1)		0.15 (0.04)***	
$\Delta$ Institutional Quality (-2)		0.20 (0.05)***	
$\Delta$ Intercept		0.90 (1.54)	
ecm(-1)		(0.14)*** -0.71	
R-Squared	0.91	S.E of Regression	0.74
Schwarz Bayesian Criterion	-39.07	F-Stats [Prob.]	18.15 [0.00]

Note: values in parenthesis indicate S.E; \*\*\*, \* indicate significance at 1% and 10% respectively

High R-Square value suggests that the model has a high explanatory power. Table 4.8 shows that institutional quality effects interest rate for sufficiently longer period. Contemporaneous impact of institutional quality on interest rate is negative but is positive in the next two periods. This does not yield a clear picture

of interest is insignificant, though positive. This result indicates that in the long run, rate of interest does not respond to changes in institutional quality. Table 4.7 shows that there is a negative and highly significant relationship between rate of interest and output gap. This result indicates that when output gap increases, rate of interest is decreased by the monetary authority. This also shows that the monetary policy is pro-cyclical, often described as a problem faced by developing economies. The relationship between inflation and interest rate is positive and highly significant and more than one for one in terms of magnitude. In the long run this relationship is in accordance with the Taylor rule.

regarding the nature of relationship between institutional quality and interest rate. The results further indicate that there is a positive relationship between the rate of interest and inflation in the contemporaneous period but there is a negative relationship between these two variables at a year lag. This means that initially the

monetary authority reacts to the change in inflation by increasing the rate of interest but down the road this relationship turns around. In the current period, changes in output gap do not affect interest rate as the coefficient of output gap is insignificant. However, the interest rate reacts positively to changes in the output gap at a year's lag. The coefficient of error correction term indicates that three fourth of the error is accounted for in the current period. This shows that the central bank follows a policy of interest rate smoothening, changing the policy rate gradually to achieve the price stability goal.

## V. CONCLUSION

The results of the study indicate that effect of institutional quality on monetary policy is not clear. Institutional quality affects the monetary policy in the short run but the direction of the impact changes from lag to lag, while in the long run impact of institutional quality is insignificant. The results also suggest that the central bank has been putting more weight on inflation stabilization rather than output stabilization. It could be due to the fact that inflation during the period has, by and large remained at a relatively higher level. Moreover, during most of the period covered by the study's data span the country has been borrowing under the IMF structural adjustment programs. Almost all of these programs required containing the fiscal deficit. This again required a focus upon inflation. We found that the central bank has not been following Taylor rule in setting the policy rate of interest even after controlling for the institutional quality. This result is at variance with the findings for the developing countries in a cross country setting (Duncan, 2011). The reason could be that the institutional quality is poorer in Pakistan than typically observed in the countries included in the said study. Our results also suggest that the central bank follows an interest rates smoothening policy as the error correction term is highly significant and about three fourth of the error is accounted for in the current period. Our results confirm that monetary policy of Pakistan is highly procyclical as suggested in the literature. We argued that the pro-cyclicality could be due to the low institutional quality.

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## A Study on the Group Level Workplace Spirituality of the College Teachers with Special Reference to Engineering Colleges in Namakkal District

By R. Florence Bharathi & Dr. M. G. Saravana Raj

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**Abstract-** The emerging paradigm called 'Workplace Spirituality' is interpreted by many in many ways. The recent researches on 'Workplace Spirituality' reveal that there is a common set of theme that most of the sources agree upon. Most of the researchers in this field use reference from "The Handbook of workplace Spirituality and Organizational Performance" by Giacalone and Jurwierokz (2003). Ashmos and Duchon(2000) describe workplace Spirituality as involving three levels, individual, work-unit and organization-wide. The work-unit dimension (group level) entails how much employees have a sense of connection and community with their management, principal, head of the department, colleagues and students; as well as assessing the extent to which they are caring and encouraging.

**Keywords:** workplace, spirituality, teachers, interpersonal relationship, engineering college.

**GJMBR - A Classification :** JEL Code : M19



*Strictly as per the compliance and regulations of:*



# A Study on the Group Level Workplace Spirituality of the College Teachers with Special Reference to Engineering Colleges in Namakkal District

R. Florence Bharathi<sup>α</sup> & Dr. M. G. Saravana Raj<sup>σ</sup>

**Abstract-** The emerging paradigm called 'Workplace Spirituality' is interpreted by many in many ways. The recent researches on 'Workplace Spirituality' reveal that there is a common set of theme that most of the sources agree upon. Most of the researchers in this field use reference from "The Handbook of workplace Spirituality and Organizational Performance" by Giacalone and Jurwierokz (2003). Ashmos and Duchon(2000) describe workplace Spirituality as involving three levels, individual, work-unit and organization-wide. The work-unit dimension (group level) entails how much employees have a sense of connection and community with their management, principal, head of the department, colleagues and students; as well as assessing the extent to which they are caring and encouraging.

This research is aimed at finding out the group level workplace spirituality of the college teachers by finding out the interpersonal relationship. The teachers who have good interpersonal relationship would be more productive in their jobs and would have good individual and organizational performance. This study is useful for the Management, teachers and researchers for their professional working. It is a descriptive type of research. The sample size was 100. The questionnaire was prepared for measuring the job satisfaction at Engineering College level. Data was analyzed by using Weighted Average, Pearson Correlation Analysis, Regression Analysis and Chi-Square Test.

**Keywords:** workplace, spirituality, teachers, interpersonal relationship, engineering college.

## I. INTRODUCTION

Engineering colleges of any country acts as a backbone for that country as it provides skilled human resource. Higher education sector, especially the engineering colleges today are facing global challenges from a dynamic environment characterized by rapid technological change. Engineering colleges are in need of producing skilled and corporate ready graduates. It is the need of the hour for the management of these engineering colleges to focus more on developing the performance of the teaching staff. This is made possible by creating an

environment that inculcates good interpersonal relationship.

Interpersonal relationship of teaching staff in college includes the relationship with the management, Principal, Head of the department, colleagues and the students. The quality of the relationship is essential for the healthy developments of teachers and students alike. We know for example that teacher learning thrives when principals facilitate accommodating and safe organization culture. Productive environment is characterized by supportive and warm interactions throughout the college. Positive interpersonal relationships have been proposed as a buffer against stress and risk, instrumental help for tasks, emotional support in daily life, companionship in shared activities and a basis for social and emotional development. Therefore, positive interpersonal relationship leads to better group level workplace spirituality. The researcher believed that the employees who have good interpersonal relationship with the management, the principal, the head of the department, the colleagues and the students would have good organizational behavior which is the indicator of group level workplace spirituality.

## II. OBJECTIVES

### a) Primary objective

To find out the group level workplace spirituality of the college teachers with special reference to Engineering Colleges in Namakkal District.

### b) Secondary objectives

- To find out the interpersonal relationship of the college teachers with the management.
- To find out the interpersonal relationship of the college teachers with the principal.
- To find out the interpersonal relationship of the college teachers with the head of the department.
- To find out the interpersonal relationship of the college teachers with their colleagues.
- To find out the interpersonal relationship of the college teachers with their students.

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c) *Research Methodology*

In the present study, extensive use of both primary and secondary data was made systematically. For collecting primary data, field survey technique was used in the study area i.e in Namakkal District. First-hand information pertaining to the respondents' socio-economic background, general details related to the job, factors contributing to the interpersonal relationship of the teaching staff with the management, principal, head of the department, colleagues and the students. The primary data was collected from the engineering college teachers, using stratified random sampling method. The survey was conducted with 100 respondents from Namakkal district.

d) *Sources of Data Collection*

*Primary Data:* The primary data was collected with the help of a structured questionnaire which was administered for this purpose. The questionnaire was prepared after pre-testing with a pilot survey through preliminary interviews with about 20 respondents, and was further critically analysed. The finally redrafted questionnaire was administered among the engineering college teachers.

*Secondary Data:* The secondary data was collected from various published and unpublished research reports,

text books, magazines, journals and dailies, internet web resources, other published and unpublished sources of information.

e) *Analytical Framework*

The data collected were organized as simple tables and further analysed with the help of appropriate statistical tools such as – Percentage Analysis, Weighted Average Method, Correlation & Regression Analysis, Chi-square Test, etc., for logical interpretation of the data collected.

f) *Limitations of the Study*

- Since the research was based only on the Namakkal District, the same results may not be generalized over the whole universe.
- As the topic is very vast and so does its constraints that make the report tough one to cover all area.
- Due to time constraints and busy schedules of the teaching staff it was difficult to interact with them completely.
- Collection of data from the respondents could be done only when they are in their workplace.
- Many respondents do not like to give information relating to interpersonal relationship.

III. DATA ANALYSIS AND INTERPRETATION

Table 1 : Frequency and % regarding the profile of respondents

Demographic variables		Frequency	Percentage
Gender	Male	54	54
	Female	46	46
Age	Upto 25 Years	7	7
	25 – 35 years	39	39
	35 – 45 years	28	28
	45 – 55 years	18	18
	Above 55years	8	8
Religion	Hindu	74	74
	Muslim	12	12
	Christian	14	14
Educational Qualification:	UG	3	3
	PG	68	68
	M.Phil	10	10
	Ph.D	19	19
Marital Status	Single	35	35
	Married	65	65
Designation	Teaching Assistant	3	3
	Assistant Professor	64	64
	Associate Professor	23	23
	Professor	10	10
Income Level	Upto Rs. 15,000	15	15
	Rs. 15,000 – Rs.30,000	51	51

	Rs.30,000 – Rs.45,000	25	25
	Above Rs.45,000	9	9
Teaching Experience in yrs	Up to 5	6	6
	6 - 10	<b>48</b>	<b>48</b>
	11 – 15	32	32
	Above 15	14	14
Total		100	100

Source: Primary data

*Inference:* The survey was conducted from Hundred the respondents out of which 54% were Male and only 46% were female. Most of the respondents' age falls between 25 and 35 years (39%). 65% of the respondents were married and 35% of them were single. Most of the respondents (74%) belong to Hindu religion. Most of the respondents'

educational qualification is Post Graduate degree (68%). 64% of the respondents' designation is Assistant Professor. 51% of the respondents' income level ranges from Rs.15,000 to Rs. 30,000 and 48% of the respondents have the teaching experience 6 to 10 years.

*Table 2 :* Level of agreement with the statement that concerns with the Management

S.No.	Attributes	Weighted Average
1	Encourage progressive learning of the teaching staff	22.70
2	Utilize the potential of the staff members	29.56
3	Facilitate the resources required for effective teaching	24.56
4	Preserve and improve the morale of the staff members	19.67
5	Treat all the staff members equally	14.54
6	Allow the teaching staff to participate in decision making	27.9
7	Transparent in providing the required information	17.90
8	Create a good organizational climate	24.98
9	Use proper grievance handling machinery	24.33
10	Take steps to retain the staff members	22.85

Source: Primary data

*Inference:* From the Table 2, it is inferred that among the level of agreement with the statement that concerns with the Management, utilize the potential of the staff

members gets greater weighted average (29.56) and treat all the staff members equally gets the lowest weighted average (14.54).

*Table 3 :* Level of agreement with the statement that concerns with the Principal and the Head of the Department

S.No.	Attributes	Weighted Average (Principal)	Weighted Average (HoD)
1	Is very good at college/department administration	26.45	25.35
2	Inspire and motivate the staff members	23.45	26.76
3	Provide creative and innovative ideas	19.23	21.45
4	Delegate the duties fairly	25.67	27.45
5	Handle the difficult students effectively	29.45	<b>30.65</b>
6	Conduct the staff meeting periodically	<b>31.20</b>	28.56
7	Encourage faculty interaction outside the world (college)	25.67	18.58
8	Encourage the faculty members to publish journals and books	27.47	27.34
9	Consult the staff members before taking any decision related to the development of the college / department	23.46	25.64
10	Understand and help the personal difficulties of the staff members	26.25	29.67

*Inference:* From the Table 3, it is inferred that among the level of agreement with the statement that concerns with the Principal, Conduct the staff meeting periodically gets greater weighted average (31.20) and Provide creative and innovative ideas gets the lowest weighted average

(19.23) and that concerns with the Head of the Department, Handle the difficult students effectively gets greater weighted average (30.65) and Encourage faculty interaction outside the world (college) gets the lowest weighted average (18.58).

**Table 4 :** Level of agreement with the statement that concerns with the interpersonal relationship with the Colleagues

S.No.	Attributes	Weighted Average
1	My colleagues trust each other	20.32
2	I have no problem in communicating with my colleagues	29.89
3	My colleagues help me to manage conflict	24.54
4	The staff members of our college work as a team to ensure students' development	24.54
5	The feedback from my colleagues helps me to develop my teaching skill	29.65
6	I have no problem in giving feedback to my colleagues	28.78
7	My colleagues support me in my professional difficulties	27.89
8	My colleagues support me in my personal difficulties	29.76

Source: Primary data

*Inference:* From Table 4, it is inferred that among the level of agreement with the statement that concerns with the interpersonal relationship with the Colleagues, most of

the respondents agree that they have no problem in communicating with my colleagues (WA = 29.89).

**Table 5 :** Level of agreement with the statements that concerns with the interpersonal relationship with the Students.

S.No	Attributes	Weighted Average
1	Have good attitude towards academic work	28.58
2	Listen and understand my teaching	32.01
3	Prepare well for the university examinations	31.67
4	Does not hesitate to get support and guidance from the staff members	30.98
5	Have respect for staff members	29.67
6	Feel free to interact with the staff members	30.98

Source: Primary data

*Inference:* From Table 5, it is inferred that among the level of agreement with the statements that concerns with the interpersonal relationship with the Students, most of the

respondents agree with the opinion that Listen and understand the teaching (WA = 32.01).

**Table 6 :** Pearson Correlation

Correlation between the Age and the attitude of not hesitating to get support and guidance from the staff members

Factor	Pearson Correlation Value	Remarks
Age / Does not hesitate to get support and guidance from the staff members	- 0.0114	Inverse Relationship

*Inference:* Hence the calculated Pearson Correlation is Negative (-0.0114) there is no evidence that when the age of the respondents increase the attitude of the students to get support and guidance from the staff members increases.

$H_o$ : There is no significant relationship between the Marital Status and the staff members work as a team to ensure students' development

**Chi – Square Test**

$H_a$ : There is significant relationship between the Marital Status and the staff members work as a team to ensure students' development

Testing the dependency of the Marital Status and the staff members work as a team to ensure students' development

Table 7 : Marital Status \* The staff members work as a team to ensure students' development

Table No.4.6.1b : chi square Test

Factor	Calculated Chi-square value	DF	'p' Value	Remarks
Gender	12.4	2	< 0.001	Highly Significant

*Inference:* It is noted from the above table that the 'p' value is less than 0.01 and hence the result is significant at 1 %. Hence the hypothesis 'Gender of the respondents and the staff members work as a team to ensure students' development are not associated' does not hold well. From the analysis it is concluded that there is highly significant association was found between the Gender of the respondents and the staff members work as a team to ensure students' development.

#### IV. FINDINGS

- 54% Of the respondents are male and 46% are female.
- Most of the respondents are in the age group of 25-35 years (39%).
- Most of the respondents (74%) belong to Hindu religion.
- Most of the respondents' educational qualification is Post Graduate degree (68%).
- 65% of the respondents are married.
- Most of the respondents' designation is Assistant Professor (64%).
- Most of the respondents income lies between Rs.15,000 and Rs.30,000.
- 48% of the respondents teaching experience lies between 6 and 10 years.
- Among the level of agreement with the statement that concerns with the Management, utilize the potential of the staff members gets greater weighted average (29.56) and treat all the staff members equally gets the lowest weighted average (14.54).
- Among the level of agreement with the statement that concerns with the Principal, Conduct the staff meeting periodically gets greater weighted average (31.20) and Provide creative and innovative ideas gets the lowest weighted average (19.23).
- Among the level of agreement with the statement that concerns with the Head of the Department, Handle the difficult students effectively gets greater weighted average (30.65) and Encourage faculty interaction outside the world (college) gets the lowest weighted average (18.58).
- Among the level of agreement with the statement that concerns with the interpersonal relationship with the Colleagues, most of the respondents agree that they have no problem in communicating with their colleagues (WA = 29.89).

- Among the level of agreement with the statements that concerns with the interpersonal relationship with the Students, most of the respondents agree with the opinion that Listen and understand the teaching (WA = 32.01).
- From the Pearson Correlation it is inferred that there is no evidence when the age of the respondents increase the attitude of the students to get support and guidance from the staff members increases.
- From Chi-square analysis it is concluded that highly significant association was found between the Gender of the respondents and the staff members work as a team to ensure students' development.

#### V. SUGGESTIONS

An individual spends around seven to eight hours at his workplace and it is practically not possible for him to work all alone. One needs people to talk to and discuss various issues at the workplace. The individual has to be motivated in teams in order to increase the productivity. The Management, Principal and the Head of the Department should frequently conduct formal and informal meetings with the teaching staff and the students for inculcating a good interpersonal relationship.

#### VI. CONCLUSION

An association between individuals working together in the same organization is called interpersonal relationship. Research says productivity increases manifold when individuals work in groups as compared to an individual working alone. Employees must get along well for a healthy ambience at the workplace. The teaching staff must communicate with each other effectively for a healthy relationship. From the research, it is found that the interpersonal relationship of the teaching staff in the engineering colleges in Namakkal district is moderate and the management of the engineering colleges should take measures to improve the interpersonal relationship which would improve the group level workplace spirituality of the teaching staff.

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## Self-Employment Perception of Female Undergraduate Students in Ethiopia

By Chalchissa Amentie, Emnet Negash & Abdissa Gurmessa

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**Abstract-** Female Entrepreneurship is considered an important tool for female empowerment and emancipation. The main objective of this study is to investigate self-employment perception of female undergraduates students (Comparison Ethiopian Public and Private Universities). Entrepreneurship has become a crucial area to study and understand – especially with respect to, perception toward entrepreneur, motivations, constraints and consequences. Female undergraduates students are chosen for the current study is because they are at a period in their career development where they are considering different career routes and are therefore, a potential source of future female entrepreneurs. The finding of the study identified that there were different factor that affects female undergraduates' perception self-employment.

**Keywords:** *female entrepreneurship, undergraduate students, attitude, ethiopian public and private universities.*

*GJMBR - A Classification : JEL Code : M51*



*Strictly as per the compliance and regulations of:*



# Self-Employment Perception of Female Undergraduate Students in Ethiopia

Chalchissa Amentie<sup>α</sup>, Emnet Negash<sup>σ</sup> & Abdissa Gurmessa<sup>ρ</sup>

**Abstract-** Female Entrepreneurship is considered an important tool for female empowerment and emancipation. The main objective of this study is to investigate self-employment perception of female undergraduates students (Comparison Ethiopian Public and Private Universities). Entrepreneurship has become a crucial area to study and understand – especially with respect to, perception toward entrepreneur, motivations, constraints and consequences. Female undergraduates students are chosen for the current study is because they are at a period in their career development where they are considering different career routes and are therefore, a potential source of future female entrepreneurs. The finding of the study identified that there were different factor that affects female undergraduates' perception self-employment. Accordingly, there is negative linear relationship between parents and family ( $\beta = -0.107$ ), career advisers ( $\beta = -0.047$ ) and entrepreneurs that female students know ( $\beta = -0.013$ ) with self-employment perception. While media ( $\beta = 0.095$ ) and educational system ( $\beta = 0.123$ ) have positive relationship with self-employment perception. Here, although, parents & family has negative relationship with self-employment perception, both parents and family and educational system have statistically significant, ( $p < 0.001$ .) effect on self-employment perception factors when considered in this model. The significance of this study is understanding the determinant factors of self-employment perception helps policy makers, governments (federal, regional and zone), NGOs, and other stakeholders, to design targeted policies and programs that will actively stimulate innovation, as well as helping those policy makers to support, encourage, and promote SMEs for unemployment and poverty alleviation through minimizing the constraints hindering the self-employment perception of female students.

**Keywords:** female entrepreneurship, undergraduate students, attitude, ethiopian public and private universities.

Therefore, in order to change their worries from different barriers, entrepreneurship subject and training on entrepreneurs' successful characteristics are highly needed.

## I. INTRODUCTION

Female Entrepreneurship is considered an important tool for female empowerment and emancipation. It has been suggested by Weeks (2007) that women-led businesses can make a

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significant contribution to the economy. Allen, Langowitz, Elam and Dean (2007) further substantiated the importance of female entrepreneurial activity on economic development, finding investment in female entrepreneurship an important way for a country to exponentially increase the impact of new venture creation. Furthermore, they noted women are more inclined to share the benefits gained through entrepreneurship with members of their family and the wider community.

A national survey conducted by the Ethiopian Welfare Monitoring Unit (2002) shows, although women entrepreneurs contribute significantly to the national economy in terms of job creation, skills development and the alleviation of poverty among men and women alike, the literature clearly explains that small businesses and enterprises operated by women entrepreneurs are not being provided with adequate strategic support in terms of policy, access to finance, tax assessment, skills development and managerial training, technological transfer and infrastructural development (Berhanu, Abraham & Berg, 2007). Although SMEs operated by women cater for the poorest of the poor and make a sizeable contribution to the national economy, the level of support and recognition given to them has been minimal historically (Mogues, 2004). Businesses and enterprises operated by women contribute for economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor.

According to a survey conducted in the Gullele sub-city of Addis Ababa illustrate, women in the cluster area estimated 39% were self-workers while men constitute the remaining 61% were self-workers (HK Hailu, 2010, P.53). Furthermore, as different past' report in Ethiopia shows, the majority of women had little education and find employment in the lower sections of the formal employment market. For example, in 1999/00 there were only 30.75% of women in the Civil Sector ('Shadow Report' 2003, p. 14) among which the majority, 98.2%, was concentrated in low status and low paying jobs (Aster *et al* 2002, p. 69). The level of unemployment is higher for women than for men among any section of society. In 1998, the Bureau for Labor and Social Affairs estimated the percentage of female unemployed at 58.6 and for males 41.4 in Addis Ababa (Alemnesh 2001, p. 97). According to age group, the unemployment level is higher among women than men

in the age group 15-19 years with 16.8 % for women and 6.4% for males. This percentage increases slightly among the age group 20-24 with 17.8% of women and 7.4 % of males (Teshome 2004, p. 27 cited in Indrawatie, 2011).

Additionally, as the result of study on women entrepreneurship in micro, small and medium enterprises was shows, the majority of businesses that failed were operated by women (78%). Businesses that failed were characterized by inability in obtaining loans from formal money lending institutions such as commercial banks, inability to convert part of profit back into investment, poor managerial skills, shortage of technical skills, and low level of education. Businesses operated by women were 2.52 times more likely to fail in comparison with businesses operated by men (Eshetu and Zeleke, 2008, p.1).

The current research has been undertaken to examine female undergraduates' attitudes towards and perceptions of entrepreneurship. This is necessary in order to obtain more knowledge and a better understanding of why so few female undergraduates consider entrepreneurship as a career and majority of businesses that failed were operated by women. This is important as the topic of female entrepreneurship and in particular female undergraduates and their views on entrepreneurship is a seriously neglected and under developed research area. An examination of literature shows there is little known about their needs, motivations and reservations concerning business ownership. The reason why final year female undergraduates are chosen for the current study is because they are at a period in their career development where they are considering different career routes and are therefore, a potential source of future female entrepreneurs.

## II. LITERATURE REVIEW

### a) *Characteristics of Entrepreneurs*

Since there is no a universally acceptable definition of the entrepreneur, researchers have attempted to distinguish different factors that influence the individual towards entrepreneurship (Dyer, 1994). Efforts have been made to identify some of the attributes possessed by the entrepreneur (Kao, 1990), and this referred to as the trait school of thought. Carson *et al* (1995) believed that entrepreneurial traits distinguish entrepreneurs from other groups in society. Delmar (2000) identified the most common of these traits as a need for achievement, internal locus of control, risk-taking propensity, tolerance for ambiguity, over-optimism and the need for autonomy. These characteristics and traits have been acknowledged by many authors and are seen as an important factor when calculating a person's propensity towards entrepreneurship (McClelland, 1961, Hawthorn and

Brearily, 1991; Carson *et al*, 1995; ;Garavanet *al*, 1997 ; Morrison, 1998; Rimmington and Williams, 2000). Gasse (1990) also believed motivation, energy and perseverance are important traits, with Plaschka (1990) including innovation as an important characteristic of the entrepreneur. McCarthy (2000) found risk-taking propensity to be associated with personality traits, subsequently arguing that research on traits is of extreme importance in any serious attempt to understand entrepreneurship. However, despite this, Delmar (2000) argued that with the exception of the need for achievement, it has been difficult to link any specific traits to entrepreneurial behavior.

The importance of examining entrepreneurial traits and characteristics in relation to the current research is to help establish the basic characteristics associated with the entrepreneur. However, not everyone agreed with the trait school of thought. Carson *et al* (1995) found four main criticisms of the trait approach: first, the inability to differentiate clearly between entrepreneurial small business owners and equally successful professional executives. Second, the assumption is that identifying the supposed key trait or characteristic of the entrepreneur. Third, is the lack of recognition of entrepreneurship as a continuously changing process in which the entrepreneur will also change. Finally, the lack of empirical evidence to connect entrepreneurial characteristics with actual entrepreneurial activity and the inability to acknowledge an individual's situation and the effect it has on new venture creation. Basically, the trait approach cannot be used alone to explain entrepreneurial behavior. Therefore, there is a need to look at what entrepreneurs do and why they do it (Martin *et al*, 1998).

### b) *Female Entrepreneurship*

It has been suggested by Weeks (2007) that women-led businesses can make a significant contribution to the economy. US statistics have shown that over the last twenty years women-owned businesses have grown at a rate of nearly two to one of other businesses and, interestingly, have made more of a significant impact on employment figures and revenue intake than is actually suggested by these figures (Centre for Women's Business Research, 2007). Allen, Langowitz, Elam and Dean (2007) further substantiated the importance of female entrepreneurial activity on economic development, finding investment in female entrepreneurship an important way for a country to exponentially increase the impact of new venture creation. Furthermore, they noted women are more inclined to share the benefits gained through entrepreneurship with members of their family and the wider community.

However, in Ethiopia the economy has yet to achieve substantial benefit from women led businesses as, in comparison with other countries, the level of

female entrepreneurship is particularly low; for example in Portugal, Austria, and France female entrepreneurship can account for 41% of all new start-up's (Henry and Kennedy, 2003; Gender Equality Unit, 2003; Fitzsimons *et al*, 2003; Fitzsimons and O'Gorman, 2004 cited in Indrawatie, 2011).

#### i. Characteristics of Female Entrepreneurs

Women entrepreneurs are not a homogenous group *per se*, but they often share common characteristics and therefore it is possible to build up a general profile of the typical female business owner (Still and Walker, 2006). According to Sarri and Trihopoulou (2005), the female entrepreneur is 43 years old, and is usually older than her male counterpart. This demographic of women entering entrepreneurship at a later age than men is well recognized in entrepreneurial literature (Goodbody, 2002; Madsen *et al*, 2003). She is often married with children, and enters entrepreneurship when the children are older (Madsen *et al*, 2003; Sarriet *al*, 2005). However, there is a trend towards women entering entrepreneurship at a younger age (Birley, Moss and Saunders, 1987; McClelland, Swail, Bell and Ibbotson, 2005; Still *et al*, 2006 cited in Indrawatie, 2011). This development of women entering into entrepreneurship at a younger age has also been noted in Ireland with research showing the average female business owner to be 38 years of age and is only slightly older than her male counterpart (Fitzsimons and O'Gorman, 2007).

#### c) Obstacles to Female Entrepreneurship

Welter (2004) has indicated that the participation of women in entrepreneurship has been hindered by the value that society places on women in employment, believing that as a result of past social norms women are still being stereotyped according to their gender thus limiting opportunities and creating occupational segregation.

Hisrichet *al* (1984) also acknowledged the difficulties that woman face when starting a business stating that the risk and effort entailed in starting a business from scratch is perhaps even greater for a woman entering a male dominated arena. Carter *et al* (2007) suggested that women lack finance and capital assets during the start-up period and argued that one of the key debates within female entrepreneurial research is how these barriers at the start-up stage affect the long-term business performance of women business owners.

### III. SAMPLING METHOD (TECHNIQUE) AND SAMPLING SIZE

*In public:* Jimma University, Addis Ababa University, and Wollege University while among private universities; Rift-Valley Universities at wollega and Adama Campus, Unity University at AA campus and New generation at

Nekemte campus were taken as a sample of representative by convenience method with consideration of location of both private and public universities those found in the same cities to reduce cost.

And respondents were taken from selected Universities by disproportional method because of the size of students found in them are vary as follow.

#### a) Model specification

In this study, the chi-square test for independence will be used to test for association. Cross tabulation was also done to show the distribution of respondents while multiple regression analysis the cause of factors on perception self –employment

$$\text{Model: } SEI = \beta_0 + \beta_1 * (PF) + \beta_2 * (PEE) + \beta_3 * (CA) + \beta_4 * (EM) + \beta_5 * (M) + \epsilon$$

#### b) Independent Variables

- ✓ PF = parents and family
- ✓ PEE = Participation in entrepreneur education
- ✓ CA = career advisers
- ✓ EM = Entrepreneurs as model
- ✓ M = Media

#### c) Dependent Variable

- ✓ SEI = Self-employment perception

$\beta_0$  is the intercept,  $\beta_1$  and  $\beta_2$  are the population parameters and  $\epsilon$  is the natural variation in the model. The researchers tests for the significance of the linear regression relationship between the dependent variable, and the independent variables, by testing unstandardized coefficients beta (B). If  $\beta_1$  and  $\beta_2$  relatively zero, there is no significant linear model or relationship between the dependent variable, and the independent variables. If  $\beta_1$  and  $\beta_2$  are not both equal zero, a significant linear relationship or model does exist between Y and the two independent variables (Neter *et al*, 1993, cited in Indrawatie, 2011).

### IV. DATA ANALYSIS

#### a) The relationship between family background and female to start their own business

Families play an important role in female entrepreneurship; recent studies reveal two opposing pictures in this respect. In some cases, families are very supportive (Muhammad A and, Dr. Amber G, 2011) and play an important and supportive role in helping females to develop business ideas (Jamili, 2009 cited in Indrawatie, 2011).

Table.1 : The relationship between family background and parents discourage female to start their own business

would your parents discourage you to start your own business		Family background			Total
		agriculture	employed	Commerce	
yes	Count	68	84	58	210
	%	34.7	39.6	50.0	40.1
no	Count	90	98	46	234
	%	45.9	46.2	39.7	44.7
Do not know	Count	38	30	12	80
	%	19.4	14.2	10.3	15.3
Total	Count	196	212	116	524
	%	100.	100	100.	100.0

Df=4,  $\chi^2= 9.31$  N=524,p=0.05

The above table depicts, 40.1% of respondents responded that as their family discourage female students to start their own business and 44.7% responded as their parents encourages them as they start their own business while 15.3% of them responded as their parents were neutral. This reflects that as the majority of the parents encourage their female students as they start their own business in future.

Hence, the following hypothesis were developed to test whether there is independency between family background and discouraging female as they start small business.

*Ho:* parents background and discourage female students to start small business are independent.

*Ha:* parents background and discourage female students to start small business are not independent

As per the chi-square test made, the result shows that equal to the significance level ( $p=0.05$ ), since we cannot accept the null hypothesis. Thus, we conclude that there is a relationship between parents' background and discouraging female students as they start their own small business. This supports the finding of (Itaniet *al.*, 2011 cited in Indrawatie, 2011) that stated females receive no appreciation for their work and in most cases they are discouraged by their parents.

b) *Regression analysis on self-employment perception against independent variables*

In linear multiple regression, adjusted R square (adj.  $R^2$ ) is usable rather than the simple R square, since

the latter may overestimate the extent to which the researchers sample data explain the variance in the dependent variable, thereby indicating whether the model is good predictor of the dependent variables, partly because simple R square affected by the number of variables included in the model. Therefore, in this study a stepwise multiple linear regression analysis was computed at significant level of ( $p=0.00$ ) in order to examine which constructs of factors or variables could be the most determinant variable to ensure self-employment perception.

$$\text{Model: SEI} = \beta_0 + \beta_1 * (\text{PF}) + \beta_2 * (\text{PEE}) + \beta_3 * (\text{CA}) + \beta_4 * (\text{EM}) + \beta_5 * (\text{M}) + \epsilon$$

c) *Independent Variables*

- ✓ PF=parents and family
- ✓ PEE =Participation in entrepreneur education
- ✓ CA= career advisers
- ✓ EM= Entrepreneurs as model
- ✓ M=Media

d) *Dependent Variable*

SEI=Self-employment perception (start thier own business)

Table 2 : Regression analyses on self-employment perception

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.212	.169		7.175	.000
	parents and family	-.107	.050	-.110	-2.113	.035
	Educational system	.123	.053	.123	2.333	.020
	career advisers	-.047	.058	-.043	-.805	.421
	Entrepreneurs that you know	-.013	.057	-.012	-.228	.819
	Media	.095	.052	.093	1.832	.068

Dependent variable: SEI, R= .172,  $R^2 = .030$ , adj.  $R^2 = .018$ , F (5, 417) =2.522,  $P < 0.001$

Table 3 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.172 <sup>a</sup>	.030	.018	.85171

a. Predictors: (Constant), Media, parents and family, career advisers, Educational system, Entrepreneurs that you know

Table 4 : ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.149	5	1.830	2.522	.029 <sup>a</sup>
	Residual	298.870	412	.725		
	Total	308.019	417			

a. Predictors: (Constant), Media, parents and family, career advisers, Educational system, Entrepreneurs that you know

b. Dependent Variable: start your own business

The table.3 indicates the results on the relationship between media, educational system, career advisers, entrepreneurs that female students know and parents &family against self-employment perception model. It is clear that this model has the  $R^2$ , .030 that shows 3 % of the variation in self-employment perception is explained by this model. This model is statistically significant  $F(5,417) = 2.522, p < 0.001$ . It is possible to conclude that there is sufficient evidence that implies negative linear relationship between parents and family ( $\beta = -0.107$ ), career advisers ( $\beta = -0.047$ ) and entrepreneurs that female students know ( $\beta = -0.013$ ) with self-employment perception. While media ( $\beta = 0.095$ ) and educational system ( $\beta = 0.123$ ) have positive relationship with self-employment perception.

Here, although, parents & family has negative relationship with self-employment perception, both parents and family and educational system have statistically significant effect on self-employment perception factors when considered in this model.

## V. CONCLUSION

While undertaking the present study it became evident there is very little known about female undergraduates and their views on entrepreneurship. Therefore, there is a need to gain more knowledge about the young educated women and their views on entrepreneurship. It would also be of interest to do a comparative study of higher-level institutions across the different private and public universities, in order to see if there is any difference in perception of the female undergraduate towards entrepreneurship depending on where the respondents are types of university situated. This would add more information to a seriously under researched topic by gaining an overall picture of the female undergraduate perceptions of entrepreneurship. However, different female undergraduate students have different perception of self-employment because of

many different factors influence women to start their own small business.

Families play an important role in female entrepreneurship; this study reveal half of family female students discourage to start their own business while some parents encourages them as they start their own business. Both female students in public Universities and private university college would like more entrepreneurial education/knowledge and were expressed the intention as they need entrepreneurial education to start a business. Majority of female students in both public Universities and private university college were expressed their intention as they need entrepreneurial education to start a business. Minority of students expressed their immediate intentions after the completion of their degree course as they want to start their own business. While majority of them were want to continue further with their education, want to work with in a company and obtain a professional qualification and want work within a large company.

As this finding present that the student who expressed their wish to start their own small business in public Universities are no more different from female students those private Universities College want to start their own small business. Students with a strong favorable attitude toward self-employment would be more likely to develop strong self-employment perception. The motive for becoming an entrepreneur is not a clear cut situation but is rather a complex set of mixture of different factors.

## VI. LIMITATIONS AND FURTHER RESEARCH

Several limitations should be considered when interpreting the results of this research project. The current section discusses to what extent the results are an artifact of the research method and presents the limitations of this research project around three main

themes: Variables issues, methodological issues, and measurement issues.

Factors influencing female undergraduate students have different perception of self-employment are multidimensional. The influence of some of these factors on female undergraduate students have different perception of self-employment could be either independent or interdependent. For further study it is possible to study the correlation of different variables but this did not test the correlation variables.

The data was collected from different sites as well as from different types of universities students. This is difficult to specifically determine the factors of affect the growth of each sectors and one site. Further studies in this area will provide specific variable affects the female undergraduate students have different perception of self-employment.

Model's  $R^2$ , was.030 that shows 3 % of the variation in self-employment perception is explained by this model. This means the model was not well explained by independent variables. Further researcher should add others variables to test other variables affects female undergraduate students perception of self-employment.

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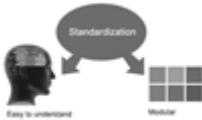




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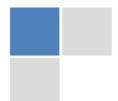
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Based on potential and nature, the manuscript can be categorized under the following heads:

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#### References

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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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**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 though 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.

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The introduction will be compiled from reference matter and will reflect the design processes or outline of basis that direct you to make study. As you will carry out the process of study, the method and process section will be constructed as like that. The result segment will show related statistics in nearly sequential order and will direct the reviewers next to the similar intellectual paths throughout the data that you took to carry out your study. The discussion section will provide understanding of the data and projections as to the implication of the results. The use of good quality references all through the paper will give the effort trustworthiness by representing an alertness of prior workings.



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- Explain materials individually only if the study is so complex that it saves liberty this way.
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- Materials may be reported in a part section or else they may be recognized along with your measures.

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#### **Results:**

The principle of a results segment is to present and demonstrate your conclusion. Create this part a entirely objective details of the outcome, and save all understanding for the discussion.

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

- Sum up your conclusion in text and demonstrate them, if suitable, with figures and tables.
- In manuscript, explain each of your consequences, point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation an exacting study.
- Explain results of control experiments and comprise remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or in manuscript form.

### What to stay away from

- Do not discuss or infer your outcome, report surroundings information, or try to explain anything.
- Not at all, take in raw data or intermediate calculations in a research manuscript.
- Do not present the similar data more than once.
- Manuscript should complement any figures or tables, not duplicate the identical information.
- Never confuse figures with tables - there is a difference.

### Approach

- As forever, use past tense when you submit to your results, and put the whole thing in a reasonable order.
- Put figures and tables, appropriately numbered, in order at the end of the report
- If you desire, you may place your figures and tables properly within the text of your results part.

### Figures and tables

- If you put figures and tables at the end of the details, make certain that they are visibly distinguished from any attach appendix materials, such as raw facts
- Despite of position, each figure must be numbered one after the other and complete with subtitle
- In spite of position, each table must be titled, numbered one after the other and complete with heading
- All figure and table must be adequately complete that it could situate on its own, divide from text

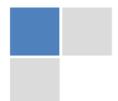
### Discussion:

The Discussion is expected the trickiest segment to write and describe. A lot of papers submitted for journal are discarded based on problems with the Discussion. There is no head of state for how long a argument should be. Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implication of the study. The purpose here is to offer an understanding of your results and hold up for all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of result should be visibly described. Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved with prospect, and let it drop at that.

- Make a decision if each premise is supported, discarded, or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."
- Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work
- You may propose future guidelines, such as how the experiment might be personalized to accomplish a new idea.
- Give details all of your remarks as much as possible, focus on mechanisms.
- Make a decision if the tentative design sufficiently addressed the theory, and whether or not it was correctly restricted.
- Try to present substitute explanations if sensible alternatives be present.
- One research will not counter an overall question, so maintain the large picture in mind, where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

### Approach:

- When you refer to information, differentiate data generated by your own studies from available information
- Submit to work done by specific persons (including you) in past tense.
- Submit to generally acknowledged facts and main beliefs in present tense.



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<i>References</i>	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring



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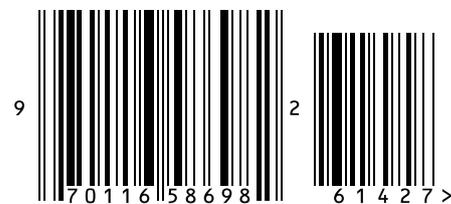
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