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Institutional Investors, Monitoring and Corporate Finance Policies

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Abstract

We argue that an increase in the aggregate level of institutional ownership of public companies does not necessarily result in improved monitoring and information disclosure on average. In contrast, an increase in the presence of long-term investors does contribute to more effective monitoring and information quality. This results in a reduction in agency costs and informational asymmetry problems for firms that are more heavily influenced by long-term investors, which in turn influences the corporate policies they pursue. Consistent with these arguments, our evidence suggests that firms with a greater long-term institutional investor base maintain lower investment outlays, higher dividend payments, lower levels of cash and higher levels of leverage. All of these results hold after controlling for potential endogeneity issues.

Keywords: Institutional investment horizons, agency costs, informational asymmetry problems, investment outlays, dividends, leverage, cash holdings

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“I was the Girl if Someone Needed Punching Up Call Her”: Female Agency and Gang Membership

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Abstract

In the UK young women are consistently mooted as appendages and on the periphery of gang life. As a result they have been overlooked in policy - and when they do appear it tends to be in reference to their role as a girlfriend or their role as a victim of male exploitation. The continued focus on passive identities is reminiscent of nineteenth century polarised gender stereotypes based on constructions of white middle class femininity. Currently no profile exists of the criminal female gang member in UK policy and only the vulnerable young woman has a formalised identity. Consequently females are being denied a deviant criminal identity. Little has been written about their collective offending. Consequently their voices are often absent or presented in unsophisticated ways.

Young working class women’s sexuality rather than their criminality has been perpetually been in question for centuries. Early studies of gang culture in the US suggest the role of young women is that of auxiliary and sexual object. This is reminiscent of much of the UK discourses today. My qualitative data with young women from London challenges much of the current UK literature and policy by acknowledging that females are not necessarily on the periphery of gang and street culture. Many are active participants despite authorities claiming that there are only a small number of female gang members in the UK compared to their male counterparts.
Dynamic Environments, Myopic Managements, and the Life Chances of Organizations

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Abstract

This paper presents an attempt to predict the life expectancy of organizations that interface with dynamic environments. We based our study on the notion of organizational adaptation. In other words, we address the idea of organization-environment fitness by examining the extent to which any given organization actually fits to the characteristics of its external environment at any given point of time.

In this study, ceteris paribus, two key variables serve as determinants of such fits. One variable refers to the organization's portfolio of products, which indicates its level of effectiveness. The other variable refers to the organization's technology, by which it produces its products or services, which indicates its level of efficiency.

A dynamic environment consists of frequent changes of various kinds. In light of such changes, organizations have to respond to the volatile environment by implementing organizational changes of their own accordingly, to remain fit. However, myopic management tends to reduce the frequency of such changes to economize on the inevitable costs. Thus, myopic managers are likely to stretch the organization’s limits and to plunge the organization into an irreversible situation of failure. An organization that does not conduct proper changes in due time experiences a process of failure. Organization failure is a state in which it is not capable to adapt properly to its environmental conditions. The chances that failing organizations would be capable of making adaptive changes are rather small. Failure is a stage-wise declination process which drags down an organization to a probable point of no return.

The wider the gap between the organization and its environment in terms of fit – the higher the chances that the organization is doomed to fail.

In this study, we present a mathematical model of organizational failure of unfitted business enterprises. Then, using computerized simulations; we calibrate the life expectancy of organizations based on their rates of updating changes over time. Later on, we will conduct an empirical research project to verify our predictive model. The proposed model calls for more accurate analysis of the failure process than other models of decline presented in the literature. Our model allows us to slice the downward slope into thin layers, stage by stage. Thus, it enables us to predict the probability of an organization failing so as to initiate turnaround in any stage of decline.
The Resumptive Marker "So" - Instances of Use and Pedagogical Impacts

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Abstract

Conversation Analysis (CA) has brought to light many features of spoken languages that we may have glossed over or taken for granted in the past. In this case study, recordings of a dinner exchange between two subjects were analyzed using a CA framework. The researchers discovered repeated occurrences of the discourse marker “so” being used in the conversation. The instances where “so” appeared were studied for their functionality and it was discovered that “so” can function as a resumptive discourse marker in two ways. Pedagogical implications on discourse markers, specifically “so”, are also discussed for language teachers that want to help their students develop fluency in spoken English.

Key words - conversation analysis, discourse markers, linguistics, TESOL
Pro-competitive Effect of Reduced Switching Costs by Mobile Phone Number Portability and Asymmetric Access Regulation

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Abstract

There are two main sources of switching costs when users change mobile operator. The first one stems from price discrimination when network charges are lower for on-net than for off-net calls. If the majority of switching user’s contacts are in his current network, he has substantial switching costs due to the fact that in a new network he would have to pay a higher price for off-net calls. The other source of switching costs is related to the fact that the switching user would have to inform all his contacts about his new number. The policy of mobile phone number portability (MPNP), when a user can retain his old number in new network, reduces switching costs significantly. Previous research shows that this policy might be anti-competitive by increasing the market share of large operators. This result was a consequence of two-party tariffs that were used in the past when users paid some small fixed fee and on top of this paid higher per minute prices for off-net than for on-net calls. This on-net discount may attract users of small networks to join large networks. The data from Serbian market show that this policy was pro-competitive. It has increased the market share and profit of the smallest operator and reduced the market share of the largest one. In our model aiming to explain this result, large and small operators use actual pricing strategies for post-paid and pre-paid users. Post-paid users can subscribe to sufficiently large packages that they don’t need to pay additional per minute prices and they can buy a phone from their operator. Optimal number of minutes in a package increases market size and market share, and small operators can offer more on-net and off-net minutes in the package if it has a cost advantage over a larger operator. An operator that gains (loses) market share increases (reduces) the number of minutes when MPNP reduces switching costs. Since there are no on-net discounts, MPNP benefits small operators and increases the likelihood of convergence of market shares. Pre-paid users who benefit from call externalities don’t pay subscription fees and pay higher prices for off-net calls. MPNP can never increase the pre-paid market share of small operators. If the regulator reduces switching costs stemming from price discrimination by imposing asymmetric access charges, such that small operator can charge higher access charges than large operators, this policy can benefit small operators.

Key words: network competition, call externalities, switching costs, access pricing, price discrimination
New Economic Endogenous Growth Theories and Sustainable Growth Theories – An Empirical Evaluation On Latin American Countries

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ABSTRACT

Industry, politics and trade desire and benefit from steady economic growth. This study evaluates the main policy implications of the new endogenous growth theories and whether economic growth without harming the environment can be reconciled for four Latin American countries: Argentina, Brazil, Mexico and Chile. Firstly, the policy implications of the new endogenous growth theories have been broken down into variables to examine if they have a positive influence on economic growth. Secondly, environmental variables were analysed to examine their behaviour with changing GDP levels over time. In both cases most of the variables studied exhibit a strong correlation with Economic growth / GDP levels. The results are the recommendations that policy makers in the analysed Latin American countries should give more consideration to the new economic endogenous growth theories and to the investigated environmental factors.

Keywords: New Economic Endogenous Growth; Sustainable Growth; Latin America; Environment, International Business and Economics

INTRODUCTION

Brazil has always been a country with great economic potential. The country with its rich land and population is in both parameters after all, the fifth largest in the world and has huge agricultural land and mineral resources. But an economic breakthrough has never happened due to unfavourable structures in politics and business. Policy makers are uncertain what measures must be taken to foster economic growth (Prata, 2015).

Moreover a large part of the Amazon rainforest is located in Brazil. The Amazon rainforest is the world’s largest biodiversity region. It produces around 20% of the earth’s oxygen and is home to more than 5 million species of plants, animals and insects. Starting with the rubber boom by the end of the 19th century the exploitation of the Amazon rainforest has steadily increased. In the 90s the total area of forest lost in the Amazon rose from 415,000 to 587,000 km². Thus the environment has been damaged to achieve higher economic growth (Museum, 2013).

Similar situations to that described above can be found in other Latin American countries (Josè, 1992). In connection with the seemingly controversial issues economic growth and sustainable development the following research questions arise: ‘Do the main policy implications of the new endogenous growth theories work to foster economic growth in Latin American countries?’ and ‘Is economic growth in Latin American countries possible without harming the environment? In this paper we try to help analyse these two research questions.

Our contributions the following:

- In the theoretical reference section the new endogenous growth theories of Romer-Lucas as well as growth with environment and sustainable development are discussed.
- The main policy implication of the Romer-Lucas model for selected Latin American countries is evaluated.
- Selected environmental variables and their relation to the GDP development for selected Latin American countries are examined.
The studied countries’ similarities and differences of their economic growth to are derived and general tendencies are concluded. The results of this study support policymakers in their decision-making in order to foster economic growth in a sustainable and environmental friendly way.

THEORETICAL REFERENCE


The new endogenous growth theory was developed in the 1980s. It was established to criticise and react to the neoclassical growth models (Domar, 1946; Solow, 1956; Solow, 1957). In the neoclassical growth models, the long-term growth is influenced by exogenous factors, such as the growth rate of technical progress and the increase in the labour force (human capital) (Romer, 1986; Lucas, 1988). The endogenous growth theory, however, is trying to overcome these deficiencies by trying to explain the growth in an endogenous way. The models of Romer and Lucas are the most important featuring technological advances that endogenously generate externality effects. In their works the production function has increasing returns to scale, because of spill over effects coming from education and / or knowledge.

The Romer-Lucas model starts with the production side of the economy, specifying a production function, assuming that technology is generated endogenously, first in absolute terms in equation (1) and then in per capita terms in equation (2):

\[ Y_t = F(K_t, L_t, \kappa_t) = K_t^{\alpha} \cdot L_t^{1-\alpha} \cdot \kappa_t^\eta \]

\[ y_t = k_t^{\alpha} \cdot \kappa_t^\eta \]

Next the consumption needs to be considered. Therefore specific utility functions are introduced in the model. To complete the model both the consumption and production side need to be put together. The objective is to maximize the combined utility function (demand and supply) over time via a dynamic approach, named optimal control theory, which leads to the following equation:

\[ \text{Maximize } U_t(c_t) = \int_0^\infty \left[ \frac{c_t^{1-\xi}}{1-\xi} \right] \cdot e^{-rt} \cdot dt \]

To establish equilibrium in the capital market the total capital needs to be equal to the aggregately sum of individual capital stocks \( \kappa_t = L_t \cdot k_t \). This leads to the long-run per capita consumption growth rate:

\[ c_t / c_{t} = \left[ (\alpha + n)k_t^{(1-\eta-\alpha)} \cdot L_t^\eta - \eta \right] / \kappa_t \]

Whether or not the long-run per capita growth rate of consumption is positive depends on the difference between the marginal productivity of capital \( (\alpha + n)k_t^{(1-\eta-\alpha)} \cdot L_t^\eta \) and the discount rate \( r \) in equation 4, considering that is positive. For a given country the model suggests continued long-run growth, depending on how productive its technology is (Romer, 1986).

The policy implications from the Romer-Lucas model are focussing on the potential for externality spill overs, which can result from the stock of knowledge / education and / or labour force training / skills (Easterly, 1998). Regions that have plenty of those factors can grow significantly faster than the ones constrained by shortage of them. This model suggests the improvement of the educational levels as the most important factor to foster economic growth. Consequently education and its positive spill over are decisive for economic growth (Lucas, 1988).

In growth policy both human capital and knowledge spill overs are very important factors that need to be considered. The Romer-Lucas model implies that regions that focus on activities, which result in high skills / learning / knowledge grow sustainably faster than others. Especially in developing regions often having poor educational systems the design and implementation of growth-based policies are of highest importance (Lucas, 1988).
**Growth with Environment**

In this section, two seemingly oppositely inclined concepts will be discussed which being the Industrial growth and its impact on the Environment. Environmental damage is quite a broad area, which can be anything from excessive gas emissions to deforestation.

The industrial growth in countries can be illustrated with the total GDP as a measure. Environmental damage can be assessed in terms of released of the gases like CO2, methane, nitrous oxide and other greenhouse gases. Various models exist arguing about the above topic and most of them find a common ground in the following two aspects:

1. Growth in production using non-reproducible resources
2. The correlation between growth and pollution/waste generation

The first class of models was foremost researched by Anderson (1972). He investigated the impact on production growth when non-renewable resources were depleted. Non-renewable resources are for example fossil fuel reserve or nuclear fuels. A similar approach to model production growth considering exhaustible natural resources was used by Stiglitz (1974). Moreover Amigues, Favard, Gaudet and Moreaux (1998) have formulated an optimal distribution of various natural resources during the production phases.

In the second class of models Chakravorty, Im and Roumasset (2005) developed a model showing discontinuous extraction of natural resources is possible without incurring further setup costs. This not only helps the resources to replenish themselves to a certain extent but also enables the needs of future generations can be met through sustainable development. Similarly Sena (2009) argued how natural resources like water, air and forests can be allocated optimally to the different phases of production, which consequently reduces the damage towards such resources.

**Sustainable Development**

The pace at which our planet is growing is unprecedented and has brought several comforts like declining mortality rate, increase in literacy and enhanced food production. But the reactions of such changes are unbearable for the planet Earth. Every year around 6 million hectare of productive area is turning barren. Similarly 11 million hectares of deforestation occurs every year, which would amount to the area equal to India if the trend continues for three decades (Im, Chakravorty, & Roumasset, 2005).

According to Brundtland (1987), prior to the global industrialization human activities and their impacts were categorized within sectors such as energy, agriculture, trade and within broad concerning areas like environment, economic and social. But these areas have begun to merge and drawing a line between different issues is a problem. To address such problems the idea of sustainable development emerged which states: ‘Meeting the needs of present without compromising the ability of future generations to meet their own needs’ (Robert, 2005).

Sustainable Development is closely correlated with shift towards Social, Cultural and Environmental concerns rather than just economic area. Sustainable development in social norms is striven for as suggested by Emile Durkheim (1893) and he further states that transition from ‘traditional’ to ‘modern’ society in Europe was made to achieve social harmony and equilibrium. Punishments and legal procedures are introduced to keep the social norms intact and are a clear example of social sustainable development. Development can also be cited as the transition of humans moving from clans to self-relying individuals over the time.

Cultural and social dimensions have shifted since Durkheim analysis when norms and tradition was prevalent in almost everything. German theorist Max Weber argued from a different perspective and analysed from an individual’s point of view while conducting the research on German public in the late nineteenth century. He points out that cultural shift towards economic development has had serious consequences on sustainable development where people are viewing industrial advancement in favourable manner and putting them ahead of the personal value and ultimate rewards like religion (Weber, 2002).

Environmental aspect ends to be one of the most important one as it has been studied for quite some time now but implemented very late on the global scale. The earliest account was noted by Malthus (1798) as he provided the relationship between the sustainability of food resources and growing population concerns. He noted that the food supply hasn’t been able to
cope with the rise of population, as increase in the edible resources is arithmetic whereas the growth of population is geometric.

The main aim of sustainable development is to ensure continuity to resources for forthcoming generation by halting the stress on environment and related areas. However there are a few considerable hurdles in achieving the idea:

**Technological advancement** - Technology offers rapid consumption of limited resources such as fossil fuels and also contributes in producing new forms of pollutants. Urgency for growth in technological terms has outpaced the concern to minimize the side effects of the relevant activities.

**Growing population** - Ever increasing population and far reaching human activities are not only limiting the resources for today’s generation but also leaving a lasting and irreversible impact on future lives.

**International Economic and Political relationships** - The difference among nationalities and ethnicities are making it very difficult being their collective priorities in line. The needs and utilizations for each part of the world vary significantly and global powers need to eradicate the imbalance in usage of natural resources.

One of the latest advancements on sustainable development took place at the United Nations conference in Rio de Janeiro in 2012. It is considered as a cornerstone in the modern standards on sustainable development with wide consensus among the nations on the policies underpinned in the report.

The conference pointed out the adherence to the policies passed in the earlier meetings like Stockholm in 1972 and assured the latest changes are taken into account. The main agenda undoubtedly was to eradicate poverty and undernourishment. According to the report 1 billion people still live in extreme poverty and 14% of the world’s population is undernourished (United Nations, 2012).

Wider issues such as Global Warming, weather patterns and pollution were linked to the future of sustainable development and it was reported that work was underway to make the international legislation more flexible to cater for global environmental needs.

Special recognition was given to African and underdeveloped regions, which prove to be more vulnerable and wider stakeholders, and were considered in outlining the future strategy.

**METHODOLOGY OF THE RESEARCH**

The current research was developed using a quantitative approach, which enables the researchers to evaluate the implications of the growth theories as well as the dilemma between sustainability and economic growth in a direct way with variables. Therefore, the empirical approach is divided into two parts (1) the empirical research about the policy implications of the new endogenous growth theory and (2) the analysis of sustainable growth. The research focuses on the four most important economies in Latin America regarding their absolute GDP and GDP per capita in 2011. Therefore we ranked all countries and chose due to the ranking the four most important countries: Brazil, Mexico, Argentina and Chile. Densely populated Latin American countries were not considered in this analysis (e.g. Trinidad, Tobago), because that would falsify the result. The secondary data used for this research was taken from the World Bank or from the Pennworld Table 8.1 (Developed by Feenstra, Robert C., Robert Inklaar and Marcel P. Timmer (2015), University of Groningen). In general the time period between 1990 and 2013 is considered. Due to the lack of data for some periods, the time periods 1990 - 2011, 1990 - 2010 or 2000 - 2010 were used. The relevant data focuses on GDP, derived variables from the new endogenous growth theory and environmental variables.

**Endogenous Growth Variables**

The investigation of the policy implications was realized by analysing the relation between the growth variables (Real GDP) and the influencing variables of the theory. That’s why we picked the following variables presented in table 1:
Table 1: Description of the Endogenous Growth Variables - *Source: World Bank & Penworld*

<table>
<thead>
<tr>
<th>Endogenous Growth Variables</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP - rgdpna</td>
<td>Real GDP at constant 2005 national prices (in millions 2005 US$)</td>
</tr>
<tr>
<td>Capital Stock - rkna</td>
<td>Capital stock at constant 2005 national prices (in millions 2005 US$)</td>
</tr>
<tr>
<td>Human Capital - hc</td>
<td>Index of human capital per person, based on years of schooling (Barro/Lee, 2012) and returns to education (Psacharopoulos, 1994)</td>
</tr>
<tr>
<td>Total Factor Productivity - ctp</td>
<td>TFP level at current PPPs (USA=1)</td>
</tr>
<tr>
<td>High-technology exports (current US$)</td>
<td>High-technology exports are products with high R&amp;D intensity, such as in aerospace, computers, pharmaceuticals, scientific instruments, and electrical machinery. Data are in current U.S. dollars.</td>
</tr>
<tr>
<td>Exports of goods and services (% of GDP)</td>
<td>Exports of goods and services represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.</td>
</tr>
<tr>
<td>Imports of goods and services (% of GDP)</td>
<td>Imports of goods and services represent the value of all goods and other market services received from the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.</td>
</tr>
<tr>
<td>Researchers in R&amp;D (per million people)</td>
<td>Researchers in R&amp;D are professionals engaged in the conception or creation of new knowledge, products, processes, methods, or systems and in the management of the projects concerned. Postgraduate PhD students (ISCED97 level 6) engaged in R&amp;D are included.</td>
</tr>
</tbody>
</table>

The new-endogenous growth theory is in per capita terms. Therefore in our investigation almost all variables (except: total patents) are in per capita terms. That is why GDP, Capital Stock and High-technology exports were divided by the relevant population for each analysed country. Furthermore the variable patents results out of the summation of non-residential and residential patents. The degree of openness is described by the sum of imports of goods and services and the exports of goods and services in each country.

This study investigates all variables of the new endogenous theory which are correlated with GDP per capita to analyse the implications and how growth can be explained in the considered economies.

For one variable all four countries are analysed. The variable “total patent” possesses a gap for Argentina, because in the time period 2009-2011 no data was available for Argentina. The consequence is that this study counts a zero for these years and does not analyse this period for Argentina.

Consequently in table 3 all variables are correlated to GDP per capita and averages are drawn. Chile’s correlation between Researchers per Million and GDP per capita was left out due to missing data.

**Environmental Variables**

For the analysis of the environmental investigation we picked eight variables out the World Bank to illustrate the connection between environmental harmless and the economic growth. The structure of the empirical approach is conducted from Sena (2014) and Sena (2015). The variables are described and presented beneath:
Table 2: Description Environmental Variables - Source: Worldbank

<table>
<thead>
<tr>
<th>Environmental Variables</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO² emissions (kt)</td>
<td>Carbon dioxide emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring.</td>
</tr>
<tr>
<td>Methane emissions (kt of CO² equivalent)</td>
<td>Methane emissions are those stemming from human activities such as agriculture and from industrial methane production.</td>
</tr>
<tr>
<td>Nitrous oxide emissions (thousand metric tons of CO² equivalent)</td>
<td>Nitrous oxide emissions are emissions from agricultural biomass burning, industrial activities, and livestock management.</td>
</tr>
<tr>
<td>Other greenhouse gas emissions</td>
<td>Other greenhouse gas emissions are by-product emissions of hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.</td>
</tr>
<tr>
<td>Energy production (kt of oil equivalent)</td>
<td>Energy production refers to forms of primary energy-petroleum (crude oil, natural gas liquids, and oil from nonconventional sources), natural gas, solid fuels (coal, lignite, and other derived fuels), and combustible renewables and waste--and primary electricity, all converted into oil equivalents.</td>
</tr>
<tr>
<td>Fossil fuel energy consumption (% of total)</td>
<td>Fossil fuel comprises coal, oil, petroleum, and natural gas products.</td>
</tr>
<tr>
<td>Combustible renewables and waste (% of total energy)</td>
<td>Combustible renewables and waste comprise solid biomass, liquid biomass, biogas, industrial waste, and municipal waste, measured as a percentage of total energy use.</td>
</tr>
<tr>
<td>Energy use (kg of oil equivalent per capita)</td>
<td>Energy use refers to use of primary energy before transformation to other end-use fuels, which is equal to indigenous production plus imports and stock changes, minus exports and fuels supplied to ships and aircraft engaged in international transport.</td>
</tr>
</tbody>
</table>

To visualize the results, eight graphs were created, respectively, one graph for each environmental variable and for the GDP levels. In each graph, the four countries under consideration Argentina, Brazil, Chile and Mexico are illustrated.

In addition to the first part of this study the relationship is not tested between per capita variables but in absolute terms. The variables Methane Emissions, Nitrous Oxide Emissions, Other Greenhouse Gas Emissions have only five observations on the period under consideration. In order to establish the correlation with GDP levels it was necessary to break down the GDP for the respective countries on five averages for the same point of time.

**EMPIRICAL ANALYSIS**

**Romer-Lucas Policy Implications**

The first graph represents the fast growth of the four countries in the time period 1990-2011. Particularly the GDP per capita from Chile and from Argentina enhances by respectively 2.3 fold (from US$ 6,312 in 1990 to US$ 14,280) and two times (from US$ 7,327 to US$ 14,764). Brazil and Mexico were able to increase their level of GDP per capita at 1.4 and 1.3 times. This shows the contrast in the pace of the four countries. Whereas Argentina and Chile achieved a level of $ 14,764 and $14,280, Brazil and Mexico achieved a level of $ 9,390 and $ 12,575. These numbers show the relevance to investigate what variables can influence growth in GDP per capita terms.
Graph 1: GDP Levels pc 1990 – 2011

Generally two trends can be seen in this graph. In the period 1990-2001 only staggering economic growth was present. The ensuing period 2002-2011 is characterized by a continually rising economic growth in all countries except Argentina and Mexico. Argentina’s GDP per capita decreased in the period 1998-2002. This is due to the financial crisis and the devaluation of the Pesos. Additionally one dip can be recognized for Mexico in the year 2009. This can be explained by the financial crisis in 2008/2009.

The first variable of the new endogenous growth theory is the physical capital accumulation per capita between 1990 and 2011. Argentina has the highest values out of all four countries with the peak in 2011 ($47k). Chile has the highest growth and the physical capital pc increased pc more than two times over the period under consideration (1990: $13.6k to 2011: $ 41 k ). The development of Mexico and Brazil regarding this variable is almost the same. Both reach a value in 2011 around $ 33 k. The physical capital accumulation per capita growth can be seen in more detail in graph 6.

The following variable is the Human Capital Index. Chile has over the whole period on the highest values, followed by Argentina, Mexico and Brazil. It is noticeable that the curves move all in a similar manner. All feature a lightweight and steady growth, with Brazil having a growth of almost 35 % being the front-runner (in 1990: 182 hc index to 2011: 245 hc index).

The third variable under consideration is the Total Factor Productivity (TFP) of the selected countries. It is noteworthy that for the countries Mexico and Brazil, a slight downward trend can be seen. Thus for the whole period under consideration the TFP for Brazil decreases by around 8% and Mexico decreases even by around 14%. Argentina recorded the highest increase with approximately 63%. In general, the TFP level of all four countries from 1990 - 2011 is highly unstable.

In terms of Patents it can be seen a very strong growth in all four countries. It must be emphasized that Brazil with the initial value in 1990 of 7537 patents has more than tripled to a value of 30884 patents in the year 2013. The second highest number of patents reports Mexico (2013: 15444), followed by Argentina (2013: 4772) and Chile (2013: 3072).

With regard to the High Technology Exports (HTE) per capita from 1990 to 2013 in all four countries, a large increase is determined. Exceptional is the growth of HTE per capita in Argentina, which have reported a growth of around 322% (1990: $ 11.18 to 2013: $ 371.27). Comparatively small is the growth in Brazil, Argentina and Chile. Nevertheless they reach the following HTE per capita values in 2013: Argentina $ 58.72, $ 41.88 Brazil and Chile $ 28.74.

Next the Degree Of Openness in % (DOO), which is put together with Exports and Imports of goods & Services in %, shows a positive trend in the four Latin American countries. Chile has the highest values in DOO followed by Mexico, Brazil and Argentina. However, the
largest growth was kept by Argentina, who could almost double their DOO from 15% in 1990 to 29% in 2013.

The last variable is the Number of researchers per million from 2000 to 2010. The three countries under consideration Argentina, Brazil and Mexico have a similar strong and steady growth. Argentina has in 2010 with 1178 scientists per million people a big lead in absolute numbers before Brazil (710) and Mexico (382). Chile was not considered due to a lack of data in this statistics.

<table>
<thead>
<tr>
<th>GDP pc</th>
<th>ARGENTINA</th>
<th>BRAZIL</th>
<th>CHILE</th>
<th>MEXICO</th>
<th>AVERAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>x Physical Capital pc</td>
<td>0.9506</td>
<td>0.9594</td>
<td>0.9759</td>
<td>0.9429</td>
<td>0.9550</td>
</tr>
<tr>
<td>x Human Capital Index</td>
<td>0.8302</td>
<td>0.8932</td>
<td>0.9793</td>
<td>0.9329</td>
<td>0.9130</td>
</tr>
<tr>
<td>x Total Factor Productivity</td>
<td>0.8797</td>
<td>-0.4526</td>
<td>-0.2095</td>
<td>-0.3026</td>
<td>-0.2561</td>
</tr>
<tr>
<td>x Total Patents</td>
<td>0.6364</td>
<td>0.9009</td>
<td>0.6207</td>
<td>0.9628</td>
<td>0.7686</td>
</tr>
<tr>
<td>x Hightech Exports pc</td>
<td>0.9124</td>
<td>0.8493</td>
<td>0.8987</td>
<td>0.9159</td>
<td>0.9055</td>
</tr>
<tr>
<td>x Degree of Openness in %</td>
<td>0.4676</td>
<td>0.5474</td>
<td>0.7588</td>
<td>0.7757</td>
<td>0.6531</td>
</tr>
<tr>
<td>x R&amp;D</td>
<td>0.9100</td>
<td>0.9315</td>
<td>X</td>
<td>0.7542</td>
<td>0.9100</td>
</tr>
</tbody>
</table>

Table 3: Correlations GDP pc levels with Romer-Lucas Policy implications variables

In table 3 the correlations of the GDP per capita and the variables of the new endogenous growth theory for each country and on average are illustrated.

The correlation between the variable Physical Capital pc and the GDP pc shows a general trend. It can be observed, that there is a strong connection between the Physical Capital Accumulation pc and the GDP pc. The average is 0.955 that indicates almost perfectly positive correlation. Chile has the strongest correlation with the value of 0.976. Generally speaking an increase in Physical Capital is likely to lead to an increase in GDP pc.

The results of the Human Capital Index show also a strong positive correlation. The average correlation is 0.913, which is slightly weaker than the previous one. Again, Chile has in turn the highest correlation with a value of 0.979 and Argentina holds a value of 0.830 and is thus held up the rear. Resulting from this, one can say that the change in the Human Capital Index has a high impact on the GDP pc.

The variable Total Factor Productivity shows a negative average correlation with -0.256. It is interesting to see here, that all countries except Argentina have negative correlations with -0.453 (Brazil) as the highest value. Argentina, however, has a value of 0.880 which is consequently a strong positive value. Generally it can be concluded that for Chile, Brazil and Mexico, there is a negative relationship between GDP pc and total factor productivity and hence an increase in the variable has a rather negative effect on the GDP pc in the period under consideration.

The results of the correlations with the variable total patents are in line with the endogenous growth theory. With a value of 0.769, the average correlation of the three countries is positive and thus a positive and significant correlation between GDP pc and total patents can be identified. Brazil and Mexico in this case have the highest values, each with 0.900 and 0.963. Nevertheless, the correlations for Chile and Argentina are also positive with values of 0.621 and 0.636. As a consequence the volatility in the variable total patents can have a significant influence at the GDP pc.

The High-Technology Exports pc have very strong positive correlations across the observed economies. So is the average correlation 0.901. Thus here for the four Latin American economies a strong significant correlation between the GDP pc and the High-Technology Exports pc can be observed. Particularly the correlation in Mexico and Argentina is strong, with values of 0.916 and 0.912. The bottom of this observation is Brazil with a significant correlation of 0.849.

In general, the results of the correlation of the variable Degree of Openness are positively correlated with the GDP pc, but this is not as significant and strong as the previous variables. The average correlation is considered as 0.653. Mexico has the highest value with 0.775 and Argentina...
is bringing up the rear with 0.468. For all countries there are positive correlations visible, but the influence is not comparable to the other already studied variables.

The last variable in table 3 is **R&D**. Here one can observe very strong correlations for Argentina and Brazil with values of 0.910 and 0.932. Mexico, which has the lowest value with 0.755, still has a significant positive correlation. The average correlation is 0.910 and thus a significant positive connection can be seen. From this we can conclude that R&D per million is an important variable which can affect due to its strong connection GDP pc in a positive and negative way.

**Environmental Investigations**

In Graph 2 we observe that for all countries the GDP levels are fast growing during the time period 1990-2011. Especially the GDP level in Chile has almost tripled (from US$ 83.2 billion in 1990 to US$ 246.6 billion in 2011). At a slower pace Argentina’s GDP has increased by 2.5 times (from US$ 239 billion in 1990 to US$ 602 billion in 2011) and Brazil’s GDP increased by 1.9 times (from US$ 981 billion in 1990 to US$ 1.8 trillion in 2011). Mexico’s GDP was growing over time by 1.7 times (from around US$ 826.4 billion in 1990 to US$ 1,44 trillion in 2011). These four countries were the best GDP performers based on the authors ranking among the Latin American economies. Even during the hard years of the world financial crisis (2008-2009) the four economies had just a slight downward change of their GDP curves.

Graph 2: GDP Levels In Mio $ 1990 - 2011

Strong economic growth was observed in all four countries. In the period 1990-2001 only staggering economic growth was present. The ensuing period 2002-2011 is characterized by a continually rising economic growth in all countries. We start by descendent ranking the four Latin American countries by GDP levels as seen in graph 1. The objective is to analyse and check if the top performers in GDP levels are also the top performers in gas emissions.

The variable of **CO₂ Emissions** shows a general growing trend for all countries. It is notable that not the Top Performer of GDP (Brazil) has the highest CO₂ Emission. In the analysed time period 1990-2011 Mexico has the highest CO₂ Emission, followed by Brazil, Argentina and Chile. Mexico is the country the with lowest CO₂ Emission growth over time with 48% (from 314291 kt in 1990 to 466548 kt in 2011), whereas Chile has the highest CO₂ Emission growth over time with 138% (from 33314 in 1990 kt to 79408 kt in 2011).

Regarding the **methane emission** in kt a constantly increase in all four countries could be noticed. The top GDP performer Brazil has by far the largest methane emission, which is even greater than the combined one of the other three countries.

The **Nitrous Oxide** indicates that Brazil is by far the largest polluter in Latin America. Unequal as in the methane emissions the countries following Brazil in descending order by
Nitrous Oxide Pollution are: Argentina, Mexico and Chile. The methane emissions for the countries rise constantly and reach their peaks in 2010. Brazil however has the highest value in 2005 with 238,197.7 kt.

The greenhouse gas emission from Brazil and Mexico rise, however the emission from Argentina and Chile declines dramatically. Moreover one can observe, that the GDP top performer Brazil and Mexico have as well the highest values for Greenhouse emissions in the period of 1990 – 2010. It is noteworthy that the absolute numbers of Mexico are very close to those of Brazil (eg Mexico 2008: 9265.8 Brazil 2008: 10326.6) To sum up, the greenhouse gas emission showed that Brazil, the leader in GDP performance, was also a leader in levels of other greenhouse gas emissions.

Subsequently for the energy production in kt of oil for the period 1990-2011 it can be noted that Brazil took over the lead in 2009 as the largest producer of Energy in Latin America with its peak in 2011 (249200.8 kt). Mexico begins the period of time with the highest value of the four countries (194653 kt) and reached its peak in 2005 (253431.64 kt). This trend can also be observed for Argentina. Chile has out of the four countries by far the smallest energy production. Over time the energy production of Chile is slightly increasing with a growth of 24% (from 7927 kt in 1990 to 9880 kt in 2011) reaching its’ peak in 2009 with 10196 kt.

The fossil fuel consumption in % of all energy consumption illustrates the dependence of countries on fossil fuels. It is very clear to see that the countries Mexico (1990: 87.23% and 2010: 89.34%) and Argentina (1990: 88.66% and 2011: 89.67%) are very dependent on fossil fuels for the time period 1990-2011. Since both countries are not oil-producing countries, this may pose a threat to both economies. Chile’s numbers grow around 6% from 1990 to 2011 until it reaches a level of 76.72% in 2011. Noteworthy are the figures from Brazil. In 1990, the value is 51.22% and in 2011 it is 54.57%. Brazil can be seen here as a role model that has low numbers, even though it is one of the largest oil producers in Latin America and you should expect high numbers like in other oil producing countries.

The combustible renewables and waste (in % of total energy use) over the period 1990-2011 gives an insight into the sustainability of the energy policy in the observed countries. The general trend, which can be seen, is tremendous. For all countries except Argentina declining numbers can be seen over time. The largest decreases are recorded by Brazil (1990: 34.06% and 2011: 28.85%) and by Chile (1990: 22.36% and 2011: 17.62%). In contrast, Argentina has its value minimally increased from 3.74% in 1990 to 3.83% in 2011. Generally one can say that the trend of declining numbers do not speak for the improvement of environmental policy in the observed countries in Latin America. Looking into the future these numbers should be highlighted to be able to foster sustainable economic growth.

The last environmental variable investigated is the energy use per capita in kt for the time period of 1990 to 2011. In all four countries the energy use per capita has increased over time. Argentina has the highest consumption of energy per person with its peak in 2011 with 1967 kt. The second highest consumption has Chile, which has also the biggest value in 2011 with 1939 kt per person. It is notable that Chile has the highest growth over time with 76.71 % (1990: 1060 kt to 2011: 1873 kt ). Mexico is third in this statistics, followed by Brazil. This is surprising, as they are the two top-performers in GDP levels.

<table>
<thead>
<tr>
<th>GDP</th>
<th>ARGENTINA</th>
<th>BRAZIL</th>
<th>CHILE</th>
<th>MEXICO</th>
<th>AVERAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>x CO² Emissions</td>
<td>0.9444</td>
<td>0.9549</td>
<td>0.9583</td>
<td>0.9909</td>
<td>0.9566</td>
</tr>
<tr>
<td>x Methane Emissions</td>
<td>0.9285</td>
<td>0.7167</td>
<td>0.8440</td>
<td>0.9841</td>
<td>0.8862</td>
</tr>
<tr>
<td>x Nitrous oxide emissions</td>
<td>0.8797</td>
<td>0.5997</td>
<td>0.9140</td>
<td>0.7653</td>
<td>0.8225</td>
</tr>
<tr>
<td>x Other greenhouse gas emissions</td>
<td>-0.4267</td>
<td>0.7384</td>
<td>-0.6903</td>
<td>0.9997</td>
<td>0.1559</td>
</tr>
<tr>
<td>x Energy Production</td>
<td>0.8619</td>
<td>0.9854</td>
<td>0.8383</td>
<td>0.8230</td>
<td>0.8501</td>
</tr>
<tr>
<td>x Fossil Fuel Consumption</td>
<td>0.5603</td>
<td>-0.1131</td>
<td>0.7584</td>
<td>0.8271</td>
<td>0.6593</td>
</tr>
<tr>
<td>x Combustible renewables</td>
<td>-0.4523</td>
<td>-0.0740</td>
<td>-0.8636</td>
<td>-0.9793</td>
<td>-0.6579</td>
</tr>
</tbody>
</table>

Table 4: Correlations GDP Levels with Environmental Variables
The variable CO² emissions and their correlation with the GDP indicates a general positive tendency. It can be seen, that there is a strong relationship between GDP and CO² emissions and therefore a growth in GDP would enhance a growth in CO² Emissions. This can be analysed from the average correlation (0.957). The highest correlation is recorded by Mexico with 0.991.

Similarly the results of the CO² Emission can be applied for the building and interpretation of the Methane Emissions. The difference is that the correlations for Methane Emissions are weaker. The average correlation is 0.886, which can be considered as significantly positive. Nevertheless it has to be said, that Brazil is an exception, as it has a correlation of 0.717. This would suggest a positive relation between the two determinants but not significant.

The average correlation of 0.823 in Table 4 presents the relationship between GDP and Nitrous Oxide Emissions. Remarkably Chile has a correlation of 0.913, which can be classified as very strong. In contrast, Brazil has a correlation of only 0.599. Mexico scored a correlation of 0.765, which can be classified as medium strong correlation. Argentina’s correlation is 0.880, which in turn is a stronger transition between GDP and Nitrous Oxide emissions than Mexico.

By looking at the correlations between GDP and other greenhouse gas emissions one can see a weak average correlation with 0.156. Lowest correlation can be found in Chile with a value of 0.690. The highest correlation has Mexico with 0.99. This means that the lines of GDP and other greenhouse gas emissions move almost parallel. The correlation of Brazil 0.738 is high and indicates also a strong relationship. Argentina’s correlation is very weak with a value of -0.426.

The correlation between GDP and energy production clearly shows for all countries with the exception of Mexico a significant positive correlation. Brazil has the highest correlation with 0.985. The average is with 0.850 lower, because of relatively smaller numbers of Argentina (0.822), Mexico (0.823) and Chile (0.838). These figures indicate that there is a trend between economic growth and energy production for Latin American countries.

The results of the correlation with the consumption of fossil energy show on average a medium correlation. Here all correlations are positive except for Brazil. The highest value was Mexico with 0.827. Additionally it can be said that the correlations are not as high as for the energy production. Thus the average value is 0.659. Remarkably is the value of Brazil with a negative correlation of -0.113. This implies that economic growth and the consumption of fossil fuels would move during the time period in opposite ways.

The correlations between GDP and Combustible Renewables and Waste give more revealing results. All correlations are negative, which results in the average number of -0.658. An exception again is Brazil with a relatively weak negative correlation of -0.074. Mexico has the highest negative correlation with -0.979.

Lastly, the correlation between GDP and Energy use pc is presented in Table 3. The average correlation is with 0.953 very strong and significant. The highest value has Brazil with almost a perfect score of 0.992. Mexico has with 0.771 the lowest value of the four countries.

CONCLUSION

In this work the New Endogenous Growth model of Romer (1986) and Lucas (1988) are explained and the policy implications are evaluated based on the empirical analysis. These theories in general have a very high focus on knowledge and education based variables. The Romer-Lucas model implies that positive externalities spill overs can be achieved through government top policies. The authors were able to ascertain a strong correlation for most variables with GDP per capita levels. Physical capital accumulation seems to be one big reason for GDP growth in the observed countries, as it has with 0.955 the highest correlation of all variables. Also the variables Human Capital Index, High-tech Exports per capita, Researchers per million and R&D are highly correlated. This indicates that the investigated variables can have positive effects on the economic growth. Thus the implications of the New Economic Endogenous Growth Theories seem to hold true for the Latin American countries analysed. However for a higher degree of representatively one would have to include more educational variables in the research.

After having analysed how economic growth can be fostered, environmental aspects need to be considered. Latin America has been emerging in many aspects yet it lags behind somehow
in other areas. Being a resource rich region, it faces high exploitation of natural resources and growing demands from emerging economies like China are worsening the situation. Socio-Economic factors like Poverty & Inequality have been on the agenda. Low growth rates, high volatility and highly uneven income distribution have hindered the growth so far. In this work the theory about Economic Growth with Environment and Sustainable Development is discussed, to investigate if GDP growth without harming the environment is possible for the Latin American countries. The authors were able to ascertain in most cases a very strong correlation for environmental variables with the change in GDP levels. Consequently all the investigated Latin American countries are facing a growth-sustainability dilemma, just with differences in intensities. The result of this study recommends that policy makers in Latin America should give more consideration to the environment and in more particular to the environmental variables with a high correlation. They could try to analyse why increased GDP growth is influencing certain environmental variables in a negative way. This allows measures to be taken in these areas, such as improvement of technology or reduction in growth. However for a higher level of detail one would have to include more environmental variables in the research. Ultimately the authors question whether the frequently used GDP value is the right variable to measure the success of an economy. By just focusing on the GDP environmental aspects are not taken into account, but they are necessary for the long-term success of an economy.
REFERENCES


Consumer Innovativeness from the Perspective of Hedonic and Utilitarian Consumption: A Comparative Quantitative Analysis of Turkish and Italian Consumers

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Deniz Maden, Ege University, Turkey

Abstract

Companies who succeed in getting to know their consumers and satisfying their needs and expectations manage to reach competitive advantage. Along with consumers’ needs for products and services, determining “what drives their needs” is a critical factor in understanding them and determining consumption behavior. Hence, “consumer innovativeness” attracts attention as a driver of consumer behavior.

Many innovation studies are directed to the emergence of new products/services or a process from the point of view of the company, in other words to the innovation itself. Along with innovation studies that focus on the innovation itself, an important field of research is consumers’ adoption of innovations. At this intersection, “consumer innovativeness” attracts attention as a concept that represents the consumer side of the phenomenon. Consumer innovativeness indicates the degree of consumers’ tendency to buy new products, services, or brands.

Within the scope of this study, we evaluate consumer innovativeness from the perspective of hedonic and utilitarian consumption. We question how “consumer innovativeness” is related to “hedonic and utilitarian consumption”. With this objective, we carried quantitative research based on existing measures, including a sample of individuals from Turkey and Italy. A total of 689 questionnaires were collected and analyzed with SPSS and Lisrel softwares.

Results of this research show that both Italian and Turkish consumers mainly give their purchase decisions based on their emotions, which leads them to hedonic consumption. While hedonic consumption has a stronger effect on consumer innovativeness, our results show that both hedonic and utilitarian consumption have a relation with consumer innovativeness.

Keywords: Consumer innovativeness, product-based innovation, personal innovation, social identity, hedonic consumption, utilitarian consumption.

INTRODUCTION

Consumption has gradually led to a position far from functionality and ownership to an exchange system of symbols and indicators (Baudrillard, 2004). Consumption has become a language that defines how people are going to be identified in the eyes of others. Due to brands and images, consumption exchanged places with culture and consumption culture has emerged (Topçuoğlu, 1996). Consumption is an important social and cultural process in current society (Bocock, 2005). Hereby, consumption is no longer only about needs but about desires and pleasures. In other words, consumption overreaches the satisfaction of needs and has become an emotion that gives pleasure to individuals (Yanıklar, 2006). With these changes, consumers and the consumption process has become a much more complicated issue than before.

Brands that manage to understand their consumers fulfill their expectations and needs, and produce products/services appealing to them are a big step forward in obtaining competitive advantage. A very important stream of marketing research focuses on understanding consumer behavior. How consumers decide to purchase, what motivates them to purchase and why do they purchase are some of the frequently asked questions by marketing academics and practitioners.
In the recent literature, a concept that has a critical role in consumption behavior is “innovation” and brands’ success has been becoming more related with this concept. In particular, target consumers’ expectations and perceptions of innovation have an important role in shaping brand activities. Research shows that, consumers’ innovation perceptions about products and services are a critical factor in accepting new products, while these perceptions are the most important factor that affects new products’ diffusion speed (Steenkamp, Hofstede & Wedel, 1999). A lot of innovation research that has been carried on consumers focused on how individuals accept and react to innovations. Therefore, they evaluate consumers’ individual proneness to innovation (Sinha, 2010).

Another emerging field of research in marketing communications are hedonic and utilitarian consumption. (Babin, Dardenand Griffin, 1994; Childers, et al., 2001; Carpenter, Moore and Fairhurst, 2005; Dhar and Wertenbroch, 2000; Hirschman and Holbrook, 1982; Hopkinson & Pujari, 1999; Kop. 2008; Spangenberg, Voss and Crowley, 1997; Zaichkowsky, 1985). In this research, we evaluate consumer innovativeness in relation with hedonic and utilitarian consumption. We carried a quantitative research to determine the relation within these variables by testing our hypotheses with a sample of individuals from Turkey and Italy. We evaluated both samples approach to innovativeness in relation with their hedonic and utilitarian consumption motives.

LITERATURE REVIEW

The concept of innovation has been defined with various definitions by many authors. Engel, Blackwell and Miniard (1995) defined innovation as something that is different from the existing in means of products, ideas, and behaviors. According to Kotler (2003), innovation is products, services or ideas that are being perceived as being new by people. Hereby, the relation of innovation with consumer perceptions is stressed. In the same vein, Midgeley and Dowling (1978) noted that innovation is related to individuals’ perceptions.

In the 1960’s, the social dimension of innovation has started to be discussed in the marketing and communication literature. This period has been a turning point with the discussions on innovation in relation with consumer behavior (Bass, 1969; Rogers, 2003). Currently, especially with the rise of information communication technologies, scholars from many perspectives are undertaking studies of the concept of innovation.

Much research from the field of marketing communication focused on innovation and the adoption of innovations in relation with consumers’ demographic, socio-economical and cultural assets. Findings of much research suggest that younger consumers with higher levels of education, income and status are more inclined to adopt innovations (Fell et al., 2003; Goldsmith & Hofacker, 1991; Green & Langeard, 1975; Im et al., 2003; Lassar et al., 2005; Manning et al., 1995; Midgeley & Dowling, 1978; Rogers, 1976; Singh, 2006; Slowikowski & Jarratt, 1997; Stanton & Stanton, 2002; Tsu Wee, 2003).

Consumer Innovativeness

Consumer innovativeness has attracted much interest starting from the 1980’s, from both academic researchers and practitioners. An important reason for this is consumers’ active role in adopting to new products and on the revenues earned by these products (Park, Yu & Zhou, 2010). According to Roehrich (2004), consumer innovativeness shows the degree of “consuming innovations”. The frequency of consumers’ purchase of new products indicates their innovativeness.

Much innovation research on consumers focused on how individuals adopt to innovations and individuals personal attitudes towards innovations. According to Bartels and Reinders (2011), there are three factors behind consumer innovativeness: innovation tendency is an innate characteristic; product based innovativeness tendency that can develop depending on personal area of interest; and innovativeness acting as a realized behavior. Consumer innovativeness has frequently been related with personal characteristics, communication styles, and consumer behavior (Xie & Singh, 2007). Research has also undertaken consumer innovativeness from the point of view of consumers’ tendency of risk taking (Merchan, et al., 2014).
Adoption of Innovations Process

Consumers’ tendency of adapting to innovations has an important role in understanding consumer innovativeness. Speaking of adoption innovations, it is first necessary to understand the process in which innovations diffuse. Diffusion process explains how new products, ideas, and cultural practices diffuse within the community (Engel, Blackwell & Muniard, 1995). Diffusion is the process in which innovations are transmitted to a social system’s members within a specific time and through various channels. It is considered a social exchange that takes place in a social system’s structure. Studying adoption of innovations takes place within consumers’ decision-making processes that focuses on consumers either accepting or not accepting the product. The locus of the process is consumers’ decision of continuing to try or to use the new products (Schiffman & Kanuk, 1987). “Innovation” that is subject to diffusion, “communication channel” that is the media for diffusion, “time” in which the diffusion takes place and the “social system” that the innovation takes place are the four major elements in the adoption of innovations at a personal level. Along with these, “innovation’s perceived features” is one of the factors affecting the adoption of innovations at a personal level (Rogers, 2003).

Surry and Farguhar (1997) categorized diffusion as developer based and adopter based categories and mentioned that both approaches should be evaluated concurrently. Following the classification of Surry and Farguhar (1997), Usluel and Mazan (2010) divided diffusion of innovations at the personal level into two branches: developer based that focuses on innovation’s main characteristics and superiorities and adopter based that focuses on individuals characteristics, perceptions and user friendly features. Fishben and Ajzen (1977) related the adoption of innovations more with individuals’ intrinsic decision-making mechanisms.

According to Rogers (2003), the decision process concerning an innovation starts from the very first information that an individual has about a product. Gaining information about the innovation is the first step in adapting to innovations. Then, the process continues with persuasion, deciding, applying the decision, and approving the innovation. After the information stage, the process is about the individual itself. In the information stage, the individual carries out research before accepting the information. According to Moore and Lehmann (1980), information research is divided into two types: internal and external information research. Internal information research consists of the information gathered through individuals’ previous experiences. External information consists of information gathered from friends, families, salespersons, experts, and information sources as books, journals, and advertisements (Lee and Hogarth, 2000). According to Rogers (2003), in both stages of information research, emotions have a critical role for consumers in the adoption of innovations.

Hedonic and Utilitarian Consumption

There are a lot of reasons behind consumer behavior. However, when all these reasons are classified, hedonic and utilitarian bases of consumption stand out as two main dimensions. Especially in recent years, much consumer research focused on these two dimensions of consumption. Consumers do not just expect tangible benefits but also pleasure and entertainment from the products that they purchase. The purchase process includes both hedonic and utilitarian motives (Childers, et al., 2001). Thereby, they purchase with the aim of gaining pleasure (Hirschman & Holbrook, 1982). In line with this view, Zaichkowsky (1985) noted that while consumers’ purchase motives have also become based on hedonism along with utilitarianism, the process of consumption and purchase became more important for them.

Consumers who embody more utilitarian characteristics tend to see consumption as a duty and focus on consumption from the perspective of a rational process (Babin, et al., 1994). Utilitarian consumers are within the search for mission oriented and rational behavior during purchasing (Carpenter, Moore and Fairhurst, 2005). Utilitarianism is about products’ functionality and non-emotional characteristics and it is purely focused on consumers’ utilitarian expectations (Kop, 2008). The benefit that is gathered from previous purchases has a strong effect on future purchases (Kop, 2008). In the simplest way, utilitarianism can be defined as satisfying consumers’ tangible needs (Mucuk, 1996).
Consumer behavior research proves that modern consumers do not only act based on rationality. Hedonic consumption also has an important part in current marketing, marketing communications, and consumer behavior research (Hopkinson and Pujari, 1999). Hedonic consumption is about senses, perceptions, fantasies and emotions, and behavior that occurs based on abstract elements (Hirschman and Holbrook, 1982). Hedonic consumption is concerned with consumption’s emotional dimension that is based on realizing the aim of reaching pleasure (Spangenberg, Voss and Crowley, 1997). Hedonism indicates the philosophical system that puts pleasure as the center of living. In this vein, reaching pleasure is the meaning of life and stresses that pleasure can be reached with the purchase of goods. This indicates that consumption takes place not to satisfy one’s needs and continue its existence, but in order to obtain pleasure (Baudrillard, 2004).

Within hedonic consumption, shopping is seen as an adventure. The experience of purchase is more important than the purchased item itself (Park, Kim, Forney, 2006). In both hedonic and utilitarian consumption, shopping includes duties that need to be accomplished. However, these duties in hedonic and utilitarian consumption are different from each other. On the one hand, hedonic consumption includes duties of emotions based on pleasures such as entertainment, joy, and fantasies (Babin, Darden, Griffin, 1994). On the other hand, utilitarian consumption is based on concrete benefits and functional outcomes.

Hedonism stresses pleasure, joy and gratification as the most important elements in an individual’s life and it constantly motivates the individual to search for pleasure and for the lifestyle that can provide it (Hopkinson and Pujari, 1999). An individual’s emotional structure affects the way that information is gathered and tracked, the shopping process and the tendency of shopping in distressed moments (Babacan, 2001). Hedonist consumption enables consumers to overreach their emotions and create pleasures (Ödabaşı, 2006). Indeed, consumers not only shop for utilitarian motives but to satisfy their pleasures through shopping (Hirschman and Holbrook, 1982). Consumers not only react to external sensory effects but also to their internal world by creating a lot of images within their perception. Therefore, utilitarian consumption on its own is not enough in explaining consumer behavior. Entertaining spare time activities, visual pleasures, dreams, fantasies, and aesthetics are also highly decisive in purchase behavior (Ünal ve Ceylan, 2008).

Hedonic consumption is based on how consumers perceive images, fantasies, and emotional stimulation within products and services and how these leads to pleasure in the consumption process. The reaction of consumers to these stimulations is considered as hedonic reaction (Okada, 2005). Fromm (1991) classifies two types of hedonism: philosophical and psychological hedonism. Philosophical hedonism aims to put pleasure at the peak and every individual puts their efforts into this. In psychological hedonism, the main idea is that human beings are inclined to search for pleasure by its nature with their behavior.

Though the hedonic consumption tendency is generally recognized for current consumers, both hedonic and utilitarian consumption motives affect consumption decisions (Altunışık & Çalli, 2004; Ceylan, 2007; Enginkaya & Ozansoy, 2010; Erkmen & Yüksel, 2008; Kop, 2008). Every consumption behavior may have both utilitarian and hedonic features. Research shows that consumer perceptions may include hedonic and utilitarian expectations at the same time or different times (Dhar and Wertenbroch, 2000).

**METHODOLOGY**

**Research Objective, Model and Hypotheses**

The objective of our research is to discuss the effect of utilitarian and hedonic consumption on consumer innovativeness. This research is designed with a descriptive and relational model. For these purposes, while descriptive research models aim at detecting a situation concerning a subject (Erdoğan, 1998), relational models aim at investigating the relation between variables (İftar, 2000). The research model may be seen in Figure 1.
Figure 1: Research Model

In line with the descriptive and relational model of the research, we developed the following four hypotheses:

$H_1$: There is a significant effect of hedonic consumption on consumer innovativeness for the Turkish sample.

$H_2$: There is a significant effect of utilitarian consumption on consumer innovativeness for the Turkish sample.

$H_3$: There is a significant effect of hedonic consumption on consumer innovativeness for the Italian sample.

$H_4$: There is a significant effect of utilitarian consumption on consumer innovativeness for the Italian sample.

Hypotheses are tested using the existing measures from the literature and applying a questionnaire to the sample.

Sample

Pursuing the research objective, we administered a questionnaire to individuals in Turkey and in Italy and discuss the results within the comparison of two different countries. The universe of the research was determined as the students of University of Turin – Italy. Then data were collected from the students of University of Turin, using judgment sampling. By using judgment sampling, we aimed to choose a sample that reflects the typical characteristics of the population (Judd, Smith and Kidder 1991). After testing for the intelligibility of the measures, we completed 800 questionnaires face-to-face and received a total of 699 usable questionnaires, a response rate of 90%. In particular, our sample included of 420 participants from Ege University-Turkey and 279 participants from University of Turin-Italy.

Measures

Measures of the research were selected after a detailed literature review on the concepts of consumer innovativeness, hedonic and consumption.

Measures used in the research compose of the following scales:

- Hofacker (1991) innovativeness scale,
- Babin, Darden and Griffin’s (1994) hedonic and utilitarian shopping value scale.

Using the above scales, we developed a questionnaire form based on a 5-point Likert scale. Before the pilot group, we asked some participants to evaluate the understandability of the items in order to create an ideal research instrument (Angur, et al., 1999; Hemmasi, et al., 1994). We applied the questionnaire...
to a pilot group from both countries. Using the pilot study, we deleted the items that do not satisfy the necessary factor loadings. We were then left with a questionnaire of 19 items that we applied to the sample involved. The items in the questionnaire used convenient, simple language.

Research Instrument

The original scales were in English, because participants were Italian and Turkish. The questionnaire was then translated into Italian and Turkish. Research instrument translation is a critical process. “Generally, direct translation of an instrument from one language to another does not guarantee content equivalence of the translated scale” (Brislin 1970, Sechrest & Fay 1972 as cited in (Cha, Kim & Erlen, 2007: 387). Therefore, in this research, translation methods suggested by experts were used to ensure validity. Brislin (1970) offered four techniques for maintaining the equivalence between the original and translated measures: the back-translation method, the bilingual technique, the committee approach, and the pretest procedure. As suggested by experts to combine different translation techniques to overcome limitations of a single technique (Jones et al., 2001) we applied the back-translation and the pretest methods in our translation process.

FINDINGS

This research was applied to two samples: university students from Turkey and Italy. Students from Turkey were 48.6% female and 51.4% male while the sample from Italy saw 59.1% female and 40.5% male participants. The income level of the sample from Turkey is mostly within the range of 101-200 euro/monthly; similarly it is within the range of below 200euro/monthly also for the sample from Italy. Concerning the importance of income on consumption, the similarity in two samples’ income levels was an advantage to have consistent results and comparisons between the samples. The demographic data of the sample can be seen below in Table 1.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequencies (F)</th>
<th>(%)</th>
<th>Gender</th>
<th>Frequencies (F)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>204</td>
<td>48.6</td>
<td>Female</td>
<td>167</td>
<td>59.1</td>
</tr>
<tr>
<td>Male</td>
<td>214</td>
<td>51.0</td>
<td>Male</td>
<td>111</td>
<td>40.5</td>
</tr>
<tr>
<td>Missing</td>
<td>2</td>
<td>0.5</td>
<td>Missing</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>420</td>
<td>100.0</td>
<td>Total</td>
<td>279</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Frequencies (F)</th>
<th>(%)</th>
<th>Income</th>
<th>Frequencies (F)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;100 €</td>
<td>77</td>
<td>18.3</td>
<td>&lt;200 €</td>
<td>136</td>
<td>48.7</td>
</tr>
<tr>
<td>101-200€</td>
<td>178</td>
<td>42.4</td>
<td>201-400€</td>
<td>51</td>
<td>18.3</td>
</tr>
<tr>
<td>201-300€</td>
<td>108</td>
<td>25.9</td>
<td>401-600€</td>
<td>19</td>
<td>6.8</td>
</tr>
<tr>
<td>&gt;601 €</td>
<td>54</td>
<td>12.9</td>
<td>Missing</td>
<td>25</td>
<td>9.0</td>
</tr>
<tr>
<td>Missing</td>
<td>3</td>
<td>0.7</td>
<td>Total</td>
<td>279</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 1: Sample Demographics

The results of the research have been analyzed using SPSS 17 and LISREL 8.80. We tested the suitability of data for factor analysis with Kaiser-Meyer-Olkin (KMO–test) and Bartlett’s sphericity (Barlett, 1950). For factorability, a KMO value higher than 0.60 is necessary (Pett, Lackey and Sullivan, 2003). The currency rate of Euro and Turkish Lira in the period of research was considered in determining the income intervals. In the research period, one Turkish Lira equalled to 0.5 Euro, therefore we determined the income levels concerning this difference.
2003). The higher the variance rate of the analysis, the stronger the scale’s factor structure will be (Tavşancıl, 2006). The KMO value for the sample in Turkey turned out to be 0.895 and for the sample in Italy turned out to be 0.904. These values indicate that the data set perfectly explains the scales and is suitable for the factor analysis. We found a Cronbach’s Alpha reliability value of 0.860 for the sample from Turkey and a value of 0.820 for the sample of Italy. Reliability statistics and the KMO values can be seen below in Table 2.

<table>
<thead>
<tr>
<th>TR - Reliability Statistics</th>
<th>IT - Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
<td>Cronbach's Alpha Based on Standardized Items</td>
</tr>
<tr>
<td>.860</td>
<td>.860</td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td>KMO and Bartlett's Test</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>Bartlett's Test of Sphericity</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>df</td>
<td>df</td>
</tr>
<tr>
<td>Sig.</td>
<td>Sig.</td>
</tr>
<tr>
<td>.895</td>
<td>.904</td>
</tr>
<tr>
<td>3562</td>
<td>2363</td>
</tr>
<tr>
<td>171</td>
<td>171</td>
</tr>
<tr>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 2: Reliability Analysis and Kaiser-Meyer-Olkin Values

Total point correlation values reached the level of 0.34 for both samples, which indicates that they are as high as Saxe and Weitz (1982) have suggested (0.32) and support the convergent validity (Table 3). In order to evaluate the scale items’ relation with the total scale, we evaluated the correlation coefficients (Tezbaşaran 1997; Özdamar 2002). The higher correlation coefficients for each item proves the strong connection with the theoretical structure that is being measured and items’ sufficiency for its’ purpose Karasar (2000). The threshold for item selection is 0.25 and the values below this threshold should be deleted (Bahar et al., 2008; Ergin, 1995; Tezbaşaran, 1997; Öner, 1997; Özdamar, 2002). This evaluation supports the validity of the scales in this research (Tabachnick and Fidel, 1996). Thereby, the survey-study has a high reliability rate both in means of the sample and number of items.

<table>
<thead>
<tr>
<th>Scale Items</th>
<th>Turkish</th>
<th>Italian</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardized Loadings$^a$</td>
<td>Mean$^b$</td>
</tr>
<tr>
<td>Consumer Innovativeness</td>
<td>$\alpha = 0.83$</td>
<td>$\alpha = 0.83$</td>
</tr>
<tr>
<td>INNOV-1</td>
<td>0,78</td>
<td>1,51</td>
</tr>
<tr>
<td>INNOV-2</td>
<td>0,68</td>
<td>1,64</td>
</tr>
<tr>
<td>INNOV-3</td>
<td>0,85</td>
<td>1,78</td>
</tr>
</tbody>
</table>

| Hedonic Consumption | $\alpha = 0.88$ | $\alpha = 0.85$ |             |             |
| HEDC-1         | 0,66    | 3,34    | 0,73    | 3,34    |
| HEDC-2         | 0,59    | 3,00    | 0,69    | 3,00    |
| HEDC-3         | 0,71    | 2,11    | 0,72    | 2,07    |
| HEDC-4         | 0,77    | 1,97    | 0,65    | 1,93    |
Table 3 shows the total item correlations, reliability and confirmatory factor analysis. Total reliability of the scale has an alpha coefficient within the range of 0.90, thereby being much more above the threshold of 0.70 Nunnally (1978). As seen in Table 3, coefficient alfa values for all three variables of the model (consumer innovativeness, hedonic consumption, utilitarian consumption) are above 0.60. This number indicates a quite reliable value (Child, 1970; Özdemir, 2002; Tavşanel, 2002) especially when the number of items is few (Sipahi, Yurtkoru and Çinko, 2008). Thereby, our data collection instrument has an acceptable rate of reliability with all the alpha values. To keep the variables in the model, the factor-loading threshold of 0.60 was considered (Nunnally and Bernstein, 1994). We also ran convergent and discriminant validity tests to prove the scale validity and factorability in order to support the confirmatory factor analysis and the results Show that validity and factorability are supported (Anderson and Gerbing, 1988).

We examined the correlations between the variables in order to see the relation between them. As it can be seen in Table 4, all variables are statistically significant in the level of 0.01. The highest relation value for the sample in Turkey is between consumer innovativeness and hedonic consumption with a value of 0.64. The sample in Italy has the highest correlation between the same variables with a slightly lower value of 0.59. While there is a close relationship between utilitarian consumption and consumer innovativeness for the sample in Italy (0.58), this relation is much lower (0.35) for the sample in Turkey.

### Turkey

<table>
<thead>
<tr>
<th>Scale</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Innovativeness</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedonic Consumption</td>
<td>0.64</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Utilitarian Consumption</td>
<td>0.35</td>
<td>0.39</td>
<td>1.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mean*</th>
<th>1.64</th>
<th>2.89</th>
<th>3.44</th>
</tr>
</thead>
<tbody>
<tr>
<td>Std.Dev.</td>
<td>1.02</td>
<td>0.86</td>
<td>0.84</td>
</tr>
</tbody>
</table>

### Italy

<table>
<thead>
<tr>
<th>Scale</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Innovativeness</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedonic Consumption</td>
<td>0.59</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Utilitarian Consumption</td>
<td>0.58</td>
<td>0.44</td>
<td>1.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mean*</th>
<th>1.65</th>
<th>2.57</th>
<th>3.21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Std.Dev.</td>
<td>0.93</td>
<td>0.85</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Table 3: Scale Items, Factors and Confirmatory Factor Analysis

Table 4: Correlations, Means and Standard Deviations
A path analysis (Table 5) was done for all hypothesized relations using Lisrel 8.80 (Joreskog ve Sorbom, 1996). The result of the path analysis shows that both hedonic and utilitarian consumption have a meaningful, valid, and reliable relation with consumer innovativeness, supported with the t-values and standard parameter appraisals in of the path analysis. Thereby, all four hypotheses tested have been supported. In the case of both samples, consumer innovativeness is affected both by utilitarian and hedonic consumption. Again, in both samples, hedonic consumption has a stronger relation with consumer innovativeness than utilitarian consumption. The relation of hedonic consumption with consumer innovativeness is slightly stronger for the sample in Turkey. However, utilitarian consumption is has a much more stronger relation with consumer innovativeness for the sample in Italy. R² values indicate that a 51.7% of the variation is explained for the Turkey whereas the 45.2% is explained for Italy. Thereby, there is a slightly higher rate of variance for the sample in Turkey that shows that the sample in Turkey has a higher explanation rate of the relations in the model.

### Table 5: Results of the Path Analysis

<table>
<thead>
<tr>
<th>Turkish</th>
<th>Standard parameters (ML)*</th>
<th>t-values**</th>
<th>Sig. p</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Innovativeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H₁</td>
<td>HEDCON → CONINV</td>
<td>0.81</td>
<td>30.73</td>
<td>p&lt;0.01</td>
</tr>
<tr>
<td>H₂</td>
<td>UTICON → CONINV</td>
<td>0.51</td>
<td>15.21</td>
<td>p&lt;0.01</td>
</tr>
<tr>
<td>R² = 51.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Note: *Maximum Likelihood. **p<0.01 |

<table>
<thead>
<tr>
<th>Italian</th>
<th>Standard parameters</th>
<th>t-values**</th>
<th>Sig. p</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Innovativeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H₁</td>
<td>HEDCON → CONINV</td>
<td>0.61</td>
<td>20.26</td>
<td>p&lt;0.01</td>
</tr>
<tr>
<td>H₂</td>
<td>UTICON → CONINV</td>
<td>0.54</td>
<td>13.82</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>R² = 45.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Note: *Maximum Likelihood. **p<0.01 |

**CONCLUSION**

What consumers expect from the products and services they consume are one of the most important factors that affect their purchase behavior. Understanding these expectations enable brands to develop strategies in line with their target audiences. In this research, we tried to define the relation of hedonic and utilitarian consumption’s effects on consumer innovativeness.

Our results show that both samples mostly act based on their emotions in purchase decisions, which leads them to hedonic consumption. Within the limitations of this research, we assert that these consumers purchase not to achieve physical goals but in order to reach emotional goals, most of all pleasure.

Hedonic consumption indicates that consumers purchase for pleasure, experience, relaxation, socialization and other emotional attributes. Based on the scales that we used to measure our relational model, we come up with the results that most of the participants noted that shopping makes them feel like having an adventure and gives them relaxation. Moreover, they give importance to the suggestions of others when they are shopping which leads them to socialization.

Concluding, our research shows that both hedonic and utilitarian consumption have a relation with consumer innovativeness. In the case of both samples, consumer innovativeness is affected more by
hedonic consumption. However, utilitarian consumption also has an important relation with consumer innovativeness, especially for the sample of Italy. We believe that these findings are useful for developing marketing and communication strategies that are in accordance with consumers’ expectations.

Limitations and Future Research

First, we focused just on hedonic and utilitarian consumption to explain the relation with consumer innovativeness. However, we believe that there are many other variables that can be effective in explaining consumer innovativeness that can be the argument of future research. Second, our sample included only two countries, Turkey and Italy. In order to have an international comparison, future research can include samples from other countries. Third, other samples including various demographic groups can provide diverse results from our findings. Therefore, it may be useful to test these relations with a sample that does not include university students.

REFERENCES


Market-related Key Influences on the Early and Rapid Internationalization in the Airline Industry: The easyJet Case

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José Ednilson de Oliveira Cabral, Universidade de Fortaleza, Brazil

Abstract
This paper analyses the key influences on the emergence of Born Global Firms (BGFs) in the airline industry. At the centre of attention is the question what market-related key influences favoured the early and rapid internationalization in the case of the low cost airline easyJet. In order to answer this question the appropriate methodology of a single case study content analysis approach was chosen. Hence reference is made to various documents and archival records such as books, company documents, company websites, journal articles, newspaper articles, official statistical data and other Internet sources. The time period under consideration is from the 1995 to 2000, which is the start-up phase of easyJet. The results show that the market conditions of the low state protection in the home country, the strong opportunistic behaviour of easyJet when selecting the host country, the high internationality and extensive use of technology in the airline industry has promoted the early and rapid internationalization of easyJet.

Key Words: Born Global Firms, Internationalization strategies, early internationalization, rapid internationalization, airline industry
1. Introduction

“It was 7 a.m., it was a wet, miserable, lousy day in Luton, and equally cold and miserable in Glasgow. I discovered very quickly that this was not going to be glamorous” – Stelios Haji-Ioannou, founder of easyJet, (Calder, 2006)

This is how the young Greek-Cypriot easyJet founder recalls the day of the first easyJet flight from London to Glasgow on November 10, 1995. In the years after the company was founded, easyJet grew extensively into international markets. Already one year after its launch, easyJet started to offer routes to the Netherlands, France and Spain. Today, easyJet has become the second biggest low-cost airline in Europe, boasting a net revenue of around £ 4.686 million in 2015 (EasyJet annual report, 2015).

The internationalization of enterprises is nowadays one of the main tasks of management teams, who seek continuous growth for their companies. If a firm does not want its products and services to bind them to local markets, expanding into foreign countries is often unavoidable.

Traditionally, the internationalization of enterprises is explained with the aid of the very influential process theory approach. This theory examines the internationalization behaviour of the firms. It is therefore assumed that enterprises enter into foreign markets gradually. In other words, firms try first to establish a comfortable position in their home markets before they venture into foreign markets. This procedure of gradual expansion can be attributed to the fact that firms view foreign expansion as a high-risk strategy. Consequently, the theory assumes a very risk-averse behaviour of firms and slow internationalization.

This conservative concept of gradual expansion, which used to be the most widespread and influential, is however increasingly being questioned. The rapid development in information, production and communication technology and changing market conditions due to globalization has further accelerated the process of internationalization (Holtbrügge & Enßlinger, 2004). For example, in the 1970s, it took a newly founded company more than twenty years to conduct its first international activity (Luostarinen & Gabrielsson, 2002). In contrast, one can increasingly observe companies since the 1980s, which engage in international operations almost from day one. This often includes not only exports, but also challenging internationalization strategies such as foreign branches or transnational business cooperation. The internationalization process thus differs significantly from traditional businesses in the past. This dramatic acceleration of the internationalization process makes it necessary to develop new internationalization theories to explain this phenomenon.

By the early 1990’s, scholars had become aware of the new trend of early and rapid internationalization. Michael W. Rennie (1993) was one of the first to study and write about this new business model and contributed to the creation of the term “Born Globals” which many more researchers and scholars enhanced and expanded upon. To date, the majority of studies have focused on the high-tech industries such as Information Technology (IT) where the highest number of Born Global Firms (BGFs) can be found.

This paper aims at examining the airline industry, which has not yet been the focus in most studies on BGFs and therefore differentiates this paper from former analysis. This thesis will shed light on the rapid and early internationalization of one BGF. It will focus on a single case study, the low-cost airline easyJet. EasyJet is a perfect case because the UK-based airline is one of the most successful low-cost carriers in Europe and has an outstanding internationalization speed. Thus, in conjunction with the early and rapid internationalization of BGFs and the easyJet airline, the following research question arises: What market-related key influences favoured the rapid and early internationalization of the low-cost airline easyJet?

This paper is divided into six chapters. After the introduction, the current state of academic knowledge regarding BGFs is discussed in more detail in chapter two. Chapter three introduces a
conceptual model that deals with the key influences of early and rapid internationalization. The fourth chapter deals with the important aspects of the method used in this paper. Chapter five attempts to specifically answer the research question, thus key influences are examined carefully in regards to market conditions. In the paper’s conclusion, the research results will be summarized and interpreted.

2. Born Global Firms

Rennie (1993) was one of the first to investigate on the BGFs phenomena. The scholar discovered in a study designated by the Australian government, that a quarter of the 300 studied Australian enterprises shortly after or at the very beginning of their existence were active in various foreign markets. The research field of internationalization has been strongly influenced by his findings. Rennie’s investigations (1993) created an independent research area, which deals with the so-called phenomenon of BGFs. Even earlier approaches such as by Hedlund (1985) have found that the phase model of internationalization by Johanson and Vahlne (1977) cannot describe all aspects adequately. Many scholars took up the study of Rennie and examined the internationalization of BGFs in respect to other regions, countries and sectors (Benjamin Oviatt & McDougall, 1994; Madsen & Servais, 1997; Persinger, Civi, & Vostina, 2011; Alex Rialp, Rialp, & Knight, 2005; Sharma & Blomstermo, 2003).

Despite the considerable research that BGFs have experienced in the past 22 years the term for that phenomenon varies to some extent within the new field of research. In addition to the introduced term “Born Globals” by Rennie (1993), there are the further designations: “Infant Internationals” (Bell, McNaughton, Young, & Crick, 2003) or “International New Ventures” (Benjamin Oviatt & McDougall, 1994). However, the majority of the scholars adhere to “Born Globals”.

There is also a wide spectrum in the definition of the term BGFs. The definition for BGFs generally represents a major challenge, which is why the topic is addressed very carefully in the literature. Some researchers even avoid a definition for BGFs completely and merely describe the characteristics. This suggests that even experts in the field of internationalization have not agreed yet on a universal definition of this concept. Knight, Madsen and Servais (2004) define the term BGFs as follows:

"Firms less than 20 years old that internationalised on average within three years of founding and generate at least 25 percent of total sales from abroad” (G. A. Knight & Cavusgil, 2004).

Subsequently, this work orients itself on the latter definition. This explanation is very popular and has spread internationally very far.

Most limitations for the BGFs definitions can be found along the components speed of internationalization, geographical reach and degree of internationalization. Both the number of components, as well as their determination between the different researchers varies greatly.

In particular the speed of internationalization is greatly discussed among researchers. This is most often measured by the time between business creation and the first foreign sales. Many scholars consider firms in their research, which start to export only after a few years after its foundation (G. A. Knight & Cavusgil, 2004). Also Rialp et al. (2005) note that the time span between foundation and first internationalization steps varies greatly among researchers. Oviatt and McDougall (1994) define for example as a criterion a 6 year period in which the first form of internationalization should take place. In contrast, Rennie (1993) argues that first foreign activities should be taken only within two years after foundation. In the literature periods can range from 0 - 6 years, however, the majority of researchers have used a time period of 2-3 years (G. Knight et al., 2004; Madsen, Rasmussen, & Servais, 2000; Rennie, 1993).

The number of countries or the number of cultural regions determines the geographical reach of BGFs (Lummaa, 2002). Holtbrügge und Enßlinger (2004) recommend a minimum of two cultural
regions where the BGFs need to be active. In general, this criterion is applied very rarely in investigations.

The **degree of internationalization** is often measured with the share of foreign sales in total turnover of the firms. However, there is also only little agreement among researchers how big the foreign sales share should be. Many scholars recommend a minimum value between 5 to 25 per cent (G. Knight et al., 2004; Madsen et al., 2000; Rennie, 1993).

Further Madsen and Servais (1997) argue that the phenomenon BGFs is not limited only to technology-oriented companies as some researchers did indicate in the past. Thus companies from many different industries such as for example the automotive, energy, electronics, IT, chemical and telecommunications industries are identified as BGFs in the literature. Famous examples for BGFs are Skype, eBay, Logitech, Amazon, easyJet.

BGFs are considered to be among the small and medium sized enterprises (Holtbrügge & Enßlinger, 2004). The definition of small and medium enterprises is similarly vague as the one of BGFs. However, it can be assumed that the internationally recognized characteristics for a small and medium sized firms established by the EU Commission can at least give some guidance.

Most studies on BGFs deal with the three areas: internationalization behaviour, key influences on the early and rapid internationalization and success factors. So far, no concrete model for the internationalization behaviour of BGFs is worked out in the current literature. To date, only a differentiation to the traditional internationalization models is achieved. The way of internationalization of BGFs differs less compared with traditional businesses. For example, other researchers recognize export also as the first step of internationalization for BGFs (Bell, 1995; Madsen et al., 2000; Moen, 2002). Therefore, one can state that the topic BGFs is primarily concerned with the factors that influence rapid internationalization. For this reasons, researchers are focusing their studies increasingly on key influences that can explain the early and rapid expansion.

### 3. Key influences on the early and rapid internationalization – a conceptual model

As a basic conceptual model for this work, we follow the conceptual model in the study proposed by Wessely (2010). In her dissertation “Management of BGFs: Initial forces, success factors, management tools” she develops a comprehensive conceptual model that deals with the key influences on the early and rapid internationalization.

Previous studies showed that key influences on the early and rapid internationalization have occurred that can be attributed directly to the company (e.g. international experience, global vision from the beginning), and factors, which can be assigned to the environment of the firm (e.g. network connections). Wessely (2010) argues that these two sets of key influences can be examined with the resources-based view. The scholar points out that the resource-based view has already been used in several previous studies to investigate on BGFs (Gaba et al., 2002; G. A. Knight & Cavusgil, 2005; A. Rialp & Rialp, 2003; Schmidt-Buchholz, 2001; Yeoh, 2004).

Other key influences could be identified with respect to the home and host country as well as the industry (e.g. weak domestic market, state protection). To operationalize these aspects Wessely (2010) uses the market-based view. Similarly, this approach has already been used in previous studies to investigate on the phenomenon of BGFs (Aspelund & Moen, 2005; Pla-Barber & Escribá-Estève, 2006).

In the conceptual model the resource-based view and the market-based view are combined in order to categorize the identified key influences on the early and rapid internationalization of BGFs. Thereby the following conceptual model illustrated in figure 1 accurse.
Within the conceptual model, the market conditions and the resources can be seen as key influences, which favour the early and rapid internationalization. Key influences are present either already at the time of the establishment or when the first internationalization steps are taken on.

4. Methodology

This chapter serves as a detailed overview of the research methods to be used in this paper. First, the case study approach is explained in general, before the selection of the case study is presented. Finally, the methods of data collection and data analysis are discussed.

Case studies are generally classified in the field of empirical research (Hampp, 2013). It is a very open form of research, which can vary considerably in their concrete application. Case studies are often used because not enough is known about the area of investigation to use other methods. With a case study, the researcher is allowed to describe, explain and explore an investigated phenomenon very intuitively.

In terms of the number of cases investigated, this dissertation is limited on a single case study. The use of multiple case studies would be beyond the scope of this paper and therefore would not allow an investigation in great detail. Moreover, in this work, theoretical knowledge is questioned and new
insights should be gained from an only little researched phenomenon. With such a goal in mind, Yin (2009) recommends as well to use the single case study approach.

To select in the field of aviation a suitable case it is necessary to apply certain criteria that define a BGF. As described in chapter 2 there is yet no universal definition for the term BGFs. Therefore, the following three criteria that can be found in the definition of Knight (2004) are used:

- Less than 20 years old &
- Internationalize on average within three years of founding &
- Generate at least 25% of total sales from abroad

These three criteria were in the case of easyJet directly tested via a phone call to the press department of easyJet and with the help of official documents. It turned out in the case of easyJet that all three criteria are met for the years under consideration from 1995 to 2000.

In this paper, the content analysis is to be used as a primary method of investigation. Hence reference is made to various documents and archival records such as books, company documents, company websites, journal articles, newspaper articles, official statistical data and other Internet sources. In this secondary data approach, the author have tried to use a great number of multiple sources to comply with the recommendations of Yin (2009) and Robson (2002).

With regard to the analysis of a case study no universal procedure has so far prevailed (Yin, 2009). Often the scholar must therefore rely on his experience to choose the right strategy for the investigation (Tellis, 1997). In this paper, a mix out of qualitative and quantitative content analysis is carried out to answer the research question. Thereby the three basic methods of summarization, explication and structuring are used (Mayring, 2010).

Further this paper is based on a deductive approach. A theoretical model of key influences on early and rapid internationalization is applied on the case of easyJet. It is investigated if the key influences in the conceptual model can be found at easyJet.

5. Analysis of the market-related key influences on easyJet’s early and rapid internationalization

Finally, this chapter will attempt to answer the research question underlying this dissertation: “What market-related key influences favoured the rapid and early internationalization of the low-cost airline easyJet?” To answer this question, we begin by taking a closer look at the presented key influences on early and rapid internationalization described in the conceptual model in chapter 3. In the following is investigated whether the market-related key influences can be observed in the case of easyJet. In total a number of ten market-related key influences are assessed. The period under consideration is limited to the company’s start-up phase, from 1995 – 2000. In this time the firms first internationalization steps were taking place and rapid growth was present, which are main characteristics of BGFs.

With regard to the market conditions of the home country market, the host country market and the relevant industry is examined. For the British airline easyJet the United Kingdom was considered as the relevant home market. The host country under investigation was the Netherlands since Amsterdam is the first location outside form the UK that easyJet expanded to. Lastly, the aviation industry is evaluated, because easyJet is a low-cost civilian airline.
Market conditions in the United Kingdom

The first key influence that should be evaluated is the market size of the home country. In the literature, evidence can be found that a small market size can promote the emergence of BGFs (Johnson, 2004; Lindqvist, 1991; McNaughton, 2001; Oviatt & McDougall, 1999).

Stelios originally wanted to launch his low-cost airline in Athens. But his father pointed out that Athens’ small and highly seasonal market located at the end of Europe could make it difficult for the airline. Thereupon, Stelios looked at the population numbers of other European countries. He identified France, Germany, Italy and the UK as suitable locations for his new airline. In the end Stelios decided to choose the UK because only there could he speak the local language. Within the UK quickly the choice fell on London, as there where located the highest number of potential customers. However, easyJet was not based at one of the major airports like Heathrow or Gatwick as they are either too expensive or there were no aircraft slots available. The decision has to be made between Stansted and Luton. Due to the lower airport fees Stelios chooses Luton. For people from central London Luton is in general not so easy to reach, as it involves a thirty-minute train ride and fifteen-minutes by bus (Calder, 2006; L. Jones, 2005).

The aviation market in the United Kingdom (UK) was already huge when the civilian low-cost passenger airline easyJet was founded in 1995. The total population of the UK was more than 58 million and airport statistics show that there are close to 129 million passengers transported in 1995. The figure grew to nearly 180 million in the year 2000, even though the population growth was only minor (from 58.02 million in 1995 to 58.89 million in 2000). This indicates a very aggressive growth in the UK aviation market (Rutherford, 2011; “World Bank - World Development Indicators,” 2016).

When Stelios selected his first two routes for easyJet he was, in the first instance, trying to minimize the risk (Calder, 2006). Therefore Stelios selected the two largest domestic air markets from London with the Scottish cities Glasgow and Edinburgh. After the first day of operation 80 per cent of the seats were booked on the two routes. Naturally, the third largest Scottish city Aberdeen was included in the route plan of easyJet in January 1996.

As Morrison et al. (1995) states, the countries that take the lead in establishing low-cost airlines are Britain and the Netherlands. Thus it is not surprising that the first push towards internationalization from easyJet is into Amsterdam in April 1996, where customers are familiar with the business model. Later in the same year, easyJet expanded to France and Spain. EasyJet’s rapid growth in Europe after just one year indicates that considerable expansion is possible before any evidence of market saturation in the UK can be recognized.

However, there are many major cities in the UK. One is tempted to wonder why easyJet did not just stay in the UK and exploit that market further. The answer is probably largely due to their customers, many of which want to fly to and from Europe. Thus, traffic at UK airports is considerable higher for international as opposed for domestic passengers; and not all of the international passengers fly to Europe. Looking at the growth rate of passengers transported domestically and internationally, indicates that the international markets probably offered great incentives. According to the UK airport statistics cited by Rutherford (2011) the following development presented in figure 3 can be recognized.
The above figure shows that for the time between 1995 and 2000 the international passenger numbers experienced aggressive growth with an average growth rate of 6.8%. In 1995 101.4 million international passengers were transported. This number increased to 142.7 million in the year 2000. The domestic passenger numbers also had a high average growth rate with 6.3% for the time from 1995 to 2000 and is also evident. In 1995 there are 14 million domestic passengers and this figure grew to 18.6 million in 2000. Thus, clearly more international passengers than domestic passengers can be found in absolute numbers, which can increase the attractiveness for airlines to offer international flights. A significant difference between the two growth rates, however, could not be recognized. Nevertheless, the authors are certain that it was not the insufficient size of the home market that was responsible for easyJet’s early and rapid internationalization, rather it was foreign market opportunities.

Previous studies recommend that BGFs often emerge in countries with a small domestic market. In contrast, in the case of easyJet, a huge domestic market existed noticed within the UK that certainly had not reached saturation in 1996. Nevertheless, easyJet expanded extensively into foreign countries shortly after foundation. For this reason, the statement that early and rapidly internationalizing firms come from smaller domestic markets cannot be supported in the case of easyJet.

The second key influence under consideration is the competition in the home market. Certain research has shown that BGFs often have only little competition in their home markets (McNaughton, 2001).

The European deregulation of aviation led to a substantial increase in competition by the mid-nineties. Geller et. al. (2013) report that competition was so fierce that Europe’s top five airlines have grasped a combined market share of only 31 per cent, while the five largest airlines in the USA have a lion’s share of 67 per cent. Deregulation also signalled a change in the airline landscape, with old companies bowing out and new companies jumping on the low-cost bandwagon. In 1995 alone 65 airlines launched their operations (Sull, 1999). Seventeen of these airlines declared bankruptcy in their first year of operation.

In the first two years of operation easyJet had three major competitors in the UK market. The biggest competitor was Ryanair and the two others were the UK airline Debonair and the Belgian Virgin Express. Notably, Sull (1999) states and illustrates in table 1 that they often did not compete with each
other on the same routes. Thus, most destinations were only served by one low-cost airline. There were some routes that were served by more than one low-cost provider, but these routes normally had a sufficiently large passenger volume. For example, the route between London Luton and Barcelona being served by easyJet and as well Debonair.

Tab.1: Sequence of low-cost airlines’ entry into new destinations

<table>
<thead>
<tr>
<th>Destination</th>
<th>Daily flights from base</th>
<th>easyJet</th>
<th>Debonair</th>
<th>Ryanair</th>
<th>Virgin Express</th>
</tr>
</thead>
<tbody>
<tr>
<td>London Luton</td>
<td>2 - 4</td>
<td>Jan-86</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liverpool</td>
<td>1 - 3</td>
<td>May-88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>London Stansted</td>
<td>9 - 11</td>
<td>Nov-88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knock (Ireland)</td>
<td>1</td>
<td>May-91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cork (Ireland)</td>
<td>3</td>
<td>Oct-91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birmingham</td>
<td>3 - 6</td>
<td>Nov-93</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manchester</td>
<td>4 - 5</td>
<td>May-94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glasgow</td>
<td>8 - 12</td>
<td>Nov-95</td>
<td></td>
<td>May-94</td>
<td></td>
</tr>
<tr>
<td>London Gatwick</td>
<td>6</td>
<td>Nov-94</td>
<td></td>
<td>Mar-97</td>
<td></td>
</tr>
<tr>
<td>Barcelona</td>
<td>7 - 10</td>
<td>Jun-96</td>
<td>Jun-96</td>
<td></td>
<td>Nov-94</td>
</tr>
<tr>
<td>Madrid</td>
<td>4</td>
<td>Jul-96</td>
<td></td>
<td></td>
<td>May-95</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>4 - 5</td>
<td>Nov-95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milan</td>
<td>1</td>
<td></td>
<td></td>
<td>Dec-95</td>
<td></td>
</tr>
<tr>
<td>Aberdeen</td>
<td>1</td>
<td>Jan-96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amsterdam</td>
<td>3 - 4</td>
<td>Apr-96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nice</td>
<td>5 - 7</td>
<td>Jun-96</td>
<td></td>
<td></td>
<td>Apr-96</td>
</tr>
<tr>
<td>Leeds</td>
<td>1 - 2</td>
<td>May-96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bournemouth</td>
<td>1 - 2</td>
<td>May-96</td>
<td></td>
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<tr>
<td>Cardiff</td>
<td>1</td>
<td>May-96</td>
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<tr>
<td>Dusseldorf</td>
<td>1</td>
<td>Jul-96</td>
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<tr>
<td>Munich</td>
<td>1</td>
<td>Jul-96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copenhagen</td>
<td>3</td>
<td>Oct-96</td>
<td></td>
<td>Sep-96</td>
<td></td>
</tr>
<tr>
<td>Rome</td>
<td>10 - 12</td>
<td>Nov-96</td>
<td></td>
<td>Sep-96</td>
<td></td>
</tr>
<tr>
<td>London Heathrow</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>Oct-96</td>
</tr>
<tr>
<td>Inverness</td>
<td>1</td>
<td>Nov-96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paris Beauvais</td>
<td>3</td>
<td>May-97</td>
<td></td>
<td></td>
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<tr>
<td>Brussels Charleroi</td>
<td>2</td>
<td>May-97</td>
<td></td>
<td></td>
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<tr>
<td>Bristol</td>
<td>2</td>
<td>May-97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholm</td>
<td>2</td>
<td>Jun-97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerry (Ireland)</td>
<td>1</td>
<td>Jun-97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geneva</td>
<td>1 - 2</td>
<td>Dec-97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palma (Spain)</td>
<td>1 - 2</td>
<td>Dec-97</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dates in bold indicate first move into the specific destination.

Note: Adapted from (Sull, 1999)
Ryanair was already an established airline when the industry is deregulated. By late 1997, Ryanair offers more than 100 schedule flights every day. The firm was well established in the UK and Ireland, serving four Irish locations, nine in England, as well as Glasgow (Scotland) and Cardiff (Wales) (Geller et al., 2013; Sull, 1999).

Debonair, founded in 1995, located its base similarly to easyJet at London Luton airport, offering low-fares without any compromise on comfort. The company expanded rapidly to major airports, targeting business travellers. Unlike easyJet, the airline attracted customers with some frills (L. Jones, 2005; Sull, 1999).

Virgin Express was founded in 1991 with the headquarters in Brussels under the name Eurobelgian Airlines (EBA) and initially established itself as a charter airline (Calder, 2006). After five years, Richard Branson, the founder of the Virgin Group, took over the airline. The airline renamed and rebranded in 1997 as Virgin Express and from then on tried to operate as a low-cost airline. Within a year Virgin Express managed to establish daily scheduled services to London Gatwick and Heathrow and six other major cities in Europe (Sull, 1999).

The little direct competition among the low-cost carriers changed briefly in 1997, when British Airways announced launch of their own low-cost airline Go Fly (Sull, 1999). The London Stansted located airline had, according to British Airways, the purpose of penetrating the growing market for low-cost flights and to help stay competitive. However, other low-cost carriers like easyJet and Debonair see in Go Fly a scam that is introduced to squeeze other low-cost airlines out of the market with the financial backing of British Airways (Calder, 2006). The pricing strategy of Go Fly was set to match the fares of easyJet, Ryanair, Debonair and Virgin Express on the routes they were serving and to introduce slight cut-rate fares on the routes these low-cost carriers were not flying to. In August 1998 Go was for the first time in direct competition with easyJet on the London – Edinburgh route. Go set its price only two pounds higher than easyJet. Two months later Go reduced its ticket prices to a starting price from 15 pounds for a one-way flight. EasyJet’s lowest price at that time was 29 pounds from Luton. Stelios states: “I am sure BA/Go is losing a fortune with such prices” (L. Jones, 2005). Stelios further argued that these cheap prices of Go increased drastically again as soon as the competition is outset on a route. Nevertheless, easyJet was able to maintain its strong market position and expand its routes. British Airways operated Go from 1998 until 2000 and then sold the airline in what was described as a private equity backed management buy-out. Ironically, the following year Go was purchased by easyJet and merged with their operations (Calder, 2006).

Scholars argue that the lower the competition in the home market, the likelier the emergence of a BGFs. EasyJet faced massive competition with three big competitors and BA’s Go airline that tried to run low-cost airlines out of business in general. Despite the high competition and threats to business, easyJet managed to expand abroad exponentially. For this reason, the findings of previous scholars cannot be supported in the case of easyJet.

The last key influence that should be examined with regard to the home market is state protection. Previous studies deliver evidence that low state protection can favour the emergence of BGFs (Oviatt & McDougall, 1999).

Historically air transportation is highly regulated by most of the world’s governments to protect their local airlines. Additionally, in most countries the so-called flag carriers are traditionally state owned – including BA in the UK. Generally speaking, because these carriers are subsidized by the state, even when profits are insignificant or even zero, management could rest assured that their operations would continue. This is still the case in many countries following international liberalization programs that have deregulated the industry worldwide. However, in the UK, BA has been fully privately owned after having been operated by the Department of Transport for decades (Yarrow et al., 1995).

The UK government sold the airline in 1987, but it continues to dominate the market. According to the Civil Aviation Authority BA’s “scheduled capacity” in the UK is 84.4 per cent. Virgin Atlantic’s is
10.8 per cent and British Midlands’s 2 per cent. Following privatization of BA in 1987, deregulation accelerated. Yarrow (1995) argues that privatization is in itself a form of deregulation. Nevertheless, the process of deregulation in Europe as a whole was quite gradual, with different aviation “packages” coming into play progressively. The third and final package became effective on 1 January 1993, though a transition period until April 1997 was allowed. These packages contained aspects with regard to licensing of carriers, market access and fares (Scharpenseel, 2001). Through the packages it was ensured that:

1. All airlines in the EU have the same licensing conditions.

2. No more entry barriers.

3. No restrictions in terms of setting fares and rates.

By the time easyJet launched in 1995, liberalization of the air transportation industry in the UK and Europe was already almost fully in place. Thus, it was relatively easy for the airline to expand in 1996 to Amsterdam, Nice and Barcelona. State protection of the market could no longer stop them. Tim Jeans, the former sales and marketing director of Ryanair goes so far as to states: “There would be no low-cost airlines were it not for deregulation” (L. Jones, 2005). For such reasons it can be argued that, in accordance with current literature, low state protection is a vital key influence for the early and rapid internationalization of easyJet.

**Host country conditions in the Netherlands**

The first host country variable to be evaluated is the **market size and growth**. A big market size and attractive market growth of the host country is to be considered to favour the early and rapid internationalization of BGFs (Bell et al., 2003; Benjamin Oviatt & McDougall, 1994; Gaba et al., 2002; Holtbrügge & Enßlinger, 2004; G. Knight et al., 2004).

EasyJet’s first international expansion took place to the Schiphol airport in Amsterdam, Netherlands in 1996. As figure 3 shows, the total population of the country Netherlands with 15.5 million people at the time can be considered as rather low compared with other European countries. The population growth over the considered period is 0.58 % and is also very low. It is striking that in the year of easyJet’s expansion to the Netherlands even the lowest growth rate with 0.46% can be noted. The highest growth occurred in 2000 with 0.72 %.
Nevertheless, the Netherlands being a relatively small country, Amsterdam’s major airport Schiphol is of great importance in Europe. As Table 2 clearly shows this airport is in 1996 the fourth largest airport in Europe due to passenger numbers and air transport movements. The air transport movements at Schiphol from 1995 – 1997 increase by an average of 9.65%. Over the same period, the passenger numbers increased on average by 9.65%. Thus, the Schiphol in the Netherlands is among the largest airports in Europe with very attractive growth figures. In combination with London Luton, easyJet managed to connect two of the biggest markets in the whole of Europe. Stelios describes the advantages of the new route with the sentence: “It meets our criteria as a busy route with an overpriced fares structure” (L. Jones, 2005).

Tab. 2: European airports traffic statistics

<table>
<thead>
<tr>
<th>Rank by Movements in 1996</th>
<th>Rank by Passengers in 1996</th>
<th>Country</th>
<th>City</th>
<th>Airport</th>
<th>Airport Code</th>
<th>Total Air Transport Movements in thousands</th>
<th>Total Passengers in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>UK</td>
<td>LONDON</td>
<td>HEATHROW</td>
<td>LHR</td>
<td>418.8 426.9 429.2</td>
<td>54452.6 56037.8 58142.8</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>GERMANY</td>
<td>FRANKFURT/MAIN</td>
<td>RHEIM/MAIN</td>
<td>FRA</td>
<td>372.6 380 387.5</td>
<td>38179.5 38761.2 40262.7</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>FRANCE</td>
<td>PARIS</td>
<td>CHARLES DE GAULLE</td>
<td>CDG</td>
<td>325.3 360.6 395.5</td>
<td>28355.5 31724 35293.4</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>NETH. AMSTERDAM</td>
<td>AMSTERDAM</td>
<td>SCHIPHOL</td>
<td>AMS</td>
<td>290.7 321.8 349.5</td>
<td>25355 27794.9 31570</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>FRANCE</td>
<td>PARIS</td>
<td>ORLY</td>
<td>ORY</td>
<td>232.7 245.4 237.1</td>
<td>26653.9 27365 25056.3</td>
</tr>
<tr>
<td>10</td>
<td>6</td>
<td>UK</td>
<td>LONDON</td>
<td>GATWICK</td>
<td>LGW</td>
<td>192 211 229.3</td>
<td>22549.3 24337.4 26961.5</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>ITALY</td>
<td>ROME</td>
<td>FIUMICINO</td>
<td>FCO</td>
<td>209.2 236.5 245.7</td>
<td>21091.4 23035.8 25001</td>
</tr>
<tr>
<td>6</td>
<td>8</td>
<td>SPAIN</td>
<td>MADRID</td>
<td>BARAJAS</td>
<td>MAD</td>
<td>219 242.8 252.4</td>
<td>19956.1 21856.7 23601.7</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>SWITZ</td>
<td>ZURICH</td>
<td>ZURICH</td>
<td>ZRH</td>
<td>209 224.4 241.5</td>
<td>15340.4 16226 18268.5</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td>GERMANY</td>
<td>MUNICH</td>
<td>MUNICH</td>
<td>MUC</td>
<td>201.9 211.7 246.4</td>
<td>14867.9 15861.1 17894.7</td>
</tr>
</tbody>
</table>

Note: Adapted from (Morrell, 1998; Reynolds-Feighan & Button, 1999)
In summary, a very big market with high market growth motivated easyJet’s first expansion target. Clearly this is a great incentive for easyJet to foster expansion to this location. Consequently, the findings in this case are in accordance with the results of former scholars who argue that the big market growth and size of the host country drives the emergence of BGFs.

The second variable that is about to be evaluated with respect to the host country is the important customers. It is argued in studies that the presence of important customers in the host country can promote the early and rapid internationalization of a firm and thus contributes to the emergence of a BGF (Johnson, 2004).

Customer demographics have changed quite dramatically over the past few decades. As Taneja (2012) warns, if airlines cannot understand and respond quickly to customer needs they are not going to survive.

When easyJet first launched, there was a clear vision of who their target customers were. Sull (1999) explains that at first the airline generally ignored business travellers to a large extent and focused simply on customers who are cost-conscious. Discussing the easyJet customer base in more detail, Stelios first defined the target market: “people who pay for travel from their own pockets”. He described the companies’ three customer segments ranked due to their importance as:

1. Leisure travellers making brief trips
2. Travellers visiting relatives like family or friends
3. Entrepreneurs and managers of small businesses

Later on the business travellers also started to realise the big cost advantage that easyJet was offering. Thus, easyJet for example provided special options for several large companies based in Luton, including ICL, Tesco and Vauxhall. In addition, easyJet targeted certain “route specific” travellers in 1996, including expats living in the south of France and British with teaching jobs in Spain.

For easyJet the first step towards internationalization was to the Amsterdam, Schiphol airport. The route between London and Amsterdam provided a good tourist option and offered business travellers easy proximity to the city centre (EasyJet PLC, 2000). Additionally, a third type of customer developed unexpectedly on this route (L. Jones, 2005). The affordable fares of easyJet made it possible for the first time for a large number of drug tourists come from the UK to Amsterdam at low rates. The Netherlands and especially Amsterdam is known for its liberal drug policy (Walden, 2007).

Aderton and Nandan (2011) argue that the low costs are easyJet’s key to success. Everything about the easyJet operation works towards lowering costs and providing cheap flight tickets to a large and very diverse customer group. Thus, the airline’s target market is from the beginning anybody that wants to save some money when flying. Stelios explains the low price strategy quite simply: “The cheaper you can make something, the more people there are who can afford it” (L. Jones, 2005).

On the route between London and Amsterdam some important customer segments could be detected, such as holidaymakers or business travellers. Nevertheless, customers are very diverse on this route and one cannot argue that specific important customers are responsible for the expansion of easyJet to Amsterdam. Therefore no agreement with the theories about important customers in the host country and the emergence of BGFs could be found in the case of easyJet.

The last variable with regard to the host country is the market risk. Previous studies recommend that low market risk in the host country can support the early and rapid internationalization to this country (Gaba et al., 2002).
In April 1996 easyJet introduced the first route into Europe from London to Amsterdam. On this highly profitable route 50 flights were already offered daily and major airlines like British Airways, British Midland and the Dutch airline KLM operate on it (Calder, 2006; Sull, 1999). Officials from the airport at Amsterdam Schiphol recommend easyJet to choose a different destination (Sull, 1999).

EasyJet promoted their new route by selling one-way flight tickets for just 39 pence on the first day of operation (Calder, 2006). After that the easyJet undercut the one-way ticket price for London to Amsterdam by British Airways of 150 pounds by more than half. For the one-way flight from Amsterdam to London easyJet charges 99 pounds, unlike KLM which had a fare of 296 pounds. In particular KLM is highly alerted by easyJet’s actions. KLM has a 40 per cent share in the route that they do not want to lose. In retaliation to easyJet’s perceived threat to their market, they matched the low-cost fares with what Sull (1999) describes as a permanent price promotion called “EasyChoice”.

Thereafter easyJet took serious losses on that route since partially almost no passengers could be transported. EasyJet founder, Stelios Haji-Ioannou argued that they could not survive another six months on that route if conditions stayed the same. He then took legal action against the anti-competitive practices of KLM and uses thousands of complain letters on KLM’s behaviour from his angry customers to get extensive press coverage (L. Jones, 2005). This increased brand awareness and it did not take long for easyJet to become a key player on the London-Amsterdam route (Sull, 1999).

In conclusion, easyJet faced high market risks when expanding to Amsterdam. Although a very large number of passengers are transported between London and Amsterdam, there is also huge competition present with three of the largest airlines in Europe, all willing to defend their market shares. For this reason, the argumentation in former theories that the low market risk in the host country facilitates the emergence of BGFs cannot be supported in the case of easyJet.

Industry-specific conditions

The first key influence that should be examined with respect to the industry is the technology intensity. Former research describes that the emergence of BGFs can be favoured when they operate in technology intensive industries (Andersson & Wictor, 2003; Oliver Burgel & Murray, 2000; N. E. Coviello & Munro, 1995; Harveston et al., 2000; Lindqvist, 1991; Zahra & Garvis, 2000).

The airline industry relies heavily on the use of modern technologies. Thus, technologies are used in a wide range of different areas. Probably the most significant use of technology is to be found with the aircraft and with information and communication systems.

Airlines are often very quick to integrate new technologies with respect to their aircraft. On the one hand the prevailing competition makes the constant adaptation of new technologies necessary in order to stay competitive. In the case of easyJet possible objectives with regard to their aircrafts are to keep unit costs as low as possible and to transport as many passengers as possible on one aircraft (EasyJet PLC, 2000). On the other hand aircraft manufacturers often make use of contractual hedging. Thus, aircraft manufacturers try to minimize the risk when developing a new aircraft type by agreeing with airlines on a certain sales volume forehand. The airlines have the advantage that they get a better price and an earlier delivery. This leads to close cooperation between aircraft manufactures and airlines and ultimately airlines often rapidly integrate new technologies in their airplanes (Conrady et al., 2013).

The use of modern information technology to automate, coordinate and support decisions by airlines since the 90s has replaced manual planning. Airlines use automatic planning, reservation and revenue management systems (Barlow, 2000). However, probably the biggest influence on the airline industry has been the direct sales of tickets on the Internet (Wiedemann, 2011). This sales channel makes it possible for airlines to make huge cost savings. Furthermore, the sale of tickets becomes available worldwide and can be sold independent from the location. Stelios even points out: “The Internet has probably had a bigger effect on people’s ability to fly than the jet engine” (L. Jones, 2005). He further describes the jet engine simply as an improvement on the propeller, but the Internet has made air
travelling to a mass market. EasyJet has used the Internet for direct sales since 1998 and replaced the phone as a major distribution channel within a short period of time.

To sum up, high technology intensity can be observed in the airline industry. In particular, the Internet can be referred to as it has for many airlines including easyJet contributed massively to the early and rapid internationalization. Thus, the findings are in accordance with former studies, which argued that BGFs often emerge in technology intensive industries.

Next the key influence knowledge-intensity shall now be examined. Former studies recommend that BGFs preferably emerge in knowledge-intensive industries (Bell et al., 2003; Benjamin Oviatt & McDougall, 1994; G. A. Knight & Cavusgil, 2004).

In terms of the product, however, no high knowledge intensity could be assessed in the case of easyJet. The distributed product is here primarily a service where the knowledge proportion is estimated to be rather minor as in other industries. This is in accordance with Verbeke and Merchant (2012) who also do not account air transportation to the knowledge intensive services rather than to the capital intensive services.

In strategic decisions, knowledge is used most in the airline industry. For example a variety of different data (e.g. population and passenger numbers) is used to decide which route will be flown next or where a new base should be established. However, one can assume that these data are available for all airlines at an equivalent level, which in turn does not lead to a big knowledge advantage.

Finally, high knowledge intensity could not be examined in the airline industry and thus there is no evidence on the higher probability for the emergence of BGFs.

The third key influence to be studied in the industry area is the product life cycle. Scholars state that short product life cycle can lead to an increased emergence of BGFs (N. E. Coviello & Munro, 1995; Saarenketo, 2004; Schmidt-Buchholz, 2001; Shrader et al., 2000).

Especially in saturated markets the product life cycles can be very short and firms are under constant pressure to drive sales through improvements and innovations (Alvermann, 2008). Airlines can for example adjust the on-board service, enhance comfort or increase the technical equipment of the aircraft to extend the product life cycle.

In the case of the low-cost carriers market saturation is not evident in the mid-nineties as described in section earlier. With the innovative service of low-cost flights a completely new niche market in Europe could be tapped into, which stands at the beginning of the product life cycle. Since 1996, easyJet expands extensively to Europe and achieves increasingly higher revenue and market shares. Representative for the low-cost carriers easyJet’s revenue development between 1996 and 2000 should be illustrated in figure 4. As one can easily notice the revenue growth is extremely high in this period. The average growth rate per year is 81% and the highest growth can be observed from 1996 to 1997 where the revenue number doubles.
Hence the massive growth it can be argued that the service offered by easyJet is after the period of five years still in the second of five phases of the product lifecycle, the so called growth phase. The growth phase is characterized by high revenue growth and high advertising expenditures.

In turn, considering other industries it can be examined that a much shorter product life cycle is present. For example, in the automotive industry, an average product life cycle of 5 to 8 years is commonly mentioned (Dorn, 2013; G. R. Jones & Bouncken, 2008). Accordingly, one can argue that the airline industry has very long product life cycles. In conclusion the argument that short product life cycles in an industry facilitate the emergence of BGFs cannot be supported in the case of the airline industry and easyJet.

The last key influence with respect to the industry is the internationality. Accordingly, when a high internationality can be found in an industry, also an increased appearance of BGFs could be recognized (Gabrielsson & Kirpalani, 2004; Johnson, 2004; Moen, 2002; Rennie, 1993).

The airline industry has always had a high degree of internationality since flying to other countries belongs to the airlines main business. The internationalization is further increased by the deregulation of the worldwide airspace and the associated privatization of airlines. The high internationality can be particularly recognized when looking at the passenger numbers in the EU. As figure 2 has already shown earlier in the UK the proportion of international passengers transported is significantly higher than the proportion of domestic passengers carried. Similar results can be found in many other European countries like for example Germany. Figure 6 shows that the percentage of domestic passengers is consistently around 20%. Consequently around 80% of the passengers are traveling to or is coming from another country.
Thus, it can be argued that the majority of flights in Europe go across national borders and suggests a very high level of internationality in the industry. For this reason the view of other scholars on the frequent emergence of BGFs in highly international industries can be supported.

**Summing up** the results of the study so far one can recognize in table 3 that the home market conditions can have relatively little influence on the emergence of BGFs as in the case of easyJet. Thus only a minority out of the investigated variables have a positive effect on the early and rapid internationalization.

### Tab.3: Market key influences on the early and rapid internationalization of easyJet

<table>
<thead>
<tr>
<th>Variable</th>
<th>Manifestation</th>
<th>Facilitates early and rapid internationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Home market conditions in the UK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market size</td>
<td>Big</td>
<td>x</td>
</tr>
<tr>
<td>Competition</td>
<td>High</td>
<td>x</td>
</tr>
<tr>
<td>State protection</td>
<td>Low</td>
<td>v</td>
</tr>
<tr>
<td><strong>Host country conditions Netherlands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market size and growth</td>
<td>Big</td>
<td>v</td>
</tr>
<tr>
<td>Important Customers</td>
<td>No</td>
<td>x</td>
</tr>
<tr>
<td>Market risk</td>
<td>High</td>
<td>x</td>
</tr>
<tr>
<td><strong>Industry-specific conditions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology-intensive</td>
<td>Yes</td>
<td>v</td>
</tr>
<tr>
<td>Knowledge-intensive</td>
<td>No</td>
<td>x</td>
</tr>
<tr>
<td>Product life cycle</td>
<td>Long</td>
<td>x</td>
</tr>
<tr>
<td>Internationality</td>
<td>High</td>
<td>v</td>
</tr>
</tbody>
</table>

Note: Own illustration
6. Conclusion

By the end of the 1980’s an increasing number of firms engaged in sophisticated international expansion from their first day of operation or shortly thereafter. A new label emerged in business literature entitled “Born Global Firms” to define this phenomenon. Researchers, scholars and publishers have increasingly dedicated resources to attempt to explain how this all happened.

Although BGFs are certainly mushrooming in every sector of business, most former studies deal with BGFs in the high-technology industry, more specifically, the IT industry. For this reason the analysis of BGFs in other sectors is of particular interest to the author. Therefore, it is the objective of this work to investigate on the emergence of BGFs in the airline industry. At the centre of attention is the question what market-related key influences favoured the early and rapid internationalization in the case of the low cost airline easyJet. The following results could be found.

With regard to the market conditions the investigated variables only partially favour easyJet’s internationalization. Thus, four out of the ten investigated variables have a positive effect on the early and rapid internationalization. Firstly, it became clear that the low state protection in the home country was crucial for easyJet and enabled the company to expand into foreign countries in the first place. Secondly, when selecting the host country a strong opportunistic behaviour could be observed. Thus, easyJet primarily uses the selection criteria revenue potential and growth opportunities. Consequently a host country with an attractive market can trigger easyJet’s expansion to this location. Thirdly, easyJet’s international expansion is promoted by the high internationality and extensive use of technology in the airline industry.

Management implications that can be derived from this study and the analysis of relevant literature show that nowadays internationalization strategies are not only appropriate for big multinational companies with extensive resources but also for start-ups. Young companies with fewer resources should strongly consider expansion in international and global markets. This is especially true for technology intensive firms and firms operating in highly international industries.

For further studies it is recommended that the key influences of various industries and countries be investigated. In this way one can find more comprehensive models that can give credence to the BGFs.

References


Horizontal Mergers in Differentiated Oligopolies: The Case of Limited Capacities

Bojan Ristić, University of Belgrade, Serbia

Abstract

This topic is related to the field of applied microeconomics and industrial organization. It is based on a two-stage capacity-price model of oligopoly competition. In the first stage, the firm is choosing capacity, or let us say its short-term cost function, and in the second stage, it chooses the price at which the product will be sold in a given oligopolistic market. The seminal model of Kreps and Scheinkman (1983) (hereinafter “the KS model”) shows how the logic of two-stage competition on homogenous goods market leads to a result which coincides with the outcome of Cournot’s classical model of competition. By this celebrated result, Cournot’s model was put into the forefront when it comes to oligopoly interaction in the presence of endogenous capacity limits. This way of reasoning allows both prices and quantities (capacities) to be strategic variables of the same game. In its short form, this model can take the shape of Cournot’s classical model, which is sufficiently intuitive and understandable for the applied economists. Considerably later Schulz (1999) confirmed the validity of the KS model with respect to differentiated products markets with symmetrical cross-connections between close substitutes and equal cost functions of the firms. The equilibrium outcome is defined by symmetrical first order conditions, which leads to the same quantities (capacities) of the different firms, but also to the unique selling price of the close substitutes.

The aim of this work is to show that the outcome of the KS model in the case of differentiated oligopolies can be confirmed even in the case of asymmetric occurrence that could be caused, e.g. by horizontal mergers. By minimal changes, the KS model with differentiated products can become more general. This modification relates to the fact that the merger internalizes competition between the participants (insiders), which makes asymmetry in the first-order conditions between the merged firms and firms which are not part of the merger (outsiders). The logic that is given by Schulz (1999), that leads to the proof of the validity of the KS model, can also be followed in this asymmetric case caused by the merger.

This work has important implications for conducting the competition policy in the field of regulation of horizontal mergers (regulation of market concentration). It provides a framework for predicting the short-term unilateral merger effects in differentiated oligopolies by using the classical Cournot’s model. In general, the KS model and its modifications justify the use of Cournot’s model as its shortened form on oligopolistic markets is characterized by limited capacities. This is in sharp contrast to the prevailing belief of competition policy practitioners when it comes to merger simulation practices. The position taken here is that strict division in reliance on Cournot’s and Bertrand’s mechanisms should be made respectively on, whether it comes to the homogeneous or non-homogeneous goods markets relevant for the case. This approach seems to strictly hold when used with two-stage reasoning and a commitment to capacities.

JEL classification: L13, L41

Key words: Cournot’s model, two-stage competition, differentiated oligopoly, horizontal mergers, competition policy
A Critical Look at “Marketing, Consumption, and Society” by Anti-consumerists: A Qualitative and Interdisciplinary Model of Anti-consumerism

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Structured Abstract:

Purpose – The main purpose of the article is to provide the literature of anti-consumerism with a new qualitative model, as well as a fresh definition of anti-consumption based on the research findings.

Design/methodology/approach – The study utilizes the grounded theory methodology developed by Glaser and Strauss (1967) and systematic patterns and the causative, teleological, and behavioral nature of anti-consumerism was presented with a qualitative model at the end of the study.

Findings – There seems to be no noticeable differences among Turkish anti-consumerists in terms of philosophy, values, and ideology. However, it was observed that individuals display different amounts of anti-consumerist behavior in varying degrees of intensity. When the reasons for anti-consumption are examined, it is found that they can be divided into three kinds (personal, social, and societal). It was also found that the anti-consumerist transformation conforms to the development tasks described by Havighurst (1972). Young individuals trying to fit in with the dynamics of the social group also try to find their own unique identities with teachings and awareness on macro and micro scales, eventually turning into anti-consumerists.

Originality/value – The research could be deemed original as it introduces a new model and definition to the anti-consumption literature while showing the systematical flaws in the existing literature.

Keywords: anti-consumerism, anti-consumerists, anti-consumption, marketing, Turkey
Consumption, Credit Constraints, and Financial Intermediation Cost: Evidence from Taiwanese Survey Data

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Abstract

In this paper, we employ 1981-2013 data from The Survey of Family Income and Expenditure in Taiwan to empirically explore how variations of financial intermediation cost affect credit constraints for households in Taiwan. We construct household cohorts’ data on consumption and income according to the birth year of the head of household using the pseudo-panel approach of Deaton (1985). We then use the constructed cohorts’ data to explore whether the evidence for credit constraint exists and how the degree of credit constraint faced by these cohorts changed during the various phases of financial intermediation cost.

In particular, we use cohorts’ income from wealth, ages, and housing status as a proxy to differentiate the degree of credit constraint faced by the cohorts. We then explore how consumption behaviors of different cohorts with differing degrees of credit constraints would change when financial intermediation cost increases. We define the decrease in stock and housing prices and recession as the phase of the increase in financial intermediation cost.

Our paper provides evidence for the existence of credit constraint and consumption sensitivity in response to temporary shocks and there is significant asymmetry. We find that the fluctuation of financial intermediation costs are significantly correlated with the changes in sensitivity of consumption to income. We also find that consumption sensitivity responds more strongly to recession and asset prices decline than to expansion and asset prices increase in which the changes in sensitivity are more prominent with higher credit constraint.

JEL Codes: D10, E20, E44

Key Words: consumption, credit constraint, financial intermediation cost
The purpose of this study was to analyze university students’ emotional intelligence and perceived social support. The research was done appropriate to general research models. The research’s sample consisted of 683 students (527 women, 156 men) who have been studying in different faculties of Necmettin Erbakan University who were chosen with a random cluster sampling method. In the research the “Bar-On Emotional Intelligence Scale” (Acar, 2001) was used to determine emotional intelligence scores and the “Perceived Social Support Scale” (Yıldırım, 2004) was used in order to determine perceived social support. In the analyses of the data, T Test and the Pearson Moments Product Correlation Technique were used. Statistical analysis of the data was done with the SPSS 17.00 pocket program.

Research findings show that interpersonal relations and stress management differ according to gender. It also showed that, sub-scales of personal awareness, adjustment to conditions and surroundings, and general mood scales do not differ according to gender. In the interpersonal sub-scales of Emotional Intelligence, mean scores of female students were found to be significantly higher than male students’ score. The mean score of male students’ stress management were found to be significantly higher than female students’ scores.

It was found that:

- the “friends” sub-dimension has a positive relation with self-awareness, interpersonal relations, adjustment to conditions and surroundings, stress management, and general mood sub-dimensions scores.
- the family sub-dimension has a positive relation with self-awareness, interpersonal relations, adjustment to conditions and surroundings, stress management and general mood sub-dimensions’ scores.
- the teachers sub-dimension has a positive relation with self-awareness, interpersonal relations, adjustment to conditions and surroundings, stress management and general mood sub-dimensions’ scores.

Key Words: emotional intelligence, perceived social support
Performance of the E-waste Management System in Romania and Comparison with other European Countries

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Cristian Silviu Banacu, Bucharest University of Economic Studies, Romania

Abstract

In recent years European countries have developed specific regulations, under a European Union directive, to address the challenge of managing waste electrical and electronic equipment (e-waste, WEEE). At this time there are many similarities between e-waste management systems in European countries, but they still have considerable differences in terms of performance. While Norway is the leader in terms of WEEE collection, Romania is at the end of the list with extremely low performance despite the administrative efforts.

The situation is explained by many factors such as consumer behaviour, the slow pace in applying regulations, social factors etc. The purpose of the present study is to discuss the situation of e-waste management in Romania by comparison to other European countries in order to identify the factors that affect performance.

The research is based on a study of national WEEE regulations, data collection from publications of national agencies and Eurostat, and requests for practical experience from scientific institutions, municipalities and agencies.

1. Introduction

The topic of WEEE management systems’ performance is very important on the international agenda. The best practices of WEEE management should be followed because the economic and environmental effects are obvious, starting with pollution reduction, new business development and finishing with the recovery and reusing of materials from scarce and depleted sources. The modern economy and continuous technology development in all fields are demanding resources for industrial production and the WEEE recycling could feed their needs.

There are numerous papers that discuss the performance from different points of view, such as: the performance of the system in terms of collection and recycling in a particular case (Banacu, Irimescu and Dobrea, 2014; Ciocoiu et al., 2011; Rudareanu, 2013), the conceptual delimitations between efficiency, efficacy and effectiveness as basic notions in defining the performance of WEEE management systems (Ciocoiu and Burcea, 2011), comparison between different WEEE management systems (Yoshida, 2015 for Asian countries, Lates and Moica, 2016 for China and Romania), factors that may affect a successful implementation of WEEE management systems (Ciocoiu, Colesca, Burcea, 2011), etc. There are also many studies about this topic produced by international organisations or associations such as OECD, UNEP and WEEE-Forum.

The performance of WEEE management systems is reflected in the quantity of WEEE collected and recycled compared to the target levels set by the legislation of each country, and by comparison between different countries. The factors that explain the differences in performance are the socio-economic and demographic characteristics, the architecture of WEEE management systems, the age of every WEEE system and the national consumer behaviour.

The issue of WEEE recycling is important in Europe and in Romania as a member of European Union (EU) due to its effects on the environment and because of its eco-industrial application in accordance
with sustainable green development targets. The Directive 2012/19/EU of the European Parliament and of the Council sets the targets for all member states with respect to WEEE recycling.

Countries such as Norway, Finland, Sweden, Belgium, Denmark are on the top of the list leading in what concerns of applying the best practices in collecting (with more than 9-10 kg/inhabitant/year) and recycling the WEEE. Other countries as Romania, Cyprus, Croatia and Latvia are at the bottom of the list with less than 4kg/inhabitant collected per year (Eurostat, 2016).

This study tries to identify some reasons of such discrepancies between Romania and the countries that are advanced in recycling the WEEE across Europe and in the world.

After the introduction, this paper presents an analysis of different statistics regarding WEEE management in the European Union, including some non-EU countries. The third section contains a comparative analysis between the WEEE management systems in Romania, Norway and Poland. The paper concludes by noting the main differences between Romania and other European countries regarding the performance of WEEE management.

In order to achieve the scope of the paper information was reviewed and analyzed from several sources: legislation and policy documents, statistics from Eurostat and Romanian National Statistics Institute, research studies, articles and conference papers, reports and other public and internal documents published by national WEEE organizations. A main source of information was the documents published by the National Agency for Environmental Protection (NAEP).

2. Key Statistics on WEEE in different European countries

Taking as a base of discussion the targets of the European Union in what is involved with the implementation of the former Directives 2002/96/EC on WEEE and Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment, as well as the new improved Directive 2012/19/EU on WEEE at the level of the member states, we note that the target of 4kg/inhabitant/year for the period 2012-2015 was achieved by some states of Europe but not by Romania with only 1.2-1.5 kg/inhabitant/year.

As we can see in Table 1, Norway is the leader in terms of WEEE collected with more than 20 kilograms/capita, followed by Sweden and Denmark. In 2012 and 2013 Latvia, Cyprus, Greece, Spain and Romania were the only countries that have not achieved the collection target of 4 kg/capita. Romania occupies the last position with 1.15 kg/capita (2012) and almost 1.4 kg/capita (2013) representing about half of the amount collected by Latvia, the country ranked second to last. The quantity collected in Romania is not only below the actual target, but also too low for futures targets imposed by the Directive 2012/19/EU for WEEE recycling. For Romania the new target is a minimum 40% of the average weight of EEE (electrical and electronic equipment) placed on the market in the three preceding years for the period 2016-2020 (EC, 2012).

Table 1. Waste collected (kilograms per capita)

<table>
<thead>
<tr>
<th>Countries/Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>:</td>
<td>:</td>
<td>2.938</td>
<td>5.388</td>
<td>4.49</td>
<td>6.092</td>
<td>5.504</td>
<td>5.26</td>
<td>4.84</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>:</td>
<td>:</td>
<td>3.243</td>
<td>4.361</td>
<td>5.573</td>
<td>5.059</td>
<td>5.282</td>
<td>5.108</td>
<td>5.156</td>
</tr>
<tr>
<td>Greece</td>
<td>0.069</td>
<td>1.029</td>
<td>2.843</td>
<td>4.256</td>
<td>5.952</td>
<td>4.184</td>
<td>3.815</td>
<td>3.371</td>
<td>:</td>
</tr>
</tbody>
</table>
Distribution by categories of WEEE collected recorded large oscillations in Romania during the period 2006-2013, with large household appliances and IT&C equipment among the top of quantities the main cause being the volume of such products and also the increasing sales volume (see Figure 1).

Figure 1. Distribution of WEEE collected in Romania by categories (2006-2013)

Source: present authors using the data from NAEP (2016)
Another important indicator that reflects the performance of the WEEE management system is the amount of WEEE reused and recycled. The objective of the EU directives is to increase the recycling and reuse of EEE thus reducing the amount of WEEE collected by unregistered enterprises and improperly treated or even illegally exported abroad or disposed of as part of residual waste (e.g. to landfills or incinerators).

Figure 2 presents the trend in the amount of WEEE reused and recycled in European countries (kg/capita) during 2008-2012. Even if countries as Norway, Sweden and Denmark are the leaders in terms of amount of the WEEE collected and recycled, the trend is decreasing for Norway and Denmark, a situation also encountered in Ireland, Estonia and Latvia.

In Sweden the trend is increasing, the Swedish system being recognized as one of the most effective WEEE recovery systems in the world in terms of WEEE collected and also to costs (Ylä-Mella et al., 2014).

In Romania the recovery and reuse of WEEE collected increased, one reason being the development of one of the largest recycling plants in Central and Eastern Europe and one of the most modern in all of Europe (GreenWEEE Buzau). But, according to Magalini, Bladé and Habib (2015) most of the 78 authorized treatment plants in Romania have poor treatment results.

According NAEP (2016), the rate of recovery of WEEE material composition showed a positive evolution and the recovery targets achieved are above the level required by EU regulations.

3. Comparative analysis

Looking for the causes of the different WEEE management systems performance, a comparative analysis has been needed.

We will start the comparison with the good example of Norway as a country outside of EU which reached the highest level of WEEE collecting during 2006-2013 (Eurostat, 2016).
In Norway WEEE management has a longer history and there is an increasing consumer awareness which leads to more environmentally sound behaviour and improves recovery efficiency (Ylä-Mella at.al., 2014). Norway was the first European country to adopt pro-active legislation for the WEEE recycling from early 1998, which was the first regulation before the European Directive 2002/96/EC, called Scrapped Electrical and Electronic Products and promulgated by the Norwegian Ministry of Environment that followed the Pollution Control Act of 1981 (Róman et al., 2008).

Another interesting comparison is with Poland, a member of the EU. In April 2015, the European Commission was referring Poland (and Slovenia) to the EU Court of Justice over their failure to enact EU legislation on WEEE recycling. The EU rules should have been enacted into national law by 14 February 2014.

The comparative analysis takes into consideration some general information (social-demographical data), authorities in charge with WEEE recycling, the legal framework, WEEE collection and recycling efficiency and some factors of influence (see Table 2).

Table 2. Comparative analysis regarding WEEE recycling in Norway, Poland and Romania

<table>
<thead>
<tr>
<th>No.</th>
<th>DESCRIPTORS</th>
<th>NORWAY</th>
<th>POLAND</th>
<th>ROMANIA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Urban population (%) 80.2 %</td>
<td>Rural population (%) 19.8 %</td>
<td>Average salary (Euro/month) 4458 (Euro/month)</td>
</tr>
<tr>
<td>2</td>
<td>AUTHORITIES IN CHARGE WITH WEEE RECYCLING</td>
<td>Ministry of Environment, The Norwegian Pollution Control Authority (SFT), Climate and Pollution agency</td>
<td>Ministry of Environment, Chief Inspector of Environmental Protection</td>
<td>Ministry of Environment, Waters and Forests, National Agency for Environment Protection (NAEP)</td>
</tr>
<tr>
<td>3</td>
<td>LOCAL AUTHORITIES INVOLVEMENT IN WEEE COORDINATION</td>
<td>Municipalities in partnership with registered WEEE collectors</td>
<td>Municipalities in partnership with registered WEEE collectors</td>
<td>Municipalities in partnership with registered WEEE collectors</td>
</tr>
<tr>
<td>5</td>
<td>YEAR IN WHICH WEEE DIRECTIVES WHERE PUT INTO PRACTICE</td>
<td>1 July 2006 (national WEEE legislation and operational recovery systems prior the EU legislation)</td>
<td>1 July 2006</td>
<td>2006</td>
</tr>
<tr>
<td>6</td>
<td>EEE REGISTER</td>
<td>Compulsory for all economic entities that works as producers/traders of EEE</td>
<td>Compulsory for all economic entities that works as producers/traders/collectors/recyclers of EEE</td>
<td>Compulsory for all economic entities that works as producers/traders of EEE</td>
</tr>
<tr>
<td>Number</td>
<td>Description</td>
<td>4 (El retur AS, RENAS AS, Environment AS, Ragn Sells Electronikkretur) 2 of them are fully specialized, one on individual household customer (El retur A) and the other for industrial business customer (RENAS AS)</td>
<td>9 Electrical and Electronic Equipment Recovery Joint Stock Companies (ElektroEko SA, Europejska Platforma Recyklingu S.A. Poland, AuraEko, CCR ELECTRA, ELECTRO-SYSTEM, DROP, TOM, IT RECOVERY, BIOSYSTEM Elektrorecykling S.A)</td>
<td>8 Collective organisations (Eco Tic, Ro-Rec, Eco-lamp, ENVIRON, CCR Logistics, EcoPoint, Eco Mold) specialized on 10 WEEE categories but not on target groups of customers (household and industrial business)</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>-------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--</td>
</tr>
<tr>
<td>8</td>
<td>NUMBER OF WEEE CATEGORIES</td>
<td>14</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>WEEE REGISTER and access to information</td>
<td>Site on the Internet filled with data by the Approved Collectors</td>
<td>Chief Inspector of Environmental Protection Have an EEE register that comprise the producers, importers, WEEE collectors (WEEE recovery joint stock companies), WEEE transporters, WEEE, recyclers</td>
<td>There is an WEEE register of the NAEP for WEEE management but there is also a lack in transparency to obtain information updated about WEEE collecting/recycling quantities from the NGOs in charge with this activity</td>
</tr>
<tr>
<td>10</td>
<td>FINANCING SYSTEM FOR WEEE RECYCLING</td>
<td>A fee for WEEE recycling on product price included in the selling price of EEE;</td>
<td>A fee for WEEE recycling on product price included in the selling price of EEE.</td>
<td>Green stamp fee included in the selling price of product.</td>
</tr>
<tr>
<td>11</td>
<td>WEEE collecting due to customers</td>
<td>Free of charge</td>
<td>Free of charge</td>
<td>Free of charge</td>
</tr>
<tr>
<td>12</td>
<td>WEEE COLLECTION &amp; RECYCLING EFFICIENCY</td>
<td>Target according Directive 2012/19/EU</td>
<td>4 kg/capita/year</td>
<td>4 kg/capita/year</td>
</tr>
<tr>
<td></td>
<td>WEEE collected (2013)</td>
<td>20.656 kg/capita</td>
<td>4.51 kg/capita</td>
<td>1.4 kg/capita</td>
</tr>
<tr>
<td></td>
<td>WEEE treated in member state (kg/capita, 2013)</td>
<td>11.206 kg/capita</td>
<td>4.214 kg/capita</td>
<td>1.123 kg/capita (2012)</td>
</tr>
<tr>
<td></td>
<td>WEEE reuse (kg/capita, 2012)</td>
<td>0.161 kg/capita</td>
<td>0.021 kg/capita</td>
<td>0.0 kg/capita</td>
</tr>
<tr>
<td></td>
<td>WEEE recovery (kg/capita, 2013)</td>
<td>19.325 kg/capita</td>
<td>3.435 kg/capita</td>
<td>1.012 kg/capita (2012)</td>
</tr>
<tr>
<td>13</td>
<td>FACTORS OF INFLUENCE</td>
<td>Organizational</td>
<td>The existence of a good inter-institution cooperation. Real-time information furnished by the EEE Register, WEEE Register, Norway Statistics</td>
<td>Some imperfections of the reporting system: not all entities obliged to register with the system fulfill their reporting obligations, and a certain proportion of reports is incomplete or filled out in an unreliable manner.</td>
</tr>
</tbody>
</table>
## WEEE recycling infrastructure

Existence of a good network for collecting recycling at local level, but the long distances from the collection points to the sorting and pre-treatment stations bring challenges to managing the WEEE recovery system effectively.

- Local industry absorbs a large part of recycled materials from WEEE recycling processes.
- Various municipal waste and industrial waste processing and disposal installations are operated in Poland.
- Norway is a welfare state (see average salary) and it had a period of high growth (GDP rose by 18% from 2000-2010). The influence of economic and financial crises was minor.
- Economic growth has been strong and the economy did not shrink during the economic crises.
- A wide network of WEEE informal collection.
- The emergence of foreign investments contributes to the extension of WEEE recycling infrastructure (recycling plant, etc.).
- There is a grey market caused by inadequate monitoring and inspection, in which equipment collected is dismantled at sites other than treatment facilities.
- The secondary raw materials are sold both in Romania and abroad. A good part of WEEE collected by street scrap pickers is treated in poor conditions and the valuable materials are removing.
- Public awareness regarding the negative effects of WEEE is very low. The education campaign are realised especially in cities and affect the young population.
- After Bulgaria, Romania has the second highest percentage of people at risk of poverty or social exclusion.

### Use of recycled materials

Local industry invests 5% of the income in eco-marketing and environmental education.

### Cultural/education

Institutions/companies/charted WEEE collectors/recyclers invest 5% of their income in eco-marketing and environmental education.

### Economic growth and poverty influence

Norway is a welfare state (see average salary) and it had a period of high growth (GDP rose by 18% from 2000-2010). The influence of economic and financial crises was minor.

### 4. Conclusions

Until 2013 Romania has still a low level of WEEE collection with 1-1.4 kg/capita/year (NAEP, 2016) in comparison with many countries from Europe, members or not of EU, despite the fact that it has implemented even from 2006 the Directives 2002/96/EC for WEEE recycling and Directive 2002/95/EC for hazardous substances.

<table>
<thead>
<tr>
<th>INFORMAL SECTOR CONTROL</th>
<th>High control</th>
<th>No control</th>
<th>No control at all</th>
</tr>
</thead>
</table>
Romania has also followed the European Directive 2012/19/EU by emitting the National Emergency Ministerial Ordinance OUG 5/2015 which stipulates all the information in order to develop the legal frame to support WEEE recycling activities.

A National EEE Electronic Register which comprises all the producers/ importers of the EEE and the collective organizations with responsibilities regarding WEEE collection was realised after the first issue of a government decision regarding WEEE in 2005.

Looking for the causes that make the difference in WEEE collection/recycling between Romania and other countries such as western European countries (such as Norway, Austria, Germany, Sweden, Finland) with more than 9-10 kg of WEEE collecting / recycling/ capita / year or eastern European countries (such as Poland, Hungary, Bulgaria) with more than 4 kg / capita / year we find the following:

- Organizational aspects from top to bottom down in society that slow down the processes. In western developed countries, all the EEE shops/producers through specialized companies (joint stock companies as are in Norway, Austria and Poland) are taking back the WEEE from the individuals, industrial producers or importers. In Romania this activity is realised by collective organizations and it is at its beginning in what concerns an appropriate infrastructure in all regions of Romania. There are large disparities between the recycling infrastructure potential across Romania with many causes such as collection, selection, transportation, recycling and disposal.

- Lack of transparency in what it concerns information about the WEEE collection and recycling from the stakeholders.

- Poverty and low level of salaries in Romania in comparison to other states from Europe, as a source of feeding the informal sector which is in a state of weak or no control.

- Low efficiency of public campaigns by local authorities for promoting WEEE recycling. Certain success stories involved the buy-back campaign for used EEE lead by some international and local producers/traders but their efficiency is limited due to the short periods that have been involved. These campaigns were not set up on a regular basis and there have been long periods of their absence.

- Little efficiency in convincing people to get rid of used EEE, a possible cause being the level of poverty especially in rural areas of Romania and also the effects of the economic crises.

- Eco-cultural differences between developed welfare states as such as Norway, Finland, Sweden, Germany, Austria and emerging countries from Eastern Europe.

- The lack of a shared vision in the public administration and society and the political instability in Romania is a threat to the coherent and adequate development of an effective waste electrical and electronic equipment management system.

ACKNOWLEDGMENTS

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References


Self-initiated expatriation occurs when workers proactively obtain jobs outside their home countries rather than waiting to be sent on an overseas assignment by an employer (Inkson et al., 1997; Suutari and Brewster, 2000). To date, the literature on contemporary careers has portrayed self-expatriation as an attractive career choice that is willingly made by workers. That is, SIEs prefer to work overseas rather than pursue their career in their home country. For example, individuals choose to explore international careers for personal growth, rapid career progress, to increase personal wealth, and/or pursue a relationship (Howe-Walsh and Schyns, 2011). With few exceptions, the personal and professional outcomes of self-initiated expatriation are described in glowing terms: more flexible, robust careers (Blustein, 1988; Zikic and Klehe, 2007), substantial monetary rewards, enhanced self-knowledge and increased cultural awareness are frequently mentioned as outcomes of self-expatriation (Blustein, 1988; Suutari and Brewster, 2000). Although this view accurately portrays the experiences of some self-initiated expatriates, it does not explain how self-expatriation is experienced when an individual undertakes expatriation reluctantly—a scenario that occurs frequently in global labor markets.

This paper examines the motives and experiences of unwilling self-initiated expatriates (SIEs), SIEs who seek out and accept overseas assignments despite preferring home country assignments. Like willing SIEs (Suutari and Brewster, 2000), unwilling SIEs are motivated to accept overseas assignments for professional or personal reasons. Unlike willing SIEs, however, unwilling SIEs do not view this option as being particularly attractive or desirable—they simply have no better prospects at home. Detailed ethnographic interviews conducted with 88 academic SIEs from 14 countries, from both teaching and administrative faculty, revealed that approximately 30 percent of all informants were unwilling expatriates (these interviews were conducted as part of a broader exploratory study of the work and life experiences of expatriate academics). Comparative analysis of the data provided by willing and unwilling SIEs suggest that the motives driving the experience of expatriation vary considerably between these groups:

1. Motives: In addition to those fulfilling a “trailing spouse” role, unwilling SIE academics accepted international assignments when a personal or professional mishap reduced home-country employability or home-country jobs were not available.

2. Experience: Unwilling SIE academics reported experiencing more pre-departure and post-arrival anxiety and cultural adjustment problems than their willing SIE counterparts. They were less enthusiastic about learning the host-country language, exploring cultural or recreational opportunities, or travel. They were more likely to complain about living and working conditions and appeared to have greater difficulty in adapting to life in the host country (see Peltocarpi and Froese, 2009).

3. Career development: Unwilling SIE academics were less likely to view an international assignment as a positive career development than the willing SIEs described in both the sample and the new careers literature (see Inkson and Meyers, 2003; Dickmann and Baruch, 2011). Many described their international assignment as a temporary setback or an experience to be endured until employment prospects improved.
This analysis was used to develop a typology consisting of four categories of SIE academics:

<table>
<thead>
<tr>
<th>Willingness to Expatriate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Willing</strong></td>
</tr>
<tr>
<td><em>Type I</em></td>
</tr>
<tr>
<td><em>Type IV</em></td>
</tr>
<tr>
<td><strong>Unwilling</strong></td>
</tr>
<tr>
<td><em>Type II</em></td>
</tr>
<tr>
<td><em>Type III</em></td>
</tr>
</tbody>
</table>

Each category or type of SIE academic is described in detail. The theoretical and practical/applied implications of willing versus unwilling self-initiated expatriation in academia will also be described.

**Endnotes**

**Bibliography**


The Effects of the Parenting Styles on the Preschool Children’s Social Behaviors

Neslihan Durmuşoğlu Saltalı, Mevlana University, Turkey
Hatice Merve İmir, Yıldırım Beyazıt University, Turkey

Abstract

The aim of this study is to investigate the relationship between children’s social behaviors and parenting styles. Specifically, the study examines children’s aggressive, prosocial, and socially inhibited behaviors in association with parenting dimensions of warmth, induction-reasoning, obedience-demanding, and punitive measures. The research was conducted on 276 children aged 60-72 months in continuing preschool education on Konya Province (Turkey). In order to assess parenting behaviors, the Child Rearing Questionnaire developed by Sanson et al. (1994) was completed by the mothers. In order to assess child social behaviors, the Teacher Assessment of Social Behavior Scale developed by Cassidy ve Asher (1992) and adapted by Seven (2010) was employed. This scale was completed by the teachers. Study results will be presented in full text. It is in the evaluation stage.
Franchising in a Volatile Business Environment: A Case of the Fast Food Industry in Harare, Zimbabwe

Knowledge Shumba, University of Venda, South Africa  
Stanislaus Zindiye, University of Venda, South Africa

Abstract

Zimbabwe currently stands at 180 in the ranking of 189 economies on the ease of doing business. Franchising plays a pivotal role in sustainable economic development through employment creation, improving the standards of living and increasing the growth of entrepreneurship world-wide. However, the volatile business environment in Zimbabwe has a negative impact on the growth of franchising in the fast food industry. The aim of the study was to uncover the challenges of franchising in a volatile business environment in Zimbabwe. The study focused on the under researched area of franchising in the fast food industry of Zimbabwe. The study is important as franchising can be used as tool for economic growth and the study breaks new ground as no similar studies have been conducted to identify the challenges faced by franchise entrepreneurs in a volatile business environment. Ten qualitative interviews were successfully conducted with franchisees and franchisors using face to face semi-structured interviews as a data collection method. Thematic coding was used to analyse the collected data. The findings of the study indicate that franchise entrepreneurs face difficulties in obtaining operating licences from the Harare’s City Municipal Authorities and registering their businesses. Electricity power cuts severely affect the operations of fast food businesses. The majority of the entrepreneurs do not have adequate capital to expand and grow their businesses and they fail to meet lending requirements from the financial institutions, top-most among them being the provision of collateral security accompanied by rigid application procedures for funding. Recommendations made include the government playing a more active role in promoting franchising by setting up a vibrant franchise board, speeding up the business registration process and ensuring easy access to financial assistance to franchise entrepreneurs.

Key words: fast food; franchising; volatile business environment.

Introduction

Franchising plays an important role in the growth of entrepreneurship world-wide and has a prominent position in the fast food industry. Franchising as a business model is used by entrepreneurs in the fast food industry to start their own businesses by joining well established business names and also expanding their business ventures. According to Sanghavi (1998), it has been proven that the development of franchising depends on the overall economic and political circumstances of the country and that its growth can be significantly impacted by the performance of the economy as a whole.

Background of the Study

Zimbabwe’s fast food franchising industry shrunk dramatically during the hyperinflation era experienced from 1998 to 2008 with the inflation rate reaching an official figure of 231 percent (Berger, 2008). As a result many fast food owners could not operate their businesses normally. Franchise entrepreneurs were faced with huge challenges of controlling costs as prices of raw materials were continually rising within a short period of time. The period was also characterised by stock outs as there was no guarantee of supply for raw materials, lack of working capital, high wages and a credit and liquidity crunch. As a result many well-known local and internationally franchised fast food outlets closed some of their branches during this period with the notable ones being, KFC (Kentucky Fried Chicken) which closed its Harare and Bulawayo branches in 2007 (Ndlovu, 2014). And so, too, the Innscor Group which operates many franchise brands in Zimbabwe that include Pizza Inn, Chicken Inn,
Chicken Express, Creamy Inn, Steers, Nando’s and Mr Baker which closed some of its branches during this period (Innscor, 2007). The fast food industry situation began to improve due to economic stability after the formation of the GNU (Government of National Unity) and the adoption of the multi-currency system in 2008. It is during this period that new players such as Chicken Slice and TN Grill entered the fast food market in Zimbabwe. South African brands such as Chesa Nyama and Mugg and Bean also entered the industry in 2013. However, after the 2013 National Presidential Elections which resulted in the dissolution of the GNU, the Zimbabwean economy started to stagnate and the economy’s growth rate has slowed down. After the 2013 National Elections, Zimbabwe’s local and international investors withdrew from the economy which has also seen some firms reducing their production capacity. With these closures, thousands of people lost their jobs. The World Bank projected that Zimbabwe could be headed for negative growth by 2016 if no measures are taken to halt the decline of the economy (Nyoka, 2014). In its latest Global Economic Prospects Report for 2014, the global lender revised downwards the country’s growth to 2% and predicted that 2015 will see a further slump to 1% (Nyoka, 2014). Some businesses continue to close down operations notably Greatermans which closed its doors in June 2014 after operating for more than 40 years in Zimbabwe. Greatermans survived the civil war of the 70’s and the more recent hyperinflation era, but not the current operating business environment (Nyoka, 2014). Wimpy, which had managed to survive during the hyperinflation closed its franchised branch in first-street in Harare in February 2014. These are indications that franchise businesses in the fast food industry are failing due to the prevailing economic conditions.

Many investors are holding on to their funds due to the economic and political uncertainty and this has resulted in the delay of international franchised brands such as McDonalds and Burger King in opening their respective branches. McDonalds and Burger King are reported to have set sights on the country’s fast food market in 2010 and had planned to enter the market but they have yet to do so due to uncertainty about the growth prospects of the economy (Ndlela, 2010). Kentucky Fried Chicken which opened a new branch at Belgravia in July 2014 was initially supposed to return to the market in 2012. The franchise reopened after the owners settled a row over chicken imports with authorities which insisted that only locally produced chickens could be served (Ndlovu, 2014).

Zimbabwe’s macro environment which is characterised by political and economic instability impedes franchise entrepreneurs in the fast food businesses. Franchise entrepreneurs in Zimbabwe’s fast food industry are operating in a macro environment of forces and trends that shape opportunities and threats. The prevailing conditions in Zimbabwe’s macro environment make the business environment volatile hence it is against this background that the study will investigate the challenges faced by franchise entrepreneurs in the fast food industry. Franchising has a significant economic impact in Zimbabwe but little research has been conducted on how the franchising operators have been able to operate their businesses.

Literature Review

- Zimbabwe’s business environment

De Beer (2008) defines the business environment as the sum total of all the factors and variables which influence the establishment, growth and continued existence of the business positively or negatively, thereby promoting or hindering the achievement of the business’s objectives. Zimbabwe’s volatile business environment hinders the achievement of fast food franchise entrepreneurs’ objectives. Zimbabwe’s volatile business is a threat to franchised fast foods owners due to the harshness of the business climate. Zimbabwean franchise fast food entrepreneurs are facing a very turbulent environment in which it is not easy for them to operate their businesses. The experience and research of organisations suggest that the growth and profitability of firms is affected by what is happening in the external environment (Ehlers and Lazenby, 2010). The external environment’s influence on businesses is beyond the control of one single franchise entrepreneur and it presents opportunities and threats for fast food franchised business owners. Franchise entrepreneurs in Zimbabwe have little control over the political, economic, social and technological environment.
Economic environment challenges

The generic challenges faced by entrepreneurs in the economic environment include recession, inflation, and compliance with government monetary and fiscal policies. The climate of the economy dictates how consumers, suppliers and other organisational stakeholders such as suppliers and creditors behave within the society (Liutu, 2010). When the economy is in recession, economic activity reaches a low point, productivity is reduced, the disposable income of consumers is less and consumers buy less (Bates, Botha, Botha, Goodman, Ladzani, Vries and Vries, 2005). When consumers buy fewer products, the growth of businesses is slowed down, halted or reversed. The majority of the Zimbabwean workers live on low disposable incomes. A low disposable income in a country with a slow economic growth results in workers cutting down their expenses in their everyday lives and therefore they reduce or cut down on fast food visits (Liutu, 2010).

The economic growth rate of 2% for Zimbabwe is lower than the population growth rate of 4.3% which has increased the cost of living (Nyoka, 2014; Mudariki, 2013). An increase in the cost of living has resulted in a decrease in the purchasing power of consumers which in turn has hugely affected their spending behaviour as well as change on the type of products and or services they purchase. The majority of Zimbabweans live below the cost of living which is USA $567,03 and this is due to the fact that most civil servants and private workers in the private sector earn less than USA $567 per month (Mudariki, 2013). Karombo (2013:4), states that, “economic analysts said the consumer goods profitability is disposable income sensitive, driven by macro-economic factors such as GDP movement, inflation trends and employment trends which determine disposable income locally and globally.’.

Thousands of workers in the private and public sector have lost their jobs and this trend is likely to continue due to the Supreme Court ruling in July 2015 that allows arbitrary termination of employment contracts. Close to 18, 000 workers are reported to have lost their jobs three weeks after the land mark ruling which also allows employers to terminate workers contracts without retrenchment benefits (Manayiti, Nyoni and Dube, 2015). These job losses follow a wave of massive job losses witnessed in the year 2014 due to closure of more than 4610 companies that resulted in more than 55,443 people losing their jobs in the year 2014 (Manayiti, Nyoni and Dube, 2015).

Badenhorst et al., (2003), point out that the monetary and fiscal policies adopted by governments create challenges for entrepreneurs. The monetary policy affects the money supply, interest rates and the strength of the currency. High interest rates result in the high cost of credit and a subsequent decline in consumer spending and fixed investment (Badenhorst et al., 2003). In the 2015 midterm monetary policy, the Reserve Bank of Zimbabwe lowered the interest rate to stimulate the comatose economy with low risk creditors and the productive sector getting loans at concessionary rates of between 6% and 10% (Shoko, 2015). These lower interests are a relief to the public and the businesses which were finding it difficult to access loans. The downward review in bank charges and interest rates have been envisaged to achieve the key objectives of stimulating aggregate demand, promote the resuscitation of industry, improve the cost of doing business and support sustained economic growth and development and thereby going beyond stabilisation (Shoko, 2015).

Zimbabwe has managed to maintain single digit inflation since 2009 when it adopted the multi-currency system. The year on year inflation rate receded to 1,28% in January 2015 after shedding -0.48% points on December 2014’s –0, 80% (ZimSitRep, 2015). The deflation has haunted the Zimbabwean economy as it has resulted in massive job losses rather than ensuring job security as predicted by the International Monetary Fund (IMF) (Mtomba, 2015). According to Mtomba (2015), the Bretton Woods Institute had mentioned that deflation would hurt producers and reduce the country’s capacity to produce as it leads to widespread company downsizing and closures due to downward wage rigidity. An estimated 3,881 formerly employed workers were retrenched and nearly 150 companies were placed under curatorship and judicial management in 2014 (Mataranyika, 2014).

Legal challenges

According to Badenhorst et al., (2003), the government affects the business in a regulating capacity. Some of these laws are mostly restrictive and these laws tend to reduce the potential profits of businesses. Bates et al., (2005), agree that laws and regulations are often not in favour of small businesses. These challenges include obtaining a business license, the fees for doing business, the
payment of direct and indirect tax, protecting the employees as well as securing and protecting the assets of the business.

Starting and conducting business in Zimbabwe is not very easy for investors. In his 2015 mid-term budget, the Minister of Finance Patrick Chinamasa mentioned that the main areas frustrating potential investors and compromising the country’s competitiveness relate to licensing processes, multiplicity of levies by authorities and delays in utility connections (NewsdzeZimbabwe, 2015). These relate to plan approvals, investment registration, permit and license issuance, and connection of utilities such as water and power. For example formalities for setting up a typical formal housing delivery project in Zimbabwe, takes a minimum of 53 months (4.5 years), primarily reflecting bureaucracy and inefficiencies in national institutions and local authorities in Zimbabwe (NewsdzeZimbabwe, 2015). The World Bank’s business indicators report for the year 2015 indicate that the average number of procedures for starting a business in Zimbabwe is nine against 7.8 in sub Saharan Africa and 4.8 for developed countries (World Bank Group, 2015). The report further mentions that, “the average time and cost for establishing a business in neighbouring countries such as South Africa is 19 days, and 0.3% of income per capita and Mauritius, six days and 3.6%, respectively. This is against Zimbabwe’s average period of 90 days and 141.2 per cent of income per capita. This is a clear indication that the Zimbabwean business environment is not very attractive to investors as compared to other neighbouring countries.

The Zimbabwe Industry has called for the revisiting of the Indigenisation Act passed in 2008 as it is currently hampering Foreign Direct Investments that are desperately needed by Zimbabwe for economic growth and infrastructure development (Musarurwa, 2014). According to Nani (2011), many investors are finding it so difficult that they become junior partners when they would have contributed their money, hence there is need for the government to create a sound and user friendly investor relations that are necessary components in ensuring growth for Zimbabwe. The deals presented at the table for investors are less attractive. In accordance with the Act a foreign investor can only have 49% ownership of their investments (Mzumara, 2014). The policy requires foreign investors to surrender their controlling interests.

- **Political environment challenges**

Business organisations operate in a political environment with parameters within which businesses and interest groups compete for attention, resources, and a voice in overseeing the body of laws and regulations that guide the interactions between organisations and the environment (Ehlers and Lazenby, 2010). Verwey (2007:3090), posits that “the political environment of a country acts like a cushion of air within which businesses and other institutions float and breathe. Whereas a stable political environment provides a coat of protection to businesses allowing them to swim, breathe and grow, an unstable political environment batters businesses, shaking the life out of them and suffocating most of them”. Ehlers and Lazenby (2010), concur that the political decisions by governments have a tremendous influence on the operations of businesses in a country. It is generally accepted that a strong relationship exists between political and legal systems of a country (Louw and Venter, 2013). The political instability of Zimbabwe is characterised by the Indigenisation policies, excessive direct and indirect taxation and unreliable energy power supplies. There are also high levels of corruption in Zimbabwe (Laiton, 2014). There have been a lot of accusations being levelled against top officials for being corrupt (Laiton, 2014). According to ZimSitRep (2014), the Zimbabwe’s government intention to deepen its involvement in business as proposed in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) policy document, also appears likely to increase the running costs of existing business. This will further add to the reluctance of new investors to invest in the country’s economy.

**Methodology**

A qualitative design was used in this study. The qualitative research approach was ideal since it best captured the experiences of the entrepreneurs concerned, highlighted their narratives, perceptions and the challenges they face in operating their business in Zimbabwe’s volatile business environment. Ten participants took part in the study. The study followed a census approach hence no sample size was drawn for the study. They are approximately 40 franchised fast food outlets in Harare and the majority of these outlets are multi owned franchised units. For example Vinal Investments owns the three Mugg
and Beans, two Ocean Baskets and two News Cafe’s and Smooch outlets in Zimbabwe located in Harare whilst all the 13 Nando’s and eight Steers outlets are owned by Innscor Group and the three KFC branches are owned by Country Bird Holdings (McCrea and Pinchuck, 2000; Mbanje, 2014; Innscor, 2013). This therefore, made it possible to follow the census approach for this study during the data collection phase.

Face to face semi-structured interviews were used to collect data as they vividly captured the views of the participants through the use of an interview guide. This data collection method was ideal as it provided the researcher the opportunity to probe further and get the finer details of the feelings and perceptions of the respondents. A thematic analysis research method was used to analyse the transcribed interviews from the respondents.

**Findings and Discussion**

Given below are the study’s findings and a discussion.

**Regulatory constraints**

All of the respondents indicated that they encountered regulatory challenges when they opened their businesses. These regulatory constraints pertain to the registration of their business, regulatory requirements and obtaining operating licences. Prospective fast food business entrepreneurs in Zimbabwe are required by the Municipal Authorities to obtain the Take Away licence and or the Restaurant licence before they start or resume operating their businesses. Most of the fast food business entrepreneurs require both the Restaurant and the Take Away licences for their entrepreneurial ventures. The Take Away licence allows the fast food providers to sell their meals to customers but the customers are prohibited from eating or enjoying the meals within the fast food provider’s premises. With the Restaurant licence the fast food business entrepreneurs sell their meals to customers who must eat their meals or enjoy their meals within their premises.

Franchise entrepreneurs prefer to offer both sit-in service and take away services and must be in possession of these two licences for them to operate their businesses in that manner. However, issuing of these operating licences by the Harare Municipality to the entrepreneurs takes a long time which causes delays in them opening their fast food outlets. The findings of the study are in line with Mandizha’s (2015) explanation that the delays in issuing the licences by the Harare City’s Council Authorities accounts for half of the burden of starting a business in Zimbabwe as measured by the World Bank in doing business in Zimbabwe. The Harare City Council accounts for four out of the nine processes involved in setting up a business and these processes add up to 54 (60%) days of the 90 days that business entrepreneurs take to complete a business registration in Zimbabwe (World Bank, 2015). Therefore the Harare’s City Council can be seen as hindering the growth of franchising businesses in Zimbabwe’s volatile business environment.

The majority (70%) of the respondents noted that the prices charged for acquiring licences are very expensive for them and they do not reflect the state of the Zimbabwean economy. The following remark was recorded when obtaining franchise entrepreneurs’ responses:

“Operating licences are very high, they need to be revised downwards to reflect the state of the Zimbabwean economy. The prices have not been revised downward ever since the dollarisation of the economy”.

This is against a background where majority of the fast food businesses are finding it difficult to operate due to the lower disposable income. It becomes expensive for businesses to pay for operating licences as they are recording lower sales revenues and profits under Zimbabwe’s depressed business environment. A further analysis of the total costs involved in a business set up in Harare shows that the municipal licences costs 60% ($564) of the USA $940 of the costs incurred to set up a new enterprise in Zimbabwe (Mandizha, 2015). This evidence clearly shows that the municipal licences processes and their costs greatly hinder the progress of business setup in Zimbabwe as the Harare City’s Municipal licence procedures contribute to the bulk of Zimbabwe’s regulatory burden (Mandizha, 2015). This makes the business environment of Zimbabwe less viable for investment and hampers the establishment of more fast food outlets. Sanderson (2014) confirmed that the business operators in Harare owe the city council more than USA $200 million as they are failing to pay for their shop licences and rates in time.
Lack of government support

The majority (90%) of the respondents believe that the government does not have a positive interest in their business activities and also indicated that their businesses have never benefitted from any government policies. These business interests relate to ensuring a conducive environment favourable to their business investments which also makes it easier for them to operate their businesses normally. The following remark was recorded:

“No. I personally feel that the laws that protect the interest of the business people are very few and are not being fully implemented. For example not enough has been done to help reduce the long processes in the issuing of business licences, Municipal Licences and in fighting corruption. The government has also failed to help promote the growth of franchising”.

It can be clearly seen from the above excerpt that the business environment that franchise entrepreneurs are operating is very volatile and characterised by high levels of corruption in the issuing of business licences and municipal licences. The respondents felt that the failure of the government to halt high levels of corruption in issuing licences is an indication of the government having little concern for their business activities. The study confirms the observation made by Conrad (2015) that the high levels of corruption in Zimbabwe are destroying the economy. Entrepreneurs are finding it difficult to operate in the prevailing business environment that seems now to have developed a culture of corruption, bureaucracy and unfriendly regulations.

Higher rates of unemployment

High rates of unemployment reduce consumer spending towards fast food meals as more and more people depend on the income of a single individual. 60% of the respondents indicated that their sales revenue has dropped due to the growing rate of unemployment. One of the respondents indicated that:

“We are experiencing a reduction in my business sales revenue since some of our customers have lost their jobs this year whilst some have had their salaries reduced”.

The prevailing economic conditions in Zimbabwe force the majority of the Zimbabwean population to spend less on fast food outlets meals. Consumers can only afford to buy basic needs, reducing their spending towards fast food meals as they perceive these to be luxurious activities. This is in line with Moyo’s (2014), explanation that the majority of the government workers (civil servants) cannot afford anything except basic food stuffs in Zimbabwe. Franchise operators in Zimbabwe are faced with a challenging trading business environment compounded by lower disposable incomes. The findings corroborate Chimhangwa (2014) who indicated that Innscor, a dominant player in the fast food industry in Zimbabwe, had to close some of its branches which were recording losses as a result of the continuous reduction in the disposable income of workers. This is also confirmed by Mangudhla (2012), who indicated that Innscor had to lower their prices in order to stimulate sales against a backdrop of low disposable incomes for the Zimbabwean workers.

Finding suitable and convenient places for location of businesses

A prerequisite to be a successful fast food entrepreneur world-wide is to be conveniently located especially in the shopping malls and complexes where most of the customers may have access to the outlet and feel that it is a safe place to enjoy their meals. This is confirmed by Mboweni de Klerk’s (2008), explanation that a convenient location of a restaurant is one of the diverse range of drives, motives, reasons and factors that determine the popularity of fast food outlets. Most of these areas in Harare have already been occupied by well-established franchise operators. They have already occupied strategic locations in some of the shopping malls that are still in construction hence making it difficult for new entrants to fully establish themselves through locating at areas that lure more customers. One of the respondents noted the following:

“I get a whole stampede of property owners, developers and shopping mall owners who want me to open any of the franchised brand names under my name at their places. Some of these places are Arundel were we are going to open a Mugg and Bean and a News Cafe at Fife Avenue”.

The above is a clear indication that property owners in Zimbabwe give preferences to renowned and established franchised brands mainly the international brands as they have better chances of surviving and attracting customers in these malls. This makes it difficult for local franchise brands who are still establishing themselves and are not yet fully known in Zimbabwe’s business environment to find places suitable places to locate their restaurants. The findings confirms Porter’s (2006) assertion that the demand side economies of scale arise with customer loyalty to long established companies as well as
the drawing more customers and other service providers such as property developers and shopping mall landlords for organisations with an already established customer base.

Effect of electricity power supplies

The majority (80%) of the franchise entrepreneurs interviewed noted that their businesses are hugely affected by the electricity power cuts. They stated that the power cuts have severely affected their businesses as they have to spend more money on fuel for their generators in order to continue operating when there is load shedding. The following remark was recorded during the interviews:

“We are currently relying on our generators as the power cuts are very frequent this year as compared to other years”.

The above is clear testimony to the prevailing situations in Zimbabwe regarding to the electricity supplies in the country. The findings are in agreement with Mhlanga’s (2015) explanation that Zimbabwe has been experiencing crippling power shortages, with national demand at peak periods estimated at 2 200MW, against available generation of about 1 000MW. This leads to massive load shedding being experienced by most residents including the formal businesses going for up to 18 hours without electricity (Zuze, 2015). With the prevailing load shedding franchise businesses in Zimbabwe have been forced to have back-up plans in forms of electricity power generators to ensure that they continue operating normally when they experience power-cuts.

In support of the above another respondent noted that:

“We sell pizzas and their nature demands a constant supply of electrical power. Hence our generators automatically start when there are electricity power cuts. Our ovens cannot lose power for more than a minute whilst preparing pizzas. If this happen we have to throw away the pizzas as they would be of poor quality”.

The above is typical; more or less universal perhaps. Franchise businesses must have generators as they do not want to waste product or lose their customers to other fast food outlets. Failure to have standby generators leads to losses as the meals in the process of being prepared have to be thrown away as they become sub-standard, deformed or of such low quality. Some of the load shedding in some areas last for longer periods so if they were to close their shops they risk losing customers to other competitors. So clearly, electricity power shortages are having a negative effect on the costs of operations of franchised businesses in Zimbabwe.

Water shortages

Forty percent of the business also indicated that their businesses are greatly affected by the water supplies. The following response is notable:

“Water cuts are very frequent in this area, especially in the morning between 7am and 10am. Despite the frequently water cuts we still receive expensive water bills as if we are receiving normal water supplies”.

The above shows that persistent problems of water supplies are affecting franchise entrepreneurs as they have to back up water supplies to ensure that their businesses continue to operate normally. Water is very important for fast food operators as it enables franchise operators to keep their places clean and hygienic. Continuous water supplies ensure that hygiene is maintained in the toilets as water is needed when cleaning the toilets and its mixture with cleaning materials helps to prevent offensive smells. In Harare, the water distribution system was built long before independence in 1980 and has gone without proper maintenance for many years. Its pumps have an expected lifespan of between 15 and 20 years but have not been replaced since they were installed (Mangizvo and Kapungu, 2010). This means that the water systems are dilapidated and continuously break down. As a result, residents and businesses in the city go without water for more than twelve hours daily (Mhlanga, 2015). Thus franchise businesses operating in Zimbabwe are severely affected by water shortages.

Capital for growth

Majority of the respondents (80%) shared the common perception that their businesses do not have adequate capital for growth. They all indicated that they want to expand their businesses but their growth ambitions are hampered by lack of adequate capital. The respondents shared these common views:

“We do not have adequate capital for growth. We would like to open more branches for our businesses in Harare but we do not have sufficient funds to invest or start up or set up a new branch”.

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“We are trying to set up a new branch in Harare but lack of sufficient funds is hampering the opening of the new branch”.

The above confirms the findings of Gangata and Matavire (2013), and the Reserve Bank of Zimbabwe (RBZ) (2006), that lack of adequate capital is one of the major constraints and continues to be a significant impediment to the creation, survival and growth of many businesses in Zimbabwe. The above findings contradict Niemann and Nieuwenhuizen’s (2009), assertion that banks and other financial institutions are now aware that the odds for business success are far more favourable for franchised operations than for their independent counterparts. But given the current economic conditions in Zimbabwe, franchise fast food entrepreneurs do not have adequate funds for growth and are in need of external funds.

Even though the Reserve Bank of Zimbabwe lowered the interest rate, franchise fast food owners still face many challenges with obtaining funds to finance their business growth ambitions. The following remarks were made regarding the availability of external funds to the franchise entrepreneurs:

“The application procedures are very long and these financial institutions are always demanding collateral security which I do not have”.

The majority (80%) of franchise fast food owners face challenges in their attempts to secure external funds for their growth. The above is indicative of the franchise operators’ inability to provide collateral security to financial. The franchise entrepreneurs feel the current interest rates to be too high despite the fact that they were recently revised downwards. The findings are endorsed by Gombarume and Mavhundutse (2012) with respect to challenges faced by SMEs in Zimbabwe which highlighted the cost of borrowing funds, terms and conditions of borrowing coupled with a cumbersome process to be followed in applying for financial assistance is one of the reasons why businesses fail to get assistance from financial institutions.

Costs of labour on profitability

There seemed to be a general consensus that the costs of labour in Zimbabwe are very high at the moment for the majority (80%) of the franchise entrepreneurs. The following remarks are notable:

“Our labour costs are not indicative of the prevailing economic conditions. They are very expensive which leaves us with less profit as we try to charge lower prices for our meals”.

Taking into consideration responses such as above it can be concluded that the labour costs are very high for the majority of the franchise fast food owners, hence there should be a downward revision of the Zimbabwe’s labour cost structure. A respondent indicated that the reason for the higher labour costs structure may be attributed to:

“When we migrated from the Zimbabwean dollar to the multi-currency most Zimbabweans remained with the mindset of a hyperinflation era such that many people viewed the United States dollar as equivalent to the hyper inflated Zimbabwean dollar”.

As evidenced by the above statement the general feeling among franchise fast food owners is that workers in the fast food business are overpaid in the present business environment. This is supported by Makichi (2014), who concluded that there is no correlation whatsoever between production and remunerations in Zimbabwe. The Zimbabwean labour costs are very high because their cost structures are centred on the poverty datum line of USA $500, the highest in the region which cannot be matched in the current operation of major companies in Zimbabwe (Makichi, 2014).

Conclusion

Franchise entrepreneurs in Zimbabwe face a problem of “red tape”, that includes strict business registration processes and issue of licences. There is a lack of government support towards the growth of franchised businesses. The biggest challenges faced by franchise entrepreneurs are lack of capital for growth and severe electricity interruptions. Less renowned franchise businesses face difficulties in securing convenient places to locate their business as compared to well established and renowned franchise brands.

Recommendations

The government must play an active role in reducing the total costs incurred when starting up a business and the number of days taken to start up a business. Zimbabwe currently stands at 180 in the ranking of 189 economies on the ease of doing business. The procedures for registering a new business need to be
reduced from the current 90 days. A reduction in the above will help to attract more investors into the country.

The government should ensure that shopping complexes and malls do not receive any power cuts to ensure that franchise restaurants do not incur huge expenses associated with fuel costs, maintenance and repairing of generators. Load shedding must only be limited to households whilst business complexes, shopping malls and garages where some of the restaurants are located must be spared from load shedding.

Franchise entrepreneurs must search for other alternative sources of finance which are less expensive and do not follow rigid procedures to finance their growth ambitions. These alternative sources of finance include borrowing from family members, selling their personal assets, and partnerships with other franchisees.

The government must try to attract new investors through incentives such as tax relief on franchising businesses. These tax incentive schemes may include exempting new franchised businesses from paying taxes for a certain period for example for the first 5 years. The government must be clear on its position with the Indigenisation policy in order to boost more investors. Many investors are unaware of whether the policy still requires foreign investors to surrender their 51% majority ownership to the locals or not.

The government needs to promote a good investment climate by eliminating bureaucracy, unfriendly business regulations and by fighting corruption to encourage the growth of franchising phenomenon.

The government must adopt the franchising business model as a tool for economic development. The government must establish a vibrant franchising board in Zimbabwe. This will lead to passing better franchising laws and developing supporting programs such as conferences and exhibitions for franchise entrepreneurs to enhance their growth. This will also necessitate that the contribution of franchising to Zimbabwe’s GDP is well measured, calculated and documented, as currently the contribution of franchising businesses to the country’s GDP is unknown.

The Harare City’s Municipality must speed up the process of issuing operating licences to business. The Harare City Municipality’s slow and long processes cause delays in opening of many businesses. Therefore the City authorities must eliminate its bureaucratic procedures and make more resources available for inspectors to use when they are inspecting business premises that are involved with applications for operating licences. The Harare City’s Municipal must revise downward its operating business licence costs to make them more affordable to business entrepreneurs.

Reference List


Turkish Instructors’ Perceptions of Drop Out Issues in MOOCs

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Abstract

MOOC (Massive Open Online Course) is an innovative education platform and a current buzzword in higher education. Although MOOCs offer many appreciated learning experiences to learners from various universities and institutions, they have considerably higher dropout rates than traditional education. Only about 10% of the learners who enroll in MOOCs actually complete the course. In this case, perceptions of participants and a comprehensive analysis of MOOCs have become an essential part of the research in this area. This study aims to explore the MOOCs in detail for better understanding its content, purpose, and primarily its drop out issues. The researcher has administered an online questionnaire to get perceptions of instructors in their learning experiences in MOOCs and arranged semi-structured oral interviews to get detailed information from some participants. The participants are Turkish instructors at Anadolu University. The findings will be discussed in detail.

Keywords: distance education, MOOCs, drop out, perception
Mobile and Social Networking Technologies for Teaching and Learning in South African Universities
“A Case Study of the University of Venda and the University of Limpopo”

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Abstract
This research investigated the perceived benefits and barriers to the application of mobile and social networking technologies in South African Higher Learning Institutions (HLIs). A quantitative orientation was used in carrying out the study through self-administered questionnaires and a descriptive quantitative method of analysis was applied. The research population consisted of students and lecturers at University of Venda (Univen) and University of Limpopo (UL) and a sample of students and lecturers from both universities participated in this study. The study seeks to add to the limited body of literature concerning barriers faced by HLIs within the education sector by examining how HLIs in South Africa can usefully adopt mobile and social networking technologies. The results showed that indeed HLIs in South Africa enjoy some benefits through the use of mobile and social networking technologies which makes students and lecturers enjoy virtual learning. The results also confirmed that HLIs in South Africa are faced with various barriers affecting mobile and social networking technology adaptations. Five noteworthy barriers were identified namely 1) poor connectivity, 2) security problems, small 3) screens, 4) lack of equipment and technology and 5) lack of training among users. Benefits which were identified include 1) improved participation, 2) improved communication between students and lecturers and 3) enhancement of teaching and learning processes in HLIs. The results also showed that indeed HLIs in South Africa enjoy some benefits through the use of mobile and social networking technologies which makes students and lecturers enjoy virtual learning. The results also confirmed that HLIs in South Africa are faced with various barriers affecting mobile and social networking technology adaptations. Five noteworthy barriers were identified namely 1) poor connectivity, 2) security problems, small 3) screens, 4) lack of equipment and technology and 5) lack of training among users. Benefits which were identified include 1) improved participation, 2) improved communication between students and lecturers and 3) enhancement of teaching and learning processes in HLIs. The research has resulted in the recommendations to HLIs to be aware of the major Learning Management Systems (LMS) which they should use together with social networking platforms to successfully gain the full benefits of using mobile and social networking technologies in the education sector.

Key Words: Mobile and Social Networking Technologies, Higher Learning Institutions (HLI), Learning Management Systems (LMS)

Introduction
The mobile phone industry is distinctive in its level of technological change. New handsets are emerging in the market daily and these mobile handsets are offering a wide range of services (Banks and Burge, 2004). The mobile phone is now turning into an important information communication device aided by a number of applications such as the Short Message Services (SMS) as well as the internet (Banks and Burge, 2004). In most developing countries including South Africa, mobile devices are certainly changing society. Together with other types of Information Communication Technologies (ICT), the mobile phone is conveying teaching and learning opportunities as well as presenting security and cost challenges to students and lecturers (Banks and Burge, 2004). As with many other technologies, the Internet has a great impact on Higher Learning Institutions (HLI). The internet can provide a direct connection between universities and students by creating a virtual learning environment (Leung and Wei, 2000). Leung and Wei (2000) identified motivation factors for the use of the Internet as:

- 24/7 accessibility (ubiquity)
- information rich and update
- seeing/comparing options
- global reach
- control over decisions
The term mobile social networking is an extension of social networking where individuals with similar interests converse and connect with one another through their mobile phones and/or P/C tablets and expand the use of existing social networks to create native communities and promote discovery and web-based social networks to take advantage of mobile features and accessibility (Xinjiang Lu, Zhiwen, Bin, and Zhou, 2014). However, m-learning or mobile learning is simply defined as “learning across multiple contexts, through social and content interactions, using personal electronic devices” (Rabson and Renhart, 2014:14). Therefore, it can be seen as a form of virtual distance education, which facilitates m-learners to use mobile device for educational purposes at any time and any place. It is important to note that modern day universities are promoting cloud based technologies where a number of internet services for different HLIs are hosted and serviced by a particular outsourced larger server. Such technologies are appreciated and IT support is being decentralised. Adoption of cloud based applications and services are altering the ways we:

- configure and use software
- configure file storage and
- conceptualize functions (Cross and Madiba, 2005)

Such can be seen in the case of universities which can now use Learning Management Systems (LMS) such as the “Blackboard” at the University of Limpopo. The (LMS) will soon be fully established at the University of Venda. However, challenges remain and are specifically linked to the issues of privacy and sovereignty although promise of significant cost savings through easy access and easy availability of information among students and lecturers are important drivers to such LMS development. There is a need to support growing numbers of students in universities with HLIs across the world looking for ways to control costs while providing quality services to the modern dynamic market.

Consequently, mobile computing seeks to integrate mobile devices (smartphones, personal digital assistant (PDAs), iPods and P/C tablets) into our daily lives. Currently, mobile learning integrates advances from electronic learning and mobile computing (Magrath and McCormick, 2013). This creates and completes the most important role of mobile and social networking technologies in virtual learning which is to build a teaching and learning platform where lecturers and students can enjoy teaching and learning at any place and any time. The virtual teaching and learning platforms eliminates boundaries created by the traditional classroom and extend virtual teaching and learning by bringing the concepts “anytime and anywhere” to certainty. The ultimate goal is to provide learners with better learning experience in their daily learning environments (Leung and Wei, 2000). The required course outlines or study guides can be uploaded on a Learning Management System or a social network platform by lecturers. Students gain access to the learning content and interact with their lecturers whenever they need it in different areas of life, regardless of space and time.

Cross and Madiba (2005:10), note that, “previously social networking technologies at universities were used for the following activities:

- To keep in touch with old friends
- To chart the university experience through the posting of photographs and group chat for virtual friends
- Planning social events
- Joining university groups
- Keeping up to date with what is happening socially with peers currently at the university, and
- To create social links with others at university, thus enriching their socialisation process.”

However, with more technological advancement, social networking blended with m-learning are providing universities with new experiences in the learning and teaching environment both formally and informally. Social networking may help universities to build and sustain bonds between people, making people go onto it for educational purposes. Moreover, social networking technologies are now increasingly used by students for contacting other students to organise group meetings for academic project work, revision and coursework queries. The use of social networking technologies has now
become more than just a social network in the sense that for some students, it is now an informal educational network as well.

The study was guided by the theoretical work which was discussed by Slewyn, (2010) which identified the key features of social networking technologies and their significance to contemporary higher education. Slewyn claimed that growing numbers of educationalists are now considering the possible significance and likely implications of social networking technologies for teaching and learning practice. He described social networking technologies significance in HLIs along at least three different lines. Arguing our cases based on these three lines namely social networking, new types of learning and social networking and new forms of higher education provision. Educationalist can clearly understand social networking technologies and their significance to contemporary higher education.

The literature available also identifies that there is great acceptance and fast growth of Social Networking Sites (SNSs) representing a unique opportunity to develop the connections of students to a deeper understanding of different culture (Reuben, 2014). Given the global growth and the highly social nature of SNSs, the social connections of students in South Africa might be influenced by SNSs. Students in South Africa use SNSs to connect with their social networks both in native lands and South Africa. These interactions allow them to become acquainted with educational system modifications and help them to adjust in their new environment. Students at different HLIs encounter cultural differences, academic challenges, and psychological and social adjustments (Meti, 2014). Formation of SNSs groups facilitates exchange of ideas and concerns. SNSs may be advantageous if tools could be delivered to encourage diverse interaction by SNSs, such as Facebook as well as designing of mediums for students and faculty to communicate informally about both educational and personal issues. Such implementations simplify connection between students and lecturers as well as providing a mechanism for building peer care among students. All these changes facilitated diverse activities provided by social networking platforms that supports social and academic development of students at different HLIs. Table 1 provided a list of activities supported by social networking site application and instances they are used.

Table 1: Type of Activity Supported by Social Networking Platforms

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Typical instances social network is used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Discussion</td>
<td>Twitter can be used during presidential election to protests and support presidential candidates of student representatives in HLIs using different languages to interact with large number of followers. Facebook can also be used to interact and discuss with a group of learners during a course in a semester or a term.</td>
</tr>
<tr>
<td>Organize Events</td>
<td>Young adults and students can use Facebook and Twitter online social network to send message and posters for important class events such as presentation dates and important test dates. Social movement for student politics and student representatives’ uprising may be organized using Facebook and Twitter with the activist leaders directing followers were to assemble at different location to facilitate cooperation. Posting of messages and images during the Educational campaigns can be done via Facebook by posting information and messages, images and video clip of the campaigns online.</td>
</tr>
<tr>
<td>Access Information</td>
<td>Professors, presenters and leaders of an educational conference can use Twitter feeds to access information on what was happening during and after the conference. The students at a particular Higher learning institution can access local journals as well as international journals posted created social media platforms such as Facebook. Other external information bodies such as UNESCO implemented a number of community radio programs which can be accessed freely on social network platforms to address social issues at a community level such as poverty and social exclusion, marginalized rural groups as well as</td>
</tr>
</tbody>
</table>
democratic processes and development efforts. Community radio provides an opportunity for any member of the community to initiate communication and participate in the program as well as adding on the abundance of information available for a particular student at an HLI.

| Publish opinions and receive feedbacks | University of Venda in South Africa and a number of HLIs in the country and around the globe have Facebook sites which can be used to discuss ongoing process of these HLIs development strategies pertaining to the growth and learning qualities of a particular University. |

Source: Alassiri, Muda, Ghazali and Ahamefula, 2014

Literature also supports the fact that, students and lecturers are increasingly partaking into virtual methods of connection hence they digitally communicate with each other in ways that would have been impossible only a few years ago (Osang, Ngole and Tsuma, 2013). Such forms of communications are facilitated by the undisputable penetration of mobile devices, PDAs, MP3 players, PC tablets, and laptops (Osang et. al, 2013). With such infiltrations in place HLIs are now looking for ways to integrate mobile computing into m-learning to make teaching and learning more manageable and convenient. A number of factors such as manageability, affordability and ease of use facilitated the adaptations of these devices. The devices allow lecturers to post or upload assignments while students may have access to learning material at any time and any place for example, students can use PDAs on field trips to collect, store, and analyse data on site. This is supported by Wankhade and Deshpande, (2015), who predicted a growth in the market of portable computing devices as well as e-books. Such developments indicate the growing need of mobile learning adaptations within HLIs. However, these technological advancements like e-books might come along with an e-book software and new usability standards. Such software and standards usually eliminates the widespread adoption of these applications in the near future.

Goal of the study

The study investigated the opportunities which mobile technological advancement is bringing to both universities (University of Venda and University of Limpopo) and students. It also looked at the barriers which are slowing down the rate of m-learning and social networking technologies adaptation by these universities. This was to help students, lecturers and non-academic staff members in conceptualizing mobile learning and social networking measures that enhance a student-oriented m-learning strategy in South African Universities. The study was guided by the following aims and research questions:

- To identify the aspects that promote growth of m-learning and usage of social networking technologies by University of Venda and University of Limpopo.
- To assess the negative impacts of social networking and m-learning in the modern day teaching and learning institutional environments with specific reference to University of Venda and University of Limpopo.
- To identify various social networking technologies that can be used by universities to facilitate learning and teaching of students.

Research Questions

- What factors are promoting the growth of m-learning and usage of social networking technologies in South African universities?
- What challenges have been faced by University of Venda and University of Limpopo in using mobile and social networking technologies to improve teaching and learning practices?
- What are the mobile and social networking technologies currently used by students at University of Venda and University of Limpopo?

Method

Participants and setting

The current study adopted a quantitative approach to test the different opportunities as well as barriers which affect mobile and social networking technology adaptations in South African universities. It is based on a non-probabilistic and self-selection sampling method, a convenience sample. More specifically, the data was collected by means of self-administrated questionnaire containing a list of
questions from students and lecturers. All the students and lecturers participating in the research were surveyed from University of Venda and University of Limpopo. One hundred and sixty students and fifty lecturers participated from the two universities (n= 84 students University of Venda, n=76 students University of Limpopo and n=25 lecturers from University of Venda and Limpopo respectively).

**Table 2: Research response rate**

<table>
<thead>
<tr>
<th></th>
<th>University of Venda</th>
<th>University of Limpopo</th>
<th>University of Venda</th>
<th>University of Limpopo</th>
<th>University of Venda</th>
<th>University of Limpopo</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Students</strong></td>
<td>100</td>
<td>100</td>
<td>84</td>
<td>76</td>
<td>84%</td>
<td>76%</td>
</tr>
<tr>
<td><strong>Lecturers</strong></td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>125</td>
<td>125</td>
<td>109</td>
<td>101</td>
<td>87%</td>
<td>81%</td>
</tr>
</tbody>
</table>

**Instruments**
To get an understanding of barriers affecting the development of SMMEs in South Africa participants completed a semi-structured self-developed-questionnaire.

**Procedure**
Permission to conduct the study was granted by the University of Venda Research Ethics Committee. Participants individually consented. They were assured of anonymity and confidentiality of the information to be obtained through a cover letter. Data were collected over a period of a month.

**Data analysis**
The descriptive quantitative method of analysis was applied in the study. Content coding was firstly done to change the open responses of the participants to descriptive data. The purpose of the coding was to classify responses into meaningful categories and then assign frequencies to the responses. Eventually, all the enumerated data was analysed using IBM Statistical Package for Social Sciences (SPSS) V 22.0.0.0.

**Results and discussion**
**Mobile Devices used by Students and Lecturers**
Three important devices used by students and lecturers in South African Universities were identified and analysed namely Tablets, I-Pads and Smartphones (see Fig 1).

**Analysis of Devices used by students and lecturers**

![Figure 1: Devices used in Higher Learning Institutions](image-url)
As depicted in Figure 1, 45% of the participants indicated that they use Tablets for interaction with peers and 30% indicated that they use Smartphones for the same purposes. 15% of the respondents indicated that they use I-Pads whilst 10% use other devices such as laptops and desktops for interaction with peers. The respondents expressed that tablets are very flexible mobile devices and they allow greater communication which is two ways and assists greatly in developing a stronger bond between the students and lecturers as supported by (Osang et al., 2013). Of the 30% who indicated that they use Smartphones, it must be said that the Smartphone is the best for students and lecturers as it allows messaging and calling services which were already being offered by the telephone and texting services on cellphones as reviewed by (Corbeil, 2014). In addition, smart phones calls are free when using WhatsApp calls, which is beneficial to students in their daily interaction. They also added that they use this service for conferencing calls and group talks among students or with students and their lecturers. Of the 15% who indicated that they use I-Pads, they were of the view that I-Pad is the modest gadget which at times allows for easy access of applications such as google books and new journals. The percentage is still low probably because the majority of South African students currently cannot easily afford to buy such devices. The 10% which indicated that they use other devices such as laptops and desktops to connect to their peers may represent old lecturers who are still lagging behind in terms of technology who do not have devices to assist them in information disseminations amongst other professional colleagues as well as their students.

Social Networking Sites Used by Students and Lecturers
Five major social networking platforms used by students and lecturers in South African Universities were identified and analysed namely Facebook, WhatsApp, YouTube, Twitter and LinkedIn (see Fig 2).

Analysis of social networking platforms used by respondents to communicate and share learning experiences with peers

Results shows that, 41% of the participants indicated that they use Facebook application on their mobile gadgets and 33% indicated that they use WhatsApp. 14% of the respondents indicated that they use YouTube whilst 9% use Twitter on their mobile gadgets and the remaining 3% use LinkedIn.

a) Facebook
Of the 41% who use Facebook, it might be of the reason that, Facebook has proved to be the leading social networking site and it has many added values that include photos uploading, updating school
events, special calendar dates and events. This supports the statement expressed by (Bullas 2012) which states that Facebook allows greater communication which is two-way and assists greatly in developing a stronger bond between the lecturers and students in HLIs.

b) WhatsApp
For the 33% who indicated that they use WhatsApp, it might be because that WhatsApp is the best for their units as it allows messaging and calling services which were already being offered by the telephone and texting services on cellphones. WhatsApp also allows free calls which is beneficial to students and lecturers in HLIs. WhatsApp calls is used more often to engage other students or lecturers so that information pertaining to the time and place of discussion will be clear to everyone. Such a service will also be used for conferencing calls and group talks with various experienced professors as well as different academia around the globe.

c) YouTube, Twitter and LinkedIn
The participants who indicated that they use YouTube, because YouTube is the current application and it allows students and lecturers to upload videos in their teaching as well as learning experiences which can be viewed by everyone online. The 9% who use Twitter may be of the view that creation of a following with whom you constantly interact with and exchange information with. Students and lecturers update their current and potential papers or topics to those who follow them. Of the 3% of indicated that they have LinkedIn in their facilities were of the opinion that LinkedIn assists them in information disseminations amongst other professional colleagues.

Benefits derived from using mobile and social networking technologies.
Three important benefits derived from using mobile and social networking technologies by students and lecturers in South African Universities were identified and analysed namely improved teaching and learning, improved communication, and enhanced participation (see Fig 3).

Analysis of Benefits derived from using mobile and social networking technologies.

![Figure 3: Benefits enjoyed by students and lecturers](image)

According to Figure 3, most of the respondents indicated that they derived some sort of benefit from using mobile and social networking technologies in their HLIs. The respondents were asked to show the extent they agree to the fact that they are enjoying some benefits when using mobile and social networking technologies for teaching and learning. These benefits included improved teaching and learning (agree, 92%, 4% neutral and disagree, 4%), improved communication (agree, 88%, 3% neutral and disagree, 9%), and participation (agree, 78%, neutral 17% and disagree, 5%).
a) Improved teaching and learning

It is important to say that majority of the students and lecturers about 92% in the survey supported the fact that mobile and social networking technologies improve teaching and learning in HLIs. Such technologies enhance teaching and learning because of the availability of more information on the internet which students and lecturers can access freely and easily. The problem will be if these lecturers and students are able to select information which is relevant to their studies.

b) Improved communication and enhancement of participation

Mobile and social networking technologies are also improving communication in HLIs as seen by 88% of the respondents who agree to this fact. These technologies provide a two-way communication link between students and lecturers in the form of chat rooms and discussion groups. Students and lecturers are now encouraged to strongly participate in academic advancement programs which are found online. This is supported by 78% of the respondents who agreed to the fact that there is increased participation in the usage of these platforms for educational purposes in HLIs.

HLIs can also use mobile and social network platforms for advertising, although the core purpose of their creation is networking. The SNSs can also be used to market both the courses offered at an HLI and wide range of benefits which people accrue by enrolling at a specific HLI. These packages and any upcoming specials are uploaded and updated on the various sites especially Facebook and twitter. Other activities such as online registration and market intelligence can also be enjoyed by HLIs who successfully implement mobile and social networking technologies. The problems which are associated with these benefits are discussed in the next series of results.

Challenges Faced by Lecturers and Students

Seven eroding barriers derived from using mobile and social networking technologies by students and lecturers in South African Universities were identified and analysed (see Table 3).

Table 3: Challenges faced by lecturers and students

<table>
<thead>
<tr>
<th></th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distraction</td>
<td>52</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>Small Screens</td>
<td>54</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>Connectivity and Battery Life</td>
<td>57</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Lack of Technology</td>
<td>86</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Viruses</td>
<td>64</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>Training</td>
<td>70</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Poor connection</td>
<td>67</td>
<td>11</td>
<td>22</td>
</tr>
</tbody>
</table>

The results in Table 2, indicated that most of the respondents encountered some challenges using mobile and social networking technologies in their universities, especially network and connection related problems. The respondents were asked to show the extent to which they experienced challenges when using these technologies. These challenges include, distraction (agree, 52%, 11% neutral and disagree, 37%), small screens of the gadgets (agree, 54%, 24%, neutral and 22% disagree), connectivity and battery life (agree, 57%, 16% neutral and 27% disagree), lack of technology (agree, 86%, 5% neutral and disagree, 9%), Viruses (agree, 64%, 22% neutral and disagree, 14%), training (agree, 69%, 10% neutral and disagree, 20%) and poor connection (agree, 67%, 11% neutral and disagree, 21%)

As for the respondents that cited connectivity as well as poor connection, such respondents usually experience delays in information retrieval as well as poor download times when trying to access journals or books on the internet. Furthermore, it was observed that long download times and poor connectivity frustrates students and lecturers to the extent that they end up preferring the old traditional systems of teaching and learning. Of the respondents that cited small screens of gadgets as a problem, it might be...
because a lot of lecturers and students lack confidence on their small smart phones with small screens. Students and lecturers fail to read and analyze diagrams properly which they would have downloaded due to small screens. However, it must be said that the introduction of P/C tablets is clearing this problem since such devices are designed with bigger screens. Whilst the rest of students and lecturers cited the above mentioned issues, those who cited viruses are mainly concerned with the insecurities of online internet systems on social networking sites. They probably have a lot of security concerns on the social media network system. Although the platforms make information readily available to both lecturers and students and also increase information density around HLIs campuses they usually fail to provide any security systems which helps student and lecturers. Usually students’ data can be attacked by viruses or other malicious ware and some documents on the internet will fail to open due to such forms of attack. However, data can be encrypted or students and lecturers can use antivirus to minimize the impact of all these problems.

Other respondents’ results indicated training needs as one of the major challenge of using and adoption mobile and social networking technology in HLIs in South Africa. This might be attributed to the belief of the South African HLIs users who lacks confidence in the usage of these technological advancements. The main reason might be because many have a tendency of a wait and see attitude which make them not seriously commit to the upcoming and ever-changing technology. Most of the HLIs senior executive personnel is reactionary and not pro-active to capitalize on the new technologies. This group was of the opinion that management itself needs to be trained and educated so that they take it seriously to the extent of including such technological goals in their long term plans if HLIs are to succeed in the adoption of mobile and social networking technologies. On the hand, those who mentioned distraction as problem are concerned with the abuse of social networks by students and lecturers in the use and adoption of mobile and social networking technologies in HLIs. Students and lecturers tend to abuse and concentrate much of their time on personal servicing rather information sharing and retrieval for teaching and learning when logged on to social networks making it a challenge to measure the success of these networks. Lastly those who indicated lack of technology referred to the resources. Usually students and lecturers are not capacitated with the adequate resources by the HLI to be in a position to implement or apply the mobile and social networking platforms. Another problem linked to lack of technology is infrastructure, the respondents believe that there is need for adequate state of the art and upcoming infrastructure for successful implementation of mobile and social networking technologies in South African HLIs. Some of the equipment include tablets (which were issued out to all students at Univen), iPads and mobile smartphones that allow easy and quick access to internet access.

Conclusions and Recommendations
Mobility as discussed in the research uses wireless networks to connect cell phones as well as handled devices to connect to the web. It is important to say that in this era every industry should be abreast to all the new technological advancement that they fight off competition and stay in the market. The study clearly aimed at identifying and understanding the various mobile and social networking technologies that can be used by different HLIs in South Africa. Thus the research objectives were mainly to identify the various mobile and social networking technologies that can be utilized by different HLIs across South Africa in facilitating increased adaptations as well as the challenges which HLIs have been facing in adopting mobile and social networking technologies for teaching and learning and the benefits and costs they incur in the process. There are many social networks which can be used by students and lecturers in developing their curricula and improve teaching and learning some of which include Facebook, Twitter, WhatsApp and YouTube and the majority of students and lecturers use them and spend most of their time connected on them.

- Challenges which include infrastructure, small screens of devices, poor connection and lack of technology were also revealed in the research findings.
- It was also revealed in the study that HLIs would incur internet and infrastructure development costs, they also stand to benefit in terms of improved teaching and learning, improved communication between students and lecturers and publicity as well as increased participation.

From the study it can be concluded that there are three basic areas which are underlying the study of mobile and social networking technologies in HLIs namely, technology, students and the lecturers. HLIs who consider mobile and social networking technologies learning management systems applications need to understand the information technologies upon which it is built, including the internet and World
Wide Web (www), and a host of complementary technologies- personal computers, local area networks, client server computing, packet switched communications, protocols such Internet Protocol (IP), GML among others.

While providing infrastructure HLIs should also understand the teaching and learning improvements which are associated with mobile and social networking technologies. This will in turn leads to extraordinary lecturers and students being produced by a particular HLI that creates an interest and excitement in mobile and social networking adaptations in HLIs. Lastly students and lecturers are critical for the success of mobile and social networking adaptations, primary societal issues which affects students and lecturers includes intellectual property of information which they post on the web, individual privacy and public policy. An understanding and analysis of these three major aspects by HLIs will help them in conceptualizing mobile and social networking technologies. This instils the student/lecturer-oriented mobile learning strategies in their HLIs.

The research also clarified the major barriers facing HLIs and answers the research question in which practical recommendations can be easily made on how HLIs can adopt mobile and social networking technologies and use them successfully to meet the ever changing modern day teaching and learning systems. Strong analysis should always be made on the eroding barrier pertaining to mobile and social networking technologies, HLIs should carefully look into the limitations of mobile learning before engaging to mobile and social networking teaching practices and various learning management systems. Bandwidth limitations, network architecture limitations, small screens of gadgets, high initial cost and security problems where a major highlight from the survey.

It is imperative for HLIs to make careful considerations on the cost benefit analysis before engaging into mobile and social networking technologies. Another special problem which HLIs are facing concerns those lecturers and students who are resistant to change, probably because of fear of the unknown. Such students or lecturers must be educated about the benefits of mobile and social networking technologies in improving teaching and learning. From the survey we also can safely conclude that strong infrastructure coupled with strong bandwidth and management skills are a prerequisite for successful mobile and social networking technologies adaptations in HLIs across South Africa.

**Recommendations**

In the light of mobile and social networking technologies improving teaching and learning in the South African education sector. Implementing such technological breakthrough by HLIs need to be strategic that all the practices will be successfully understood and adopted by lecturers and students. The literature review and the empirical results of this study revealed that HLIs face challenges in their attempts to implement mobile and social networking technologies and some of the challenges facing HLIs are a result of their inherent characteristics and also perceptions of the students and lecturers.

There appears to be a strong relationship between usage of social networking technologies and HLI’s improvements in teaching and learning. Recommendations will be directed towards HLIs mostly and towards students and lecturers

**Recommendations for HLIs**

- It is recommended that HLIs should understand early years of mobile and social networking adoption were a technological success, with the digital infrastructure created to sustain growth and improvements of the education sector. This will help HLIs in conceptualizing all the important aspects underlying mobile and social networking technologies.
- HLIs should also be aware of the major learning management systems which they should use together with social networking platforms to successfully gain full benefits of using mobile and social networking technologies in the education sector.
- The three principals underlying mobile and social networking technologies in HLIs (technology, students and lecturers) should be carefully analysed at all by the specific HLI so as to understand if there are training needs as well as to integrate such needs into the mission of the HLI. If HLIs fail to take cognizance of the above fact implementations of mobile and social networking technology at a particular HLI might not be successful and costly.

**Recommendations for students and lecturers**

- Lecturers and students should always be willing to learn and should not be resistant to change such that they also get used to changes brought to them by their HLI.
Students and Lecturers should have strong relations with their HLIs that they will be included in strategic planning of HLIs such that integration of new mobile and social networking learning systems with traditional learning systems will be easy and smooth.

**Recommendations for further studies**

There is high potential that mobile social networking technology will continue to propagate through all education systems, with greater needs for students and lecturers to be well acquainted to all the technological breakthrough in the system. Research can be explored on the regulation of mobile and social networking technologies in HLIs and the Web by the South African government. Such a survey will bring out best analysis of security issues as the major threat to mobile and social networking adaptations and provide for answers on the best ways to assure secure downloads on the web by lecturers and students.
References


Customer-Driven Benchmarking: An Innovative Approach to Evaluating Customer Experience

Hamed M. Shamma, The American University in Cairo, Egypt

Abstract

Research Gap

Most benchmarking practices used by companies are based on comparing financial and operational indicators with that of the leader in the market. Comparing financial and operational indicators may not be enough to meet the needs of today’s demanding customers. Thus, it is important to think of benchmarking methodologies that will help improve the customer experience. This paper proposes an innovative approach for benchmarking the customer experience. ‘Customer-driven benchmarking’ is the approach that captures changes in customer’s expectations and subsequent changes in service standards set by “experienced customers as best practice.”

Literature Review

This paper is based on examining the current literature on benchmarking and suggesting an innovative approach for benchmarking; one that sets the standards set by experienced customers as the basis for benchmarking. The customer-driven benchmarking approach is one that will help companies to continuously improve and advance their service levels to meet the needs of the sophisticated and ever-demanding customers.

Expected Outcomes

The use of customer-driven benchmarking is expected to provide companies with ways for learning from experienced customers. This approach is expected to result in developing innovative and value-added services that exceed customer’s expectations. Consequently, this will encourage companies to have a culture that promotes innovation which should help a company become a leader in the market.

Managerial Implications

Customer-driven benchmarking is a strategic tool that provides companies with innovative methods to lead in the highly dynamic and competitive marketing environment. It requires companies to be prepared to align their resources, processes and people in ways that will meet and actually exceed the standards set by experienced customers.

Keywords: Customer-Driven Benchmarking, Innovation, Customer Experience
The Use of Accrual Accounting Information for Policy Makers and Managers in State Universities: First Reflections on the Italian Reform

Giovanna Lucianelli, University of Rome "Tor Vergata", Italy

Abstract
After a long academic debate and a shorter legislative process, the Italian government (Legislative Decree No. 18/2012 and Ministerial Decree No. 19/2014) requires state universities to adopt accrual accounting. Some authors say that the use of accruals will mean that university managers and policy-makers will be more aware of the immediate and longer-term impact of their decisions on financial and economic results. They consider the introduction of the new system as an important step towards a more sustainable higher education sector (Agasisti and Catalano, 2013).

Actually, these new accounting rules open the door to some further reflections about introduction of business principles and practices into public organizations. Looking at other countries like New Zealand and Australia, that have more than 25 years of experience of business-style accrual accounting at central government level, we can observe some critical aspects. In fact, although the adoption of business-style accrual accounting for both budgeting and financial reporting in New Zealand’s central government is widely regarded as successful, there are interesting second thoughts about some of the effects (Newberry, 2014) that could be very useful for countries that are still under a process of transformation. In addition to this, there is no clear relation between accrual accounting and managerial work, because research has generated few studies directed towards understanding how managers engage with accounting information in their work. In absence of any previous empirical research that has sought to identify these perceptions, the first findings of the paper fill the gap in the literature about this topic.

Keywords: accounting information, state universities
Corruption in CEE - Links Between Illicit Behaviour and Types of Enterprises

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Abstract

In the analysis of economic growth and development, quality of the institutional environment in the past two decades is highlighted as one of the most important factors for the economies transition. This factor includes several dimensions for which the most frequently used proxies are indexes of property rights and corruption. This article focuses on the link between various forms of corruption in addition to some other elements of institutional quality and different types of enterprises in CEE (Central and Eastern Europe). The main idea is to determine whether the corruption perception and lower level of satisfaction with governance is connected with the level of market competition, size of company, the way in which a company was established, etc. Firm data on aggregate corruption perception, red tape, state capture, and additional indices of government ineffectiveness are gathered from the fifth instalment of the Business Environment and Enterprises Performance Survey (BEEPS V). Methodological parts of this article present previous findings on possible channels though which illicit behaviour could transmit differently among the companies based on their different types. In the empirical part of the article, ordinal logit regression is performed to test the connection between the answers that companies gave and their specific features.
Investigation of Interpersonal Conflict Resolution Approaches in terms of Psychological Resilience and Personality Traits

Coskun Arslan, Necmettin Erbakan University, Turkey
Kazım Carman, Selcuk University, Turkey

Abstract

The purpose of the present research is to investigate whether university students' psychological resilience and personality traits predict their resolving interpersonal conflict approaches at a significant level. The universe of the research consists of faculties of Konya Necmettin Erbakan University and Selcuk University. The sample was formed of 103 male and 391 female for a total of 494 students studying 1st, 2nd, 3rd, and 4th year at various departments of these faculties. Students' ages range between 17 and 44, and the average was 24.27. In order to define students' approaches to resolving interpersonal conflict, the "Interpersonal Conflict Resolution Approaches Scale" was used. In order to define their personality traits the "Personality Traits Test Based on Adjectives" was used. In order to measure their psychological resilience levels the "Resilience Scale for Adults" and the personal information form developed by the researcher were used. Pearson Product-Moment Correlation, and hierarchical multiple regression analysis techniques were utilized for data analysis. According to the findings obtained related to variables and sub-scales, there is a negative correlation between the confrontation sub-scale of interpersonal conflict resolution approaches, and there are positive correlations with other sub-scales. There are negative correlations between specific/general behaviour and docility, responsibility and family harmony. There also negative correlations between emotional expression and neuroticism; and there are positive correlations between extroversion, docility, responsibility, self-perception, future perception, family harmony and social resources. There are negative correlations between approach/avoidance and docility and between responsibility and family harmony. There is a negative correlation between openness and neuroticism. There are positive correlations between extroversion, openness to experience, docility, responsibility, self-perception, future perception, social competence and social resources. According to hierarchical multiple regression analysis results, the social competence variable is the most important predictor of the openness sub-scale of interpersonal conflict resolution approaches. Self-perception is the most important predictor of specific/general behaviour. Family harmony is the most important predictor of the approach/avoidance sub-scale. The most important predictor of emotional expression and confrontation sub-scales is perception of the future.

Keywords: interpersonal conflict, psychological resilience, personality traits.
Income Convergence Among Civilizations: Sigma and Beta Approaches

Hakan Saribas, Bülent Ecevit University, Turkey

Abstract

Neoclassical Growth Theory explains the cross-country income differences with the hypotheses of absolute, conditional, and club convergences. The absolute convergence hypothesis argues that countries eventually converge upon a common steady-state per capita income level, while conditional convergence hypothesis states that only countries with similar structural characteristics converge at a common state-state income level. Different structural characteristics lead to different steady-state levels, and convergence is not expected among such countries. Club convergence is a variant of the conditional convergence hypothesis and explains the differences with the help of a threshold income level. Even though 60 years have elapsed since the publication of the Solow-Swan model, significant income difference among countries remains a well-known phenomenon.

Growth literature describes the sources of growth as the proximate and the fundamental causes. While proximate causes are the variables in the Solow-Swan model, culture, institutions, luck, and geography hypotheses constitute the fundamental causes. Culture and institution hypotheses argue that the fundamental causes of growth are not the variables in the Solow-Swan model; rather it is the culture or institutions that ultimately determine growth by influencing the Solow-Swan variables. In this article, we adopt this view and combine culture and institutions under the civilization concept. We argue that a civilization can be explained on these grounds. Afterwards, countries are grouped into civilizations and convergence in and across civilizations are examined by sigma and beta convergence methods. Solow-Swan variables are from Penn World Tables.

Based on the findings from sigma convergence in the 1960-2014 period, average per capita incomes of Sinic and Hindu civilizations converged to the Japanese per capita income level. West, Latin, Islam, Slav, Buddhist, and African civilizations diverged from the Japanese level. Beta convergence with a cross-section approach shows similar results in the 1990-2011 period. There is no absolute and conditional convergence in and across civilizations. Only, Latin civilization weakly shows a conditional convergence. Our results are closely in line with findings in the literature that examined different country groups.

JEL Codes: O40, O41, O47

Keywords: growth, convergence, civilizations, Solow-Swan Model, cross-section.
Investigation of Website Usability of the Web Site Facility of Open University via an Eye Tracking Method

Duygu Mutlu-Bayraktar, Istanbul University, Turkey

ABSTRACT

With the rapid spread of the internet, websites of universities become the main site that students can access for information and to perform student affairs tasks. In addition, usability level of designed environments affects the efficiency of students using such websites. In this study, the website usability of the Open Education Faculty of Anadolu University was investigated with research which formed a case study from qualitative research designs used. For this purpose, eight students were asked to perform five tasks on the website and their eye and mouse movements were recorded during that task via eye tracking device. As a result of data analysis, we found that the task ‘obtaining information about open faculty’, shown with a button on the main page, was easily performed with less click numbers. In the tasks of finding out about course and document listings, the users needed more clicks to reach what they sought. When the fulfillment successes of the tasks by the users were examined, the tasks about accessing the library and listing books had low success rates. When the usability of the website was investigated, it was found that the efficiency was high but the efficacy was low. It is considered that the results and recommendations obtained from this study can provide a guide during designs of the university websites.

Key Words: usability, open education, eye tracking

1. INTRODUCTION

Usability is one of the factors affecting student success in cases where educational processes are supported with internet and web technologies. Application problems based on the usability of website can affect both student success and can lead instructors to experience difficulties in the process of evaluation (Crowther, Keller & Waddoups, 2004). The difficulties with usability encountered by students may cause them to be dealing with things other than the main objectives of education. Thus, the assessments of all systems to be used for education or evaluation are highly important (Gülbahar, Kalelioğlu & Madran, 2008). Meanwhile, the degree of difficulty in comprehending the text found in a website should be appropriate to the user. Responding to requests of users visiting sites for information definitely results in longer, more productive visits to a the site.

Most current institutions and organizations perform studies to provide more effective online environments to their users. Usability is one of the most important factors affecting choices of users. When students interact with Open University platforms, the issue of usability comes to the fore. Human-computer interaction (HCI) focuses on usable design and development of technologies used in different environments. Usability can be assessed in terms of effectiveness, productivity, and satisfaction. Usability can be measured with the data obtained from the use of a system by target users. In this method, called, simply, the “usability test”, the required data is gathered following each step during the test application.

Various interface evaluation tasks are performed in traditional usability tests, participants sometimes get lost, and researchers work to determine which interface features cause such moments of disorientation (Akcapinar, et al., 2012; Mutlu-Bayraktar & Bayram, 2015). In addition to obtaining data about their experiences, researchers also want to know how much time participants spent and what they focused on within the site (Nielsen & Pernice, 2009; Mutlu-Bayraktar & Bayram, 2013).
It was observed that the data obtained from an eye movement tracking method was more useful than the data collected from a normal survey. Well different tracking via the thinking aloud method, recording eye movements of participants may allow us to answer many questions about usability during fulfilling any task that requires human-computer interaction (Karn, Ellis & Julliano, 1999).

In usability studies, Goldberg and Kotval (1999) suggest that tracking eye movements provides important information about detecting the strategies of users. In the design of a website interface, eye tracking data can provide information about where people pay attention, which information they ignore, and what most disrupts achieving their goals (Russel, 2005). According to the result of the study carried out by Josephson and Holmes (2002), when the participants were asked to visit three different websites, it was found that some participants followed a particular visual path according to their habits.

In this study, the website usability of Open Education Faculty of Anadolu University was assessed via an eye-tracking method. The usability test was carried out in the Human-Computer Interaction Laboratory of Istanbul University. Certain tasks were given to the users which they were asked to perform them. As a result of the obtained findings, the usability, efficiency, satisfaction, and efficacy of the system were assessed.

2. METHOD

2.1. Overview

The study model was designated as a case study. The case study method is used to longitudinally investigate a case or an event in detail rather than to investigate a limited number of variables. Case studies are studies that look at what happens in real environments, collect data systematically, and then analyze and present results (Davey, 1991). In the present study, five tasks were given to the participants for the website “https://www.anadolu.edu.tr/acikogretim”. While they were performing these tasks, their eye movements were recorded. Interviews were carried out with a semi-structured interview method after participants completed the tasks.

The study was conducted at the Human-Computer Interaction Lab at Istanbul University. The participants met in the Human-Computer Interaction Lab by appointment time. The experiment was previously recorded as screen recording with the “SMI Experiment” program at the test computer to which an eye tracking device was connected. This process was performed only once with each participant during the research of this investigation. Participants were told that their heads should not move much during the test. The experiment was started by making eye calibrations. Each point in the calibration screen appeared one by one and the user was asked to look at white space within certain points on the screen. When the point was focused on for 2 seconds, the program automatically passed to the next point. Calibration parameters were developed with x and y values and the calibration process was repeated if necessary. In addition to the SMI Experiment program, the record of the “Noldus Observer 9.0” program found in the observer computer provided video, audio, mouse, keyboard, and screen recordings simultaneously. Eye calibration was tracked and the eye movements, the time spent, and whether the participants performed the tasks were recorded. Then an audio recording was made when asking the semi-structured interview questions to the participants after their session on the computer.

Their tasks were:
1. For Turkey, find the page where the finance department courses of the school of economics are listed
2. Find the page where the system of open education faculty is mentioned
3. Find the page mentioning how a new registration application is made
4. Find the list of changed books for 2014-2015 spring semester
5. Find the home page of the library

2.2. Participants

Participants were selected according to convenience methods from among Istanbul University students. The participants consisted of eight volunteer university students from the departments where
the researcher had access. The average age was 20.8, and the information about their departments is listed in Table 1.

Table 1. Properties of Participants

<table>
<thead>
<tr>
<th>Users</th>
<th>Department</th>
<th>Age</th>
<th>Sex</th>
</tr>
</thead>
<tbody>
<tr>
<td>User 1</td>
<td>Science Education</td>
<td>19</td>
<td>Man</td>
</tr>
<tr>
<td>User 2</td>
<td>Math Education</td>
<td>20</td>
<td>Woman</td>
</tr>
<tr>
<td>User 3</td>
<td>Science Education</td>
<td>19</td>
<td>Man</td>
</tr>
<tr>
<td>User 4</td>
<td>Science Education</td>
<td>20</td>
<td>Man</td>
</tr>
<tr>
<td>User 5</td>
<td>Psychology</td>
<td>22</td>
<td>Woman</td>
</tr>
<tr>
<td>User 6</td>
<td>Psychology</td>
<td>20</td>
<td>Man</td>
</tr>
<tr>
<td>User 7</td>
<td>Computer Education</td>
<td>23</td>
<td>Man</td>
</tr>
<tr>
<td>User 8</td>
<td>Computer Education</td>
<td>24</td>
<td>Woman</td>
</tr>
</tbody>
</table>

2.3. Experiment Laboratory - Human Computer Interaction Laboratory

The study was carried out in Human-Computer Interaction Lab of the Open and Distance Education Faculty at Istanbul University. There are images taken from the lab below (See Figure 1).

![Figure 1. Human Computer Interaction Laboratory](image1)

2.3.1. Eye-tracking Device

The eye-tracking device provides information about where, what, how long, and how many times the participant looks at the screen and records eye movements during the time that the user performs the test. The device is also connected to the observer computer that records screen image of the user (See Figure 2).
2.3.2. Observer Computer

The experiment was prepared and the experimental processes were carried out in the human-computer interaction lab, and the responses were tracked using a researcher machine (See Figure 3).

2.3.3. Software

iView X software provided the connection between the eye tracking device and the observer computer. Experiment Center software enabled the eye tracking test, managing and controlling the test. The experiments created with Experiment Center software is connected to the user’s computer via iViewX software. In Experiment Center software, calibration settings are established and when the user starts the experiment via entering the website to be analyzed it is automatically activated. Then, recording is performed with BeGaze software. BeGaze is the software that keeps the records for evaluation of stored data.

2.4. Data Collection

The data was obtained with eye tracking and semi-structured interview methods. First, eye calibration was performed for the participants. Then, they were asked to carry out the tasks assigned by the researchers and their path, the time spent and whether the tasks were performed were recorded.

2.5. Data Analysis

The recordings showing eye and mouse movements recorded with the experiment program were analyzed with the Be Gaze program. In the analyses, fixation numbers, Gridded Area of Interest, sequence, heat map, and scan path values were obtained. The interview records were analyzed by the researcher.

3. FINDINGS

The analyses performed in the light of data obtained via the eye-tracking device from participants are presented in this section. It seems that participants make the most clicks at the first and
fourth tasks among the completed tasks (See Table 3). This result shows parallelism with the time to complete task (See Table 4).

Table 2: Completed tasks in Website

<table>
<thead>
<tr>
<th>Users</th>
<th>Task 1</th>
<th>Task 2</th>
<th>Task 3</th>
<th>Task 4</th>
<th>Task 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>User 1</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>User 2</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>User 3</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>User 4</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>4</td>
</tr>
<tr>
<td>User 5</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>User 6</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>User 7</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>User 8</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>28</td>
</tr>
</tbody>
</table>

Table 3: Steps of participants to complete tasks in Website (Click numbers)

<table>
<thead>
<tr>
<th>Users</th>
<th>Task 1</th>
<th>Task 2</th>
<th>Task 3</th>
<th>Task 4</th>
<th>Task 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>User 1</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>User 2</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>User 3</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>User 4</td>
<td>8</td>
<td>3</td>
<td>2</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>User 5</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>User 6</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>User 7</td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>User 8</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td>3.87</td>
<td>2.25</td>
<td>2</td>
<td>3.62</td>
<td>1.25</td>
</tr>
</tbody>
</table>
Table 4: The time that participants took to complete the tasks in the website (sec)

<table>
<thead>
<tr>
<th>Users</th>
<th>Task 1</th>
<th>Task 2</th>
<th>Task 3</th>
<th>Task 4</th>
<th>Task 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>User 1</td>
<td>41</td>
<td>10</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>76</td>
</tr>
<tr>
<td>User 2</td>
<td>30</td>
<td>17</td>
<td>0</td>
<td>40</td>
<td>0</td>
<td>87</td>
</tr>
<tr>
<td>User 3</td>
<td>18</td>
<td>8</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>59</td>
</tr>
<tr>
<td>User 4</td>
<td>15</td>
<td>23</td>
<td>42</td>
<td>42</td>
<td>36</td>
<td>158</td>
</tr>
<tr>
<td>User 5</td>
<td>0</td>
<td>33</td>
<td>36</td>
<td>37</td>
<td>0</td>
<td>106</td>
</tr>
<tr>
<td>User 6</td>
<td>31</td>
<td>27</td>
<td>0</td>
<td>45</td>
<td>0</td>
<td>103</td>
</tr>
<tr>
<td>User 7</td>
<td>38</td>
<td>29</td>
<td>64</td>
<td>62</td>
<td>0</td>
<td>193</td>
</tr>
<tr>
<td>User 8</td>
<td>45</td>
<td>40</td>
<td>20</td>
<td>40</td>
<td>0</td>
<td>145</td>
</tr>
<tr>
<td>Mean</td>
<td>31.14</td>
<td>22.12</td>
<td>40.2</td>
<td>42.71</td>
<td>36</td>
<td>115.75</td>
</tr>
</tbody>
</table>

First Task: For Turkey, find the site where the finance department courses of the School of Economics are listed.

Usability: Average time of the first task completed was 31.14 seconds (See Table 4).

Effectiveness: Only one of 10 participants could not complete the task (See Table 2).

Productiveness: It was completed in an average time of 31.14 seconds by the other participants. The fastest participant completed the task in 15 seconds while the slowest participant completed in 45 seconds (See Table 4). When we look at it as the task that the users performed with the maximum number of clicks, it can be said that the task has low productiveness (See Table 3).

Figure 4. The Heat Map of First Task

When the heat map about the task was investigated, it seems that students were distracted and the most focus is on Turkish programs and faculties. After clicking the faculties button, it is observed on which the button of the school of economics vision is focused (See Figure 4).
Figure 5. The Heat Map of Finance Department Courses Page

It is seen that although the most focus is on the management button of the Faculty of Economics screen, the buttons for departments are clicked (See Figure 5).

**Second Task:** Find the site where the system of the open education faculty is mentioned

**Usability:** Average time of the second task completed was 22.12 seconds (See Table 4).

**Effectiveness:** All 10 participants completed the task (See Table 2).

**Productiveness:** It was completed in an average time of 22.12 seconds. The fastest participant completed the task in 8 seconds while the slowest participant completed it in 40 seconds (See Table 4).

Figure 6. Heat Map of Second Task

To access the page where Open Education Faculty System is explained, the top and side menus are focused on. The participants most often reached the task via clicking the top menu (See Figure 6).

**Third Task:** Find the site mentioning how a new registration application is made

**Usability:** Average time of the second task completed was 40.2 seconds (See Table 4).

**Effectiveness:** 3 of 10 participants could not complete the task. (See Table 1).

**Productiveness:** It was completed in an average time of 40.2 seconds by all participants. The fastest participant completed the task in 20 seconds while the slowest participant completed it in 64 seconds (See Table 4). The task was completed at average 2 steps (See Table 2).
The students focused on the button at the top of the menu for this task. It is observed that the buttons of West Europe Program and Bulgaria, Kosovo, Macedonia Programs under the button of Overseas Programs are focused on. This task can be also completed in other ways. The button at the left of the menu and the button in the page were used by an equal number of users.

**Fourth Task:** Find the list of changed books for 2014-2015 spring semester  
**Usability:** Average time of the fourth task completed was 42.71 seconds (See Table 4).  
**Effectiveness:** Only one of 10 participants could not complete the task (See Table 2).  
**Productiveness:** It was completed in an average time of 42.71 seconds by all participants. The fastest participant completed the task in 33 seconds while the slowest participant completed in 62 seconds (See Table 4). It is the task found in the longest time with the least clicks (See Table 3).

**Fifth Task:** Find the site of the library  
**Usability:** Average time of the fourth task completed is 36 seconds (See Table 4).  
**Effectiveness:** Only one of 10 participants could complete the task (See Table 2).  
**Productiveness:** The participant completed the task in 36 seconds (See Table 3). It’s the most complex task.
4. Conclusion

In Open Education Faculty where students take distance education and they perform processes via the website, the usability of the site is highly important. When the usability results of Open Education Faculty of Anadolu University were evaluated, it was found that the efficiency was high but the efficacy was low. It is considered that the results and recommendations obtained from this study can provide a guide during designs of the university websites.

It seems that the tasks completed with the buttons generally found on the main site are carried out faster. In the tasks about listing courses and documents, the users needed more clicks to reach what they sought. When the fulfillment successes of the tasks by the users were examined, the tasks about accessing the library and listing books had low success rate.

Navigation facilitators can be used for such sites. These tools embedded into websites and helping visitors to reach information they are seeking as soon as possible provide positive contributions to the usability.

REFERENCES

Factors Affecting Customer Satisfaction of Mobile Banking Users in Turkey: A Fuzzy Cognitive Mapping Approach

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Umut Asan, Istanbul Technical University, Turkey

Abstract

Mobile and wireless technology has played an important role in changing the way of delivery of personal financial services. The aim of this study is to explore the factors affecting customer satisfaction in using mobile-banking in Turkey. Fuzzy cognitive mapping is used in this study to explore the factors affecting customer satisfaction in mobile banking and to define the causal relationships among them. The research model includes 12 variables and 25 causal relationships. Qualitative simulations are performed using the constructed FCM to predict possible changes and to observe whether the system reaches to an equilibrium state. Alternative scenarios are taken into consideration for the simulation of the research model. In all scenarios, the system reaches an equilibrium state after six iterations. According to the results, the most important factors in the system are found to be customer satisfaction, service quality, and convenience whereas location free access, 24hr service availability, design, security, and responsiveness are found to be least important factors.

Keywords: Customer satisfaction, fuzzy cognitive mapping, mobile banking

1. Introduction

Increased innovation in information technology has altered “the mode and level of service delivery” in a global business world. Computer based service delivery innovations have been widely adopted by many businesses (Nyabera, 2014). Innovations in banking technology are one example (Adewoye, 2013). Mobile and wireless technology has played an important role in changing the way of delivery of personal financial services (Luarn & Lin, 2005). Since mobile phones have become a huge part of our daily lives, the transformation of banking applications to mobile devices is inevitable (Pousttchi & Schurig, 2004). As a result, the concept of mobile banking has been born. Mobile banking is defined as “the type of execution of financial services in the course of which - within an electronic procedure - the customer uses mobile communication techniques in conjunction with mobile devices” (Pousttchi & Schurig, 2004). Mobile banking is mainly used for money transaction, payments, account management, and information inquiry. The main advantage of mobile banking is that customers can perform financial activities at anytime and anywhere as mobile applications removes the temporal and spatial limitations (Zhou, Lu, & Wang, 2010).

The aim of this study is to explore the factors affecting customer satisfaction of mobile banking users in Turkey using a fuzzy cognitive map (FCM).

2. Literature Review

In the literature, there are many studies that focus on mobile and Internet banking. Ganguli and Roy (2011) have determined the generic service quality dimensions of technology based banking and have examined the effect of the service quality dimensions of customer satisfaction and customer loyalty. Howcroft, Hamilton, and Hewer (2002) have investigated consumers’ financial services behavior and have assessed their attitude towards home based banking in the United Kingdom. Joseph, McClure, and Joseph (1999) have explored the impact of technology on service delivery in the banking sector in Australia and have assessed service quality dimensions. Jun and Cai (2001) have investigated the key determinants of Internet banking service quality. Laforet and Li (2005) have assessed consumers’
attitudes towards online and mobile banking in China. Laukkanen (2007) has investigated and compared customer value perceptions in Internet and mobile banking. Nguyen and Singh (2004) have proposed a conceptual model to discuss the impact of Internet banking on customer satisfaction and loyalty. Their study has provided an overview of Internet banking. Ibok and Ikoh (2013) have identified the factors affecting customers’ satisfaction with Internet banking in Nigeria. They have conducted linear multiple regression analyses in their study. Nochai and Nochai (2013) have explored the Internet banking service dimensions and their impacts on customer satisfaction in Thailand. They have built a research model in which seven hypotheses are proposed. They have conducted a multinomial logistic regression analysis. Sakhaei, Afshari, and Esmaili (2014) have examined the impact of service quality factors of Internet banking on customer satisfaction in Iran. They have used Spearman coefficient correlation to investigate the correlation between variables. Based on the literature review, the most important factors related to mobile banking and customer satisfaction are found to be service quality, convenience, ease of use, location free access, 24hr service availability, design, time saving, security, privacy, responsiveness, and performance.

1. **Customer satisfaction** refers to how well a customer satisfied with his/her interaction with a mobile banking application.
2. **Service quality** refers to the degree to which a mobile banking application provides to his/her customers.
3. **Convenience** refers to the usefulness of the system.
4. **Ease of use** refers to the easiness to use the system.
5. **Location free access** refers to the accessibility to the service from anywhere.
6. **24hr service availability** refers to the accessibility to the financial services at any time.
7. **Design** refers to the user-friendly interface design of the mobile banking application.
8. **Time saving** refers to decrease in time spent while interacting with financial services.
9. **Security** refers to the protection of the system by hackers/fraud.
10. **Privacy** refers to the inaccessibility to personal information by third parties.
11. **Responsiveness** refers to the response time of the mobile banking application to the customer inquiries.
12. **Performance** refers to the degree of accomplishments of the mobile banking application.

3. **Methodology**

The Fuzzy Cognitive Mapping approach is used in this study to explore the factors affecting customer satisfaction in mobile banking and to define the causal relationships among them. The research model includes 12 variables and 25 causal relationships.
At first, the variables mentioned in the previous section were determined by an extended literature review in the area of mobile banking and customer satisfaction. Secondly, in order to define the causal relationships between these variables, six experts who are using mobile banking for personal financial services were asked to fill out a form in which causal relationships between variables are questioned. According to their answers and feedback, customer satisfaction cognitive map is constructed. The constructed cognitive map is seen in Figure 1.

Then, the cognitive map is turned into a FCM by adding linguistic fuzzy terms and as a result, a fuzzy survey is formed and used to collect data from mobile banking users. The questionnaire was formed by two main parts. The first part consists of demographic questions designed to elicit information about age, gender, mobile banking applications that consumers use, average weekly mobile banking use, and customer inquiries. A total of 17 questionnaires were collected. The summary of demographic profiles of the participants is given in Table 1.

**Table 1. Demographic profiles of the respondents**

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>Min: 24</th>
<th>Average: 27.64</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (%)</td>
<td>Female: 52.94</td>
<td>Male: 47.06</td>
</tr>
<tr>
<td>Mobile banking applications (#)</td>
<td>İ şCep: 8</td>
<td>ING Mobil: 1</td>
</tr>
<tr>
<td></td>
<td>iGaranti: 2</td>
<td>Yapı Kredi Mobil Şube: 5</td>
</tr>
<tr>
<td></td>
<td>HSBC Mobil Bankacılık: 3</td>
<td>Akbank Direkt: 1</td>
</tr>
<tr>
<td></td>
<td>Denizbank: 1</td>
<td>Others: 1</td>
</tr>
<tr>
<td>Mobile banking use in a week (minutes)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 1. The cognitive map of customer satisfaction of mobile banking users
The second part consists of items measuring the relationship direction and degree of the relationship among factors. Firstly, experts were asked to determine the direction (positive or negative of relationship between variables) and then, they are asked to determine the degree of the relationship based on the given linguistic fuzzy weights (very high, high, medium, low, very low). A summary of the second part of the questionnaire can be seen in Table 2.

### Table 2. Causal relationship direction and degree

<table>
<thead>
<tr>
<th>Performance (PERF)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsiveness (RESP)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Privacy (PRI)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Security (SEC)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
<tr>
<td>Privacy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time saving (TIME)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Design (DES)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
<tr>
<td>Service quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ease of use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>24hr service availability (24hr)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location free access (LFA)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ease of use (EOU)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Convenience (CON)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service quality (SERVQ)</th>
<th>Relationship direction</th>
<th>Relationship degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>+ -</td>
<td>Very high High Medium Low Very low</td>
</tr>
</tbody>
</table>

Max: 14 Min: 0.5 Average: 3.77
Money transactions: 13 Account tracking: 12 Bill payment: 5
Credit card payments: 10 Asset management: 4
4. Data Analysis

The frequency of relationship direction is given in Table 3. According to the data collected, all causal relationships are determined positive.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Positive</th>
<th>Negative</th>
<th>Relationship</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERF-SAT</td>
<td>17</td>
<td>0</td>
<td>24hr-SAT</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>RESP-SAT</td>
<td>17</td>
<td>0</td>
<td>24hr-SERVQ</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>RESP-SERVQ</td>
<td>17</td>
<td>0</td>
<td>24hr-CON</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>RESP-PERF</td>
<td>17</td>
<td>0</td>
<td>24hr-TIME</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>PRI-SAT</td>
<td>17</td>
<td>0</td>
<td>LFA-SAT</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>SEC-SAT</td>
<td>17</td>
<td>0</td>
<td>LFA-CON</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>SEC-PRI</td>
<td>17</td>
<td>0</td>
<td>LFA-TIME</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>TIME-SAT</td>
<td>17</td>
<td>0</td>
<td>EOU-SAT</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>DES-SAT</td>
<td>17</td>
<td>0</td>
<td>EOU-SERVQ</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>DES-SERVQ</td>
<td>17</td>
<td>0</td>
<td>EOU-CON</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>DES-EOU</td>
<td>17</td>
<td>0</td>
<td>CON-SAT</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>DES-PERF</td>
<td>17</td>
<td>0</td>
<td>CON-SERVQ</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>SERVQ-SAT</td>
<td>17</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Then, linguistic fuzzy terms converted to quantitative fuzzy weights (Very high = 1; High = 0.8; Medium = 0.6; Low = 0.4; Very low = 0.2), the average of each mutual relationship is calculated, and the FCM of customer satisfaction of mobile banking users is constructed. The constructed FCM is seen in Figure 2.
5. Results

Qualitative simulations were performed using the constructed FCM to predict possible changes and to observe whether the system reaches an equilibrium state. Alternative scenarios are taken into consideration for the simulation of the research model. In each of the test scenarios the FCM is first initialized, i.e. the activation level is identified as $A^{(0)} = [0,0,0,0,1,0,0,0,0,0]$ where only the factor “24hr service availability” is activated. Then, using the equation, $A^{(k+1)} = f \left( A^{(k)} + \sum_{j \neq i}^{n} A^{(k)} w_{ji} \right)$, the weights of the factors are calculated. The most common threshold function, sigmoid function with a parameter $\lambda = 1$, is used for calculating weights.

$$A^{(6)} = 0.9997$$ implies that, after 6 iterations, Factor 6 (24hr availability) is 99.97% of its maximum normalized value. Figure 3 demonstrates a scenario where only the factor “24hr service availability” is activated. In all scenarios, after six iterations, the system reached to an equilibrium state with almost similar steady state values of the factors; that is why, only the average final values are presented. The steady state values of the factors are seen in Table 4.

Table 4. Steady state values of the factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Steady State Value</th>
<th>Factor</th>
<th>Steady State Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>0.9997</td>
<td>Privacy</td>
<td>0.7944</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.9812</td>
<td>Location free access</td>
<td>0.6591</td>
</tr>
<tr>
<td>Convenience</td>
<td>0.9369</td>
<td>24hr service availability</td>
<td>0.6590</td>
</tr>
<tr>
<td>Time saving</td>
<td>0.8786</td>
<td>Design</td>
<td>0.6590</td>
</tr>
<tr>
<td>Performance</td>
<td>0.8690</td>
<td>Security</td>
<td>0.6590</td>
</tr>
<tr>
<td>Ease of use</td>
<td>0.8047</td>
<td>Responsiveness</td>
<td>0.6590</td>
</tr>
</tbody>
</table>

Steady state values give the importance degree of the factors in the systems. According to the results, the most important factors in the system are found to be customer satisfaction, service quality, and convenience whereas location free access, 24hr service availability, design, security, and responsiveness are found to be least important factors.

6. Discussion and Conclusion

This study reveals the critical factors affecting customer satisfaction in mobile banking applications. FCM is used for modeling and analyzing factors involved in this context. The model represents the causal relationships among relative factors to the customer satisfaction behavior. The constructed FCM shows that service quality is the most critical factor to have satisfied customers. It is followed by convenience and time saving. It may be interpreted that appropriateness of the mobile
banking applications for performing financial services is another way to reach better customer satisfaction and performing financial activities in less time is also important for consumers. On the other hand, location free access, 24hr service availability, design, security, and responsiveness are the least critical factors compared to the others. Performing financial activities wherever and whenever wanted is relatively unimportant for consumers. Moreover, user-friendliness of the application does not seem to have critical importance for users to be satisfied. Security also has less importance than among most others. The ability of protection of the system by hackers or frauds does not seem to have a relevant value in using mobile banking applications compared to service quality and convenience.

Customer satisfaction is an important subject for managers. Satisfied customers are more likely to continue to use a mobile banking application. To make them continue to use these applications and to make other customers to start using these applications, attention should be given to their needs and expectations from the system. Therefore, this study reveals customer insights and expectations in terms of using mobile banking application in Turkey.

References


The Evolution and Applications of Balanced Scorecard: A Comparative Approach

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Hanan M. Elmoursy, The American University in Cairo, Egypt

Abstract
This paper presents and demonstrates the Balanced Scorecard (BSC) by adopting two approaches. The first approach focuses on the evolution of the BSC and its applications in private and public, government & non-profit organization. The second approach compares four related tools which can help organizations articulate and cascade their strategies. The main focus of this paper is to compare the Balanced Scorecard to three other tools in order to demonstrate the value of the BSC from different points of view. First, the Balanced Scorecard and Tableau de Bord are compared from the point of view of the performance measurement system. Second, the Balanced Scorecard and Executive Information System are compared from the point of view of the strategic management system. Finally, the Balanced Scorecard and Budgeting are compared from the point of view of the control system.

Keywords: Balanced Scorecard, Tableau de Bord, Executive Information System, Budgeting, performance measurement, strategic management system

1. Introduction
Traditional performance measurement spotlights on financial measures rather than non-financial measures. They focus on the financial assets of firms. However, financial directors want to measure and respond to intangible assets which are of worth to the firm because of their significant effect on the bottom line (Oliveira, 2001). When managers focus firmly on enhancing tangible assets, they frequently miss the opportunity to evaluate and grow the intangible assets needed to make the most of the value of a customer over a lifetime.

Weaknesses of traditional measurement systems revolve around the following key issues: financial measures concentrate on short-term objectives; many key non-financial performance measures are ignored; financial measurements are not in tune with strategic objectives and are not customer driven.

A performance measurement depends only on financial reporting indicators by concentrating on past performance and a short-term plan. Managers need more than traditional performance measures to be applied well in their firms (McCunn, 1998). Firms need to deal with the future not just knowing about the past performance. This requires a better understanding of long-term objectives which can drive future success. The combination between financial and non-financial measures and short and long-term goals can help an organization to achieve its vision and strategy. Therefore, the Balanced Scorecard has emerged to overcome these deficiencies by mixing financial and non-financial measures.

This paper is organized into five sections: First, the evolution of the Balanced Scorecard. Second, the comparisons are done between the BSC other tools which are Tableau de Bord, Executive Information System and budgeting. Finally, summary and conclusions will be the last section in this paper.

2. The evolution of the BSC
The BSC was initially planned to overcome the limitations of the management of only financial measures which report outcomes but do not discuss the drivers of future performance. The BSC was introduced by Kaplan and Norton in 1992 in order to concentrate business focus on measuring the performance. Four different key perspectives were recognized to be critical and provide the framework...
of BSC. The four perspectives of BSC are financial, customer, internal process, and learning and growth. Figure (1) shows these four perspectives of BSC.

**Figure (1): The Four Perspectives of the BSC**

![The Four Perspectives of the BSC](image)


The BSC has evolved over the time. In 1996, Kaplan and Norton model in their view linking and aligning the BSC with the strategy of the firm. They proposed four interconnected management processes to translate the strategy into objectives and then transformed to measures or indicators. These processes are: clarifying and translating vision and strategy; communicating, alignment and linking strategic objectives and indicators; business planning and target setting; and, enhancing strategic feedback and learning. Figure (2) shows the BSC as a strategic management system.

In 2001, 2004 Kaplan and Norton discussed further stages of the BSC evolution. They introduced five principles to keep strategy as the concentrate on organizational management processes and strategy mapping. Their evolution encompasses a strategic management and control system. This evolution of BSC reflects its implementation and application.
Figure (2): The Balanced Scorecard as a Strategic Framework for Action


2.1 Evolution of the BSC in Private and Public Sectors

This section offers a critical analysis of the applications of the Balanced Scorecard in private organizations and in more details for public, government and nonprofit organizations.

2.1.1 Applications of the BSC in private organizations

The BSC was started in the private sector and evolved over time from measuring to managing performance. The four perspectives of BSC link and communicate in a chain of cause-and-effect relationships. Enhancing and aligning intangible assets leads to enhance performance which, in turn, drives success for customers and shareholders. Figure (3) shows the links among the four perspectives of BSC.
The BSC framework in figure (3) has numerous essential elements. First, financial performance, a lag indicator, provides the crucial description of an organization’s achievement. Strategy describes how firms are going to generate sustainable growth in shareholder value. Therefore, BSC puts the financial perspective at the beginning of the ladder. Second, in the private sector, the customer is acting in two distinctive and complementary roles; success with targeted customers provides a primary component for better financial performance, paying for a service and getting it. Third, the value proposition of customer is created by the internal business process. The internal business process can be considered as a leading indicator of the enhancement and improvement in the outcomes of the financial and customer perspectives. Finally, learning and growth objectives depict how employees, technology, and organizational characteristics connected to maintain the strategy. Accordingly, it can be said that learning and growth is considered a lead indicator for customer, internal process and financial performance.

Therefore, many types of organizations in the private sector have followed these important elements in their application of BSC. These include manufacturing organizations (Fernandes et al, 2006; Hoque and James, 2000; Maiga and Jacobs, 2003), service organizations (Patel et al, 2006; Davis and Albright, 2004; Ittner et al, 2003) and growing and mature organizations (Kald and Nilsson, 2000; Wagner and Kaufmann, 2004; Nielsen and Sorensen, 2004; Malina and Selto, 2001).

2.1.2 Applications of the BSC in public, government and non-profit organizations

During the last few years, the Balanced Scorecard has been adopted by non-profit and government organizations (NPGOs). One of the obstacles to applying the scorecard in those sectors is the considerable difficulty NPGOs have in clearly defining their strategies. It is abnormal to find non-profit organizations concentrating on a strategy that can be thought of as customer intimacy or product leadership. As a result, scorecards in these organizations tend to be closer to the Key Performance Indicators scorecards (KPI) than true strategy scorecards (Kaplan, 2001b). Therefore, the BSC mainly tends to be a performance measurement system.

The majority of NPGOs had complexity with the original construction of the Balanced Scorecard that positioned the financial perspective at the top of the hierarchy. The success in the financial perspective is not the main objective for most of these organizations; many reallocate the scorecard to set customers
or constituents at the top of the hierarchy. For a non-profit or government organization, however, the focus is not in the financial perspective when the firms are delivering their mission and objectives. Figure (4) shows the BSC perspectives in public and non-profit organizations.

Figure (4): BSC in Public and Non-profit Organizations


The process in a non-profit organization is achieved first by donors who offer the financial resources then they pay for the service while another group, the constituents are receiving the service. Organizations place both the donor (fiduciary) perspective and the recipient (customer) perspective beside each other, at the top of their Balanced Scorecard. They develop objectives for both donors and recipients and then identify the internal processes that distribute desired value propositions for both groups of customers (Kaplan, and Norton, 2001b).

Most of the implementations and applications of the BSC that used as a performance measurement are focused on the private sectors (Atkinson and Epstein, 2000; Kaplan and Norton, 2001). However, Ittner and Larcker (1998) depicts that enhancing and improving the efficiency and effectiveness of government operations in the government sector can be achieved through the important role of performance measurement systems. The NPGOs have the experience rising demands for more efficient management of resources and effective decision making (Brignall and Modell, 2000; Brunsson, 1994). The deployment of market-based control models in NPGOs has a force from constituents (Kaplan and Norton, 2001a), local governments (palmer, 1993) and health care agencies (Van Peursem et al, 1995). The comparison of applications of BSC in Private and Public Organizations is shown in table (1).
### Table (1): The comparison of BSC in Private and Public Organizations

<table>
<thead>
<tr>
<th>The comparison</th>
<th>Private Organizations</th>
<th>Public and Non-profit Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. The benefits of using BSC</strong></td>
<td>Increase shareholder value</td>
<td>Achieve social goals and missions</td>
</tr>
</tbody>
</table>
| **2. Usage of BSC generations** | Using all generations of BSC:  
  - BSC as a performance measurement  
  - BSC as a strategic management system  
  - BSC as a control system | Mainly focus on performance measurement as a first generation of BSC |
| **3. BSC perspectives** | Use of Kaplan and Norton’s four perspectives |  
  - Use of Kaplan and Norton’s four perspectives  
  - Use of fiduciary perspective which reflects the objectives of an important constituency - the taxpayers or donors who supply the funding. |
| **4. Priorities in using BSC perspectives** | Place the financial perspective at the top of the hierarchy | Place the customer or constituent perspective at the top of the hierarchy |
| **5. The customer role in BSC implementation** | The customer plays two distinct roles: paying for service and receiving the service which reflect on the internal processes that serve the customer needs. |  
  - Donors or taxpayers provide the financial resources where they pay for the service.  
  - The constituents receive the service. |

### 3. The Balanced Scorecard and Other Tools

#### 3.1 The Balanced Scorecard and Tableau de Bord

The Tableau de Bord (TDB) is a performance measurement system which emerged in France in the 1930s. The TDB was developed from a tradition of engineers occupying leadership positions in industry and business management, not just in manufacturing areas, but also in finance, banking, services and general management (Bessire and Baker, 2005; Lebas, 1996). Epstein and Manzoni (1998) noted that TDB was developed by process engineers who were looking for ways to improve their production processes by better understanding cause-effect relationships (the relationship between actions and process performance). TDB is conceived as a dashboard such as the one on which aircraft pilots and car drivers observe the speed at which they are going, how many miles they have covered so far, and how much fuel they are consuming.

The TDB was applied at the top management level to give senior managers a set of indicators that would allow them to monitor the progress of the business, compare it to the goals that had been set, and take corrective actions. TDB emerged and evolved to meet the operational needs of managers. Lebas (1996) argued that TDB was established as a coherent concept which firms could implement effectively, although few have completely succeeded in developing all aspects of the theoretical pure model of TDB found in the literature. The TDB involves translating a unit’s vision and mission into a set of objectives from which the unit can identify its key success factors (KSF), which then are translated into a series of quantitative key performance indicators (KPI). The similarities and differences between the BSC and TDB are indicated in the following four points below.
First, the TDB and BSC try to link top management decisions to the actions of the employees; both operate hierarchically, top-down (Bourguignon et al, 2004). Furthermore, the TDB and BSC translate visions of the organization into objectives and measures. Although they both combine financial and non-financial measures, the French Tableau de Bord tends to overemphasize financial measures and to contain many fewer non-financial measures (Epstein and Manzoni, 1997).

Second, the BSC uses and builds on four perspectives areas of measurement in a single and succinct document. The TDB does not explicitly rely on any specific areas of measurement as in BSC but on managers’ conceptions of strategy (Bourguignon et al, 2004). Furthermore, in the TDB, measures tend to be gathered internally, inside the organization, rather than externally from customers. BSC focuses on both internal and external aspects and provides a more complete view of an organization’s performance (Kaplan and Norton, 1996a; Epstein and Manzoni, 1997, 1998).

Third, the BSC assumes cause-and-effect relationships among the four areas of measurements whereas TDB does not assume any systematic overall link between the strategic areas of measurements (Epstein and Manzoni, 1998; Bourguignon et al, 2004). Kaplan and Norton stated that this assumption is essential because it allows the measurements in non-financial areas to be used to predict future financial performance.

Fourth, Bourguignon et al (2004) stated that BSC links rewards to performance while TDB does not hold employees responsible for the results but rather it provides information about past and future occurrences. Table (2) provides points of comparison between the Balanced Scorecard and Tableau de Bord.

Table (2): The comparison between BSC and TDB

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Balanced Scorecard</th>
<th>Tableau de Bord</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The components</td>
<td>It consists of measures that categorize four perspectives (financial, customer, internal process, and learning and growth).</td>
<td>It consists of measures or indicators that are called key performance indicators (KPI) without classifying or categorizing them.</td>
</tr>
<tr>
<td>2. The method of using the concept</td>
<td>A single brief document that summarizes the four different perspectives of the company’s performance</td>
<td>Applying a single document to a whole company is inappropriate.</td>
</tr>
<tr>
<td>3. The relationship among the measures</td>
<td>It uses cause- and effect relationships among four perspectives.</td>
<td>It is not clearly obvious. It may be using cause-and effect or interdependence relationships depending on the company itself.</td>
</tr>
<tr>
<td>4. Reward systems</td>
<td>BSC encourages linking rewards to performance measurement</td>
<td>Rewards are not linked to performance measurement</td>
</tr>
<tr>
<td>5. The degree of focus and interest</td>
<td>• It focuses on both internal and external aspects of an organization. • It concentrates on short and long-term objectives of an organization by using both financial and non-financial indicators.</td>
<td>• It tends to focus on the internal rather than external aspects of the organization. • It concentrates on short-term objectives of the organization by overemphasizing financial indicators rather than non-financial indicators.</td>
</tr>
</tbody>
</table>

Based on the previous comparison, the researcher concludes that both BSC and TDB have similar features but the BSC is more useful as a comprehensive performance measurement system than TDB.
3.2 The Balanced Scorecard and Executive Information System

BSCs differ from executive information system (EIS) solutions in that they are fluid and constantly changing based on how people meet their goals. EIS systems, on the other hand, contain much hard-coded information and require significant maintenance. They also typically focus on measuring lagging indicators while Balanced Scorecard measures include both leading and lagging indicators. Furthermore, EIS applications focus on moving data from a mainframe to individual PCs rather than leveraging the network to distribute information to everyone in the company. As a result, EIS applications have become systems for just a few, not for the masses (Silk, 1998).

When senior management wants to communicate strategy to the masses and get them to digest it, an efficient should be used. BSC is designed to today’s networked world. It is a model that is designed to gather information from thousands of providers in the front lines, utilizing it at a corporate level and re-communicating and redirecting it. So, everyone in the company can benefit. Therefore, BSC provides communication, performance measurement and management and feedback that helps in the execution of the strategy. Table (3) compares between the Balanced Scorecard and Tableau de Bord.

### Table (3): The comparison between BSC and EIS

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Balanced Scorecard</th>
<th>Executive Information System</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The scope</td>
<td>Global for all levels in the organization</td>
<td>It is limited for specific levels in an organization</td>
</tr>
<tr>
<td>2. The degree of flexibility</td>
<td>Flexible and changing based on the organization’s goals</td>
<td>Rigid and contains much hard-coded information</td>
</tr>
<tr>
<td>3. The measures Used</td>
<td>Uses both lagging and leading measures</td>
<td>Uses only lagging measures</td>
</tr>
<tr>
<td>4. Relevance for decision making</td>
<td>Includes both financial and non-financial indicators</td>
<td>Includes only financial (lagging) indicators</td>
</tr>
</tbody>
</table>

The researcher concludes from the previous comparison that the BSC, as a strategic management system, is constructed to tell the story of an organization’s strategy and to guide its implementation.

3.3 The Balanced Scorecard and Budgeting

Budgeting is one of the few techniques capable of mixing the whole range of organizational activity into a single succinct document. Therefore, budgeting has been the most famous tool used by many organizations. Traditionally, budgets have served as the main internal metrics of performance. The whole measure of performance combines an output measure with an input measure and the budgeting process seeks to keep the two elements in balance. The budgeting process tends to adopt a given level of output or sales and attempts to define the proper level of spending. The similarities and differences between budgets and BSC are indicated in the following four points.

First, the main control objective of budgeting is to set target profits. Limitations on expenditures and revenue targets offer the basis for profit goals (Drury, 2004; Abernethy and Brownell, 1999). The BSC emphasizes strategic goals by setting integrated measures that enable managers to amend operating plans and pursue continuous adaptation of strategic initiatives. Therefore, both budget and BSC can be used as a control system.

Second, Briers and Hirst (1990) stated that reward systems have been more implicit than explicit in the budgeting literature. However, Otley (1999) argued that many rewards are being made contingent upon budget achievement. For the BSC, there are more debates in the literature about linking reward systems specifically to scorecard measures. For example, Otley (1999) claimed that the link of reward systems to BSC is neglected where others found a number of ways in which reward systems were linked to BSC.
(c.f. Malmi, 2001; Kaplan and Norton, 1996a; Bourguignon et al, 2004). Moreover, Speckbacher et al (2003) demonstrated that two-thirds of organizations in their study linked reward systems to the BSC.

Third, as the pace of change continues to go faster in the global economy it is important for firms to move beyond financial performance measures to consider variables that contribute to long-term value formation (Garnes and Hedin, 2005). In the last decade, organizations have shifted away from a single financial control to integrated frameworks to measure performance (Upchurch, 1998). The Budget is considered as an organization’s primary financial control document, although, the budget focuses only on financial results and does not necessarily pay sufficient attention to the means by which those results are to be achieved (Otley, 1999). The BSC is considered as an integrated framework that combines lagging and leading indicators. Lagging indicators describe financial performance while, leading indicators describe non-financial performance and are used to forecast future performance.

Fourth, the regularity of revision of a budget depends on an organization’s strategy (Govindarajan and Shank, 1992). Companies in growth modes are more likely to revise targets more frequently than companies in mature product markets. The BSC assumes that revisions should be ongoing. The BSC provides employees with real-time information about organization performance. Table (4) shows the comparison between Balanced Scorecard and budgeting.

### Table (4): The comparison between Balanced Scorecard and budgeting

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Balanced Scorecard</th>
<th>Budgeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The scope</td>
<td>Integrated measurement and management control system</td>
<td>Financial control document</td>
</tr>
<tr>
<td>2. The degree of focus</td>
<td>Focus on financial and non-financial performance</td>
<td>Focus on only financial performance</td>
</tr>
<tr>
<td>3. Review and revision</td>
<td>Tied to changes in strategic initiatives</td>
<td>Dependent on point in product life-cycle</td>
</tr>
<tr>
<td>4. Reward systems</td>
<td>Not established clearly in the literature</td>
<td>Reward systems contingent upon budget achievement</td>
</tr>
<tr>
<td>5. Primary control objectives</td>
<td>Strategic goals and ongoing adaptation</td>
<td>Target profit orientation</td>
</tr>
</tbody>
</table>

### 4. Summary and Conclusion

This paper presents the evolution of the BSC from performance measurement to performance management. Moreover, the value and contribution of this paper is ascertained by comparing the BSC with other tools from three different points of view. This comparison encompasses the BSC and Tableau de Bord (TDB), executive information system (EIS) and budgeting. Also, this paper discusses the potential merits of implementing the BSC through understand the managerial applications of the BSC in the private, public and non-profit organizations.

### References:


A Study of the Effect of a Values Education Program Delivered to 5 Year Old Children on their Social Emotional Adaptation Levels

Emel Arslan, Necmettin Erbakan University, Turkey
Esra İpek, Necmettin Erbakan University, Turkey

Abstract

This study investigated the effect of a Values Education Program on the social emotional adaptation levels of 5 year-old children who attended nursery classes. The dependent variable of the study was 5 year-old children’s social emotional adaptation levels; the Values Education Program was the independent variable. An experimental model with a pre-test and post-test control group was used in the study. The study group consisted of children at the age of 5 who attended Golbasi Toki Nursery School located within the boundaries Ankara province. A total of 40 children with 21 in the experimental group and 19 in the control group took part in the study. A values education program which aims at enhancing values of affection, respect, cooperation, friendship, favor, and altruism to children and promotes their social emotional adaptation levels was administered to them. As a data collection tool, ‘Marmara Social Emotional Adaptation Scale for 5 year old Kids’ was used in the study. The scale was filled in for each child by their teachers before and after the program. Data obtained from the study were analyzed using the SPSS 15.0 program. Findings from the study showed that values education program affected the children’s social emotional adaptation levels positively.
What is “Happening” There?

Mustafa Gultekin, Anadolu University, Turkey

Abstract

A “Happening” is a performance, event, or situation meant to be considered art, usually as a performance art. Although it has been generally used as a performance art of theatre, it can also be used as a means of getting information which can help teachers make sense of educational situations, measure the effectiveness of educational practices, and plan attempts for improvements.

The importance of drama has always been emphasized in education and as a result drama has been extensively used in many educational environments. However, using a “Happening” performance in an educational setting is most probably a new idea as to how to present a language lesson. A “Happening” can be defined as an art performance in which audience interaction plays an important role. Since the audience interaction is a key element in a happening performance, it can also create a positive atmosphere for students to use language in an interactive way. Thus, a happening can be used as an innovative tool for education.

In this study, the aim is to explain how a “Happening” performance can be applied to a learning environment. For this purpose, a learning environment is designed for a grammar presentation lesson. Therefore, the study aims to indicate how a happening performance can be applied in an educational environment by explaining the setting and the procedure of the performance step by step.

Key words: happening, interactive learning, grammar presentation

Introduction:

The concept of a “happening” as a type of performance art was first used by Allan Kaprow. Kaprow described a happening as “a game, an adventure, a number of activities engaged in by participants for the sake of playing” (Kaprow, 1957; cited in Higgins, 1976). In his new kind of art, he wanted to emphasize the interaction between artist, audience, and the environment. For him, “craftsmanship and permanence should be forgotten and perishable materials should be used in art” (Kaprow, 1961). Kaprow did not regard art as removed from daily life, but rather as something that should be created in daily life: in fact, he wished to weave these two categories together, believing “everything is art, art is everything” (Museum of Contemporary Art, 2008). For this reason, his performances depended heavily on using everyday “disposable” objects. Kaprow performed his works in such an unconventional way that he brought many changes to the concept of art. Kaprow believed that, “The happening, while spontaneous, has certain particularities. It could be performed only once, but in a range of guises: to a small audience in a loft or cellar, or as a larger scale public event on the street. The materials used were often perishable, giving the performance an ephemeral quality that denounced traditional preservation of the art object” (Kaprow, ibid, 15). According to Kaprow, art, artist, life, and audience are indispensable components and they should not be separated from each other. Therefore, he wanted to integrate art with life and artist with audience and he tried to use them together in an environment which is very different from the conventional theater stage. For him any place such as lofts, stores, and basements can be used to break the barrier between audience by demonstrating the organic connection between art and its environment (Kaprow, ibid, p.17).

At the beginning, happenings were productions that were traditionally scripted and invited only limited audience interaction. However, in time performances have become to be non-scripted and to include more audience participation. As Kaprow wrote in his essay, “‘Happenings’ in the New York Scene”, “Visitors to a Happening are now and then not sure what has taken place, when it has ended, even when things have gone ‘wrong’” (Kaprow, ibid, 20). Therefore, it is not easy to describe what a certain type of happening is since each performance is very different from any other. As a result, happening can be defined as an art performance in which the audience interaction plays an important role. Since the audience interaction is a key element in a happening performance and since each audience can give a unique result for each performance, it could be a good idea to use a happening performance in language environments. Although a happening performance has been generally used as a performance art of...
Theatre, it can also be used as a means of getting information which can help teachers make sense of educational situations, measure the effectiveness of educational practices, and plan attempts for improvements.

The importance of drama has always been emphasized in education and as a result drama has been extensively used in many educational environments. However, using a “Happening” performance in an educational setting is most probably a new idea to present a language lesson. Gultekin (2013) used a happening performance as a reflection tool and got reflections of teachers about the problems they had in their school. The study indicated that a happening performance could be used for many other educational purposes.

The Study

This study explains how a “Happening” performance can be applied to a learning environment. For this purpose, a learning environment is designed for a grammar presentation lesson. Therefore, the study aims to indicate how a happening performance can be applied in an educational environment by explaining the setting and the procedure of the performance step by step.

Setting

The setting of the performance was an ordinary classroom in the School of Foreign Languages at Anadolu University in Turkey. The desks in the classroom were drawn a little inward so that there could be small corridors between the desks and the walls. These corridors were decorated with materials and objects provided by the students and the performer. The objects used in this performance were composed of the students’ everyday objects such as books (old-new), mobile phones, pens and pencils, schoolbags, and the materials were chosen among photos, course book extracts, exercise sheets, sample quizzes, exam papers, lesson notes, video clips, and pictures. These objects and materials were related to comparing things. It is important to note that most of the materials were brought by the students so that these materials can represent examples in or around the students’ everyday life and/or interests.

The objects and the materials were placed in such an order that they can attract the participants’ attention. Some music was also played during the performance. The objects, the materials and the music were all related to the comparative form of adjectives and they were the real objects used in the students’ everyday life because it is important to create the real environment that the participants have in their real life.

Participants

The happening performance was performed with 12 students at the School of Foreign Languages at Anadolu University in Turkey. The participants were B level repeat students who volunteered to take part in the performance. Although the students’ level of English corresponded to a pre-Intermediate level, their actual performance level was below that level. Since the students took the same course again and they used the same course materials, it was especially important to create an innovative environment, in which the students were exposed to the language in a different way.

Procedure

Because the target structure of the lesson was comparative forms of adjectives, the students were asked to bring any materials such as video clips, pictures, objects, exercises, lesson notes, and course book extracts related to comparing things. It is important to note that most of the materials were brought by the students so that these materials can represent examples in or around the students’ everyday life and/or interests. Creating an environment that reflects daily life is also important for a happening performance to be effective. Kaprow did not regard art as removed from daily life, but rather as something that should create daily life: in fact, he wished to weave these two categories together, believing “everything is art, art is everything.”

In addition to the materials brought by the students, the teacher also brought some materials related to the subject. The materials were collected by the teacher (performer) before the actual performance, and
the performer decorated the classroom walls with these materials so that they can attract the participants’ interest. Some of the materials were also scattered around the classroom floor. At the same time, the video clips were displayed through the projector in the classrooms. The video clips and songs were displayed on the projector during the performance in a way that cannot distract the students’ attention. All of the songs chosen for the performance included sentences with the comparative forms of adjectives.

The participants were not allowed to enter the decorated classroom environment before the actual performance, so they had an idea about the materials they brought for the performance, but they did not know how these materials and the other extra materials would be presented to them. The aim of this stage is to create a setting with as many authentic examples of the target form as possible. It was also aimed to convert the classroom into an environment in which the students can be active and creative. Creativity and imagination are two important components of language learning. In contemporary approaches to language teaching, learners are involved in interactions and practice simulations and they develop an ability to carry out creative and imaginative learning projects outside of the language classroom through these interactions and simulations (Nunan, 1999).

While describing the “Happening”, Kaprow (1961) stated that its structure and content are logical extensions of “environments”. He insisted that environments alter and change with the activities of participants, so the rooms should be places in which the public can and should be active. Therefore, by creating a dynamic environment, the performer tried to extend the space and effect of the classroom to a point that can be regarded as an “environment” instead of a classroom. After the environment was ready for the performance, the students were taken to the classroom, and they were directed through the corridors decorated with the objects and materials related to the comparative forms. These objects can be defined as perishable materials because when we want to teach a certain form to students, we generally tend to give much more importance to the objects such as course books, workbooks, and exercise sheets and other papers related to the lesson itself and neglect the students’ interests. However, students generally think that these objects and materials are irrelevant for them. Therefore, the environment, which was decorated with the materials and objects reflecting the students’ own interests, was designed to convert the classroom into a place where the students could work and interact mostly with their own materials.

While walking through the corridors, the students looked at the objects and materials scattered in and around the classroom and they listened to the music at the same time. The students were divided into four groups and these groups of four students were guided by the performer and they were intentionally stopped at certain points to make them see as many objects and materials as possible at each interval between two points. Each session at certain points was planned to be 10 minutes but according to the groups’ interest and participation, the performer gave some more time for the students to do the activities. It is important to note that while a group was doing an activity, the other group was doing another activity. The aim of this stage is to create interaction groups containing enough numbers of students but not more so that each student in the group had enough participation time in the activity. By this way, possible reluctant and weak students also participated in the activities voluntarily. The students followed the corridors in this way and at the end they were directed to the center of the classroom. While walking through the corridors, the students were asked to perform some activities together. The first thing the students noticed when they were taken to the lesson was the order of the classroom desks, the objects and the materials scattered around the classroom, and the music played throughout the performance. The music played during the performance was composed of famous singers’ catchy songs, so the students’ attention was directed to the environment with the help of music upon first exposure. In the first part of the corridor visit, they were exposed to pictures and objects and the performer asked them to speak about the pictures and the objects. The aim was to make connections between the objects, the materials and the target form. In the second stop, they were asked to compare the things they observed in the first point. The students made sentences with the target form in this second point with their previous knowledge. They were not given any explanation about the target form. In the third point, the students were exposed to sample sentences related to the target form. As soon as the students saw the sample sentences, they were asked to fill in the blanks to complete the rules of the target form.
by looking at the sample sentences. In the fourth point, the students were asked to fill in the blanks in the exercise sheets on the walls. In this point, the students did exercises about the target form. In the fifth point the students were asked to talk about the differences between things. The subject of the discussion depended on the interest of the students such as cites, cars, famous people, educational practices, music groups, TV programs, and places. The students in the same groups worked together and corrected their mistakes if there were any, so the students learnt from their mistakes in the group.

In the final part, they were asked to sit on the chairs in the center of the room and relax while the performer interacted with them. The performer asked them to think about the objects and the environment (music, light, and setting) and say what they think about any of the details in the environment. The performer wanted the students to say aloud what form was used in the sentences and why this form was used. The performer intentionally kept silent as much as possible during this stage as he aimed to reach a discussion session among the students. The students interacted with each other and since the environment was very different from a conventional classroom and since they saw examples about the materials they collected and they produced sentences about the target form together, all of the students wanted to say some things about what they experienced during the environment visit.

Then, the students were given some pieces of paper and pencils and each of the students in a group was asked to write on the papers at least five sentences by using the comparative forms of adjectives. The papers were then glued together in circles and at the end there was a long chain of papers on which the students’ own examples were written. While the students were writing their sentences and gluing the papers together, the performer walked around and asked them to say their sentences aloud. The performer did not want to be the main person in the performance since it was the participants who were intended to be encouraged to produce sentences by using the target form. This part also included an interaction with the other participants, and the students talked to each other and exchanged their sentences. After the students wrote their sentences on the papers and glued the papers in chains, the performer held the long chain and walked around the students.

While talking about the rules of the target form sentences and why this form was used, the performer paraphrased what the students said about the target form. By this way, the performer aimed to give a final explanation by paraphrasing and correcting the students’ own sentences as some of the students gave wrong information about the rule and function of the target form. During this paraphrasing stage, the performer walked among and around the students and he put the chain of papers around the participants and tied the participants together with the chain of papers. Finally, the participants were asked to break the chain and read the sentences on the paper in their hands. Again the participants were asked to read the sentences on the paper aloud and say if the sentences on the paper were used correctly. They were also asked to correct the mistakes of the sentences on the papers.

The revised and corrected papers were then collected and all of the participants were asked to compare the ordinary grammar lesson to the grammar lesson with the happening performance. In this part all of the students talked about the performance by using comparative forms. This part was especially important for two purposes. First of all, the students used the target form to compare the traditional way of instruction and an innovative way of interactive lesson, and second the performer got the students’ opinions about the effectiveness of the happening performance.

Conclusion
This article has discussed implementation of a happening performance to create an innovative learning environment to give the target form. The students’ comments and ideas reflected that all of the students liked the idea of interacting in a new learning environment. The students stated that they learned more in this way and they liked it more. Since the audience interaction is a key element in a happening performance and since each audience group can give a unique result for each performance, it could be a good idea to implement a happening performance to teach any target form in the target language. Therefore, applying a happening performance can give us much more creative, interactive, and productive environments to teach a foreign language.
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A New Scaling Islamic Work Ethic

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Abstract
The “work ethic” is one of the most mature streams of business ethics. However, most researches have been concerned with the Protestant work ethic and Judeo-Christian contributions in the development of western societies. The Islamic work ethic (IWE) has been misunderstood or ignored in business studies.

In spite of the gap in the literature some researchers confused the Islamic work ethic with Arab culture. An Arab is anyone who speaks Arabic as his or her own language and consequently feels him or herself to be an Arab. In this context, all Arabs have been influenced by Islam whether they are Muslim or not and at the same time they are under the impact of Arab cultural values including Bedouin values which are still strong among Arabs.

The Islamic work ethic is not well known but recent years have witnessed the emergence of continuous discussion on the IWE across cultural environments. To date, there are few researchers that have attempted to study the work ethic from an Islamic perspective (Ali, 1988; Yousef, 2000, 2001, Rahman et al., 2006; Ali and Al-Kazemi, 2007).

Ali (1988) constructed a scale to measure the Islamic work ethic and individualism. Since that time, researchers have used this scale in organizational contexts without further adaption. Thus, it is vital to develop and validate a new IWE measurement scale by matching between essential IWE values and existing values of each different national culture. An understanding of IWE facilitates managers in designing and implementing business strategies and to change elements of initiatives.

Keywords: Islam, work ethic, Protestant work ethic (PWE), Islamic work ethic (IWE), Scaling Islamic work ethic.
1- Introduction

Most work ethic research has been concerned with Judeo-Christian ethics and their relations with management practices in business organizations. Despite the fact that in recent decades some Muslim nations have achieved tremendous economic achievement, their contributions have been almost ignored in management literature (Ali, 2001). Where as much research has been published in the area of spirituality and management linking Christianity or Judaism to work ethics few research papers have been forthcoming on the topic of Islamic work ethic (Beekun & Badawi, 2005). Furthermore, unlike work ethics in Judasim and Christianity, the Islamic work ethic has been misunderstood or ignored in management literature (Ali & Al-Owihan, 2008).

Islam is a vision of life, not just a religion. Thus, Islamic values serve as a guide for Muslims when conducting their work and business. The Islamic work ethic as a set of values and moral principles that distinguish what is right from what is wrong and has had a tremendous impact on Islamic workers in business environments.

Furthermore, due to the complex relation between Islam and the west, especially in recent years, the need for a better understanding of the Islamic work ethic from normative and practical perspectives has become more urgent than ever.

To date, there are few researchers that have attempted to study the work ethic from an Islamic perspective (Ali, 1988; Yousef, 2000; 2001; Rahman et al., 2006; Ali and Al-Kazemi, 2007). Ali constructed a scale to measure the Islamic work ethic and individualism. Since that researchers have utilized this scale without further adaptation. Indeed, Muslim scholars were triggered by the work of Ali on the Islamic work ethic.

Thus, it is essential to develop and validate a new measurement scale of the Islamic work ethic. The present research provides insights into IWE for western managers and decision makers enabling them to work more effectively with Islamic managers, workers, and business partners.

2. Literature Review

2.1 Islamic Work Ethic

Islam is perfect and comprehensive way of life that prophesizes to its followers to be submitted to God (Allah) in all aspects. In Islam, the duty of every Muslim is to obey the value system of the Holy Quran and Sunnah (the Sayings of the Prophet) and Muslims are urged to exhibit these values in their personal and professional lives.

The Islamic work ethic is primarily based on the Quran and the teachings of the prophet who explained that hard work causes sins to be absolved.

Work in Islam is considered a virtue in light of human and social needs. It is an act of worship. Thus, Islam starts not for life-denial but for life-fulfillment (Ali, 2001). However, the Islamic work ethic is not well known. But the last decade has witnessed the emergence of a continuous and global discussion on IWE across-cultural environments.

Recently, there have been a few researchers that have done research in IWE (Ali, 1988, 1992; Yousef, 2000, 2001; Rahman et al., 2006). Ali (1988) structured a scale to measure the Islamic work ethic and individualism and provided evidence that this scale is reliable and valid when the researcher tested it among 150 Arab students in the United States. Since then, researchers have used this scale in various organizational and cultural contexts.

Yousef (2000) studied IWE and attitudes towards organizational commitment among employees in the United Arab Emirates. He found that employee's Islamic work ethic has a positive influence on their attitudes toward organizational change and organizational commitment.

Yousef (2001) then conducted research about the relationship between IWE, organizational commitment and job satisfaction among 425 Muslim employees in different organizations in the UAE. The researcher found that the Islamic work ethic directly affected both organizational commitment and satisfaction. In a case study, Rahman et al., (2006) found a relationship between IWE and commitment among 227 employees in a local bank in Malaysia.

Results of all previous research have investigated the relationship between IWE and work outcomes (Yesil, et al., 2012; Rahman et al., 2006; Rokhman, 2010; Yousif, 2001). But unfortunately, most IWE research conducted in recent years have not shown any improvement in IWE measurement scales in terms of cultural variations among Islamic nations.
2.2 Pillars of Islamic Work Ethics

The research mentioned above suggests that Islamic work ethics are built on four basic pillars: perceived work as a form of worship, effort, cooperation, and moral responsibility. Worship means giving oneself wholly to God. It is not something extraneous, in the nature of an appendage it is an all-inclusive concept for those internal and external sayings and actions. Thus, work in Islam is worship, duty, Amanh (Trust), and justice. Work must be done diligently and patiently (Ahmad & Owamie, 2012).

The Quran says: “The word of the lord does find fulfillment in truth in justice (6:15).” Worship includes and governs all aspects of life. The condition for everlasting success (falih) in Islam is the same for all Muslims whether in conducting their works or business. In other words, worship is everything a person does or says for the pleasure of God (Allah). This includes rituals as well as beliefs, social activities and personal contributions to the general welfare of society. Hence, worship can be measured from the following statements:

- Justice and forgiveness in the workplace is essential for the benefit of society.
- Good work is the result of good faith.
- In Islam working hard is worship.
- Work is a virtue.

Effort is a concept which emphasizes hard work, frugality, and diligence as a constant display of human beings in the word. Furthermore, The Islamic work ethic stresses creative and innovative work as a source of happiness and accomplishment (Kumar & Rose, 2010). In Islam when one is sincerely (Al-Ikhlas) undertaking a task he has to make sure that the task is completed with the best of his ability.

The Muslim scholar Imam Al-Ghazali mentioned in his book Ihyaa Ulum Al-Deen (Revival of the Religious Sciences) that Jesus once saw a man who had completely devoted himself to worship, when he asked him how he got his daily bread, the man replied that his brother who worked provided him with food. Jesus then told him, “That brother of yours is more religious than you are.” Umar ibin Al-Khattab used to stress his point further by telling people, “Never should anyone of you think that duaa (supplication) without work will avail him, for heaven never rains gold not silver (Beekun & Badawi, 2005). Effort is seen as an act of worship in itself. Thus, effort can be measured from the following statements:

- Work values come from intensions, not results.
- The work must be done with adequate efforts.
- Life has no meanings without work.
- Work is a source of self-confidence.

The Islamic work ethic enhances cooperation in all aspects of life. Competition in cooperation must be carried out justly, fairly, and honestly. Islam calls on all people to cooperate in order to retain the human entity. “Help you one another in virtue, righteousness and piety; but do not help one another in sin and transgression” (Quran, 5;2). The Islamic work ethic also assures cooperation in work. And consultation is seen as a way of overcoming obstacles and avoiding mistakes (Yousef, 2001). This is considered as an essential virtue of every person and brings various blessings in return. Hence cooperation can be measured from the following sentences:

- Cooperation in work is a virtue.
- Cooperation produces satisfaction.
- Every person should participate in economic activity.
- Team work is a source of productivity.

Worship, effort and cooperation may produce benefits to self and others. However, their durability without morally guided action is doubtful in the long term and may lead to disastrous results.

Islam calls everyone to be responsible to the societal community and to work hard to provide benefits to others rather than relying upon begging for charity. The Quran and Hadith which are the main sources of Islam attach great importance to moral responsibility. In this respect, the prophet Muhammad was sent to preach a message that is essentially moral as the Quran says: “[W]e sent you
not but as a mercy for all creatures (21:107).” Thus, two parallel areas; namely moral responsibility and social responsibility have been of particular interest in recent years. Unfortunately, much of the research on the work ethic and moral responsibility has been carried out in the west with the focus on the Protestant moral responsibility. Hence, it is essential to measure moral responsibility as a sub set of the Islamic work ethic. The following statements can be used to measure moral responsibility from the Islamic perspective:

- Human relations between workers should be encouraged.
- Work is not the goal but a means to improve personality and social relations.
- Community affairs should be taken into consideration at work.
- Problems in our society will be reduced if everyone commits to his work.

As a result, the major pillars (constructs) and measures of the Islamic work ethic were derived from the main Islamic sources (The Quran and Hadith) and business literature. Some of the measurements of the IWE constructs have been used previously and show high reliability and validity. Constructs and measures such as perceived work as a worship and moral responsibility require more tests in empirical studies.

3. Conclusion

Most researches have been concerned with the Protestant work ethic and Judeo-Christian contributions in the development of western societies. The Islamic work ethic IWE has been misunderstood or ignored in business and management studies. Furthermore, there are few researchers that have attempted to study the work ethic from an Islamic perspective. Ali (1988) constructed a scale to measure the Islamic work ethic. Since that, researchers have used this scale without further adaptation. Thus, it is essential to development and validation of an IWE measurement scale by matching between Ali's scale and additional Islamic work values. The proposed scale is derived from the Islamic main sources and business literature. However, some of the measurement of IWE constructs have been used in previous research and show high reliability and construct validity. Measures such as perceived work as a worship and moral responsibility require more test in Arabic and non-Arabic cultural environments.
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Investigative Public Attitude Toward Environmental Management
In Her Majesty Queen Sirikit Honor Project: The Case of Five Provinces Bordering Forest Preservation Foundation

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Abstract

This research aimed to study: 1) people’s attitudes towards environmental management, 2) the basic necessity for environmental management, and 3) the obstacles and a development approach for an outcome, in Her Majesty Queen Sirikit honor project of Five Provinces Bordering Forest Preservation Foundation. The research was conducted in a mixed methods approach and reflected the philosophical and theoretical foundations of the study to describe a broad social phenomenon. The sample was composed of the personnel of Five Provinces Bordering Forest Preservation Foundation, and the people as stakeholders, and was concerned with authorities responsible for Her Majesty Queen Sirikit Honor Project.

The findings suggest that people’s dispositions towards the environmental management of the project is at a high level as is necessary for environmental management and the budgetary implications, and the structural factor: environmental management in Her Majesty Queen Sirikit Honor Project, These have been of a consistently high standard, but the obstacles and development approach have still been rather average. Five provinces bordering the forest preserve tried to help with continuous advice and care of all projects which involved not only environmental preservation but also helping people to achieve those ends.

The main conclusion and suggestion was focusing on increasing public awareness about the study problems of the community and resolving those problems by environmental preservation participative activities which can use time to common advantages and can be classified as: (1) A partition ditch for keeping elephants in designated areas with bamboo plantings as their food, (2) Reforestation in five provinces bordering the forest should involve compensation, (3) Pooling excavations spread over the area of the five provinces bordering the forest providing drinking water for wild animals, and (4) Quality of life enhancements and recommendations for raising livestock together with cultivation.

Keywords: environmental management, Five Provinces Bordering Forest Preservation Foundation, Her Majesty Queen Sirikit Honor Project, public opinion.

Introduction

At the present time, most countries of the world are running up against environmental pollution i.e. air pollution, water pollution, deforestation, which brings about natural disasters: floods, forest fires, drought etc. Environmental destruction has been partly caused by population growth and led to increased use of natural resources. Resolving global environmental problems is a complicated task and requires participation by all people involved.

Royal guidance: Principles of Royally Initiated Projects

For more than 60 years, His Majesty the King has initiated projects aimed at raising the standards of rural life and helping farmers to be self-reliant. The projects are classified into various...
categories, such as agriculture, water resources, the environment, occupational promotion, public health, public welfare, and communications. To achieve their aim, each of them is based on major principles suggested by His Majesty.

1) The first principle is that the project should be able to ease immediate problems. Solving of traffic congestion and flood prevention in Bangkok are among these projects. Although they seek solutions to immediate problems, their effects can also be felt in the long run.

2) The second principle is that the project should be carried out step by step in accordance with necessity and cost-effectiveness. His Majesty intends to assist people as necessary and appropriately so that they can become self-reliant. He has stressed the need to build a foundation for people to have enough to live on. Once the foundation is established firmly, further economic development should be carried out in the next step. The king believes that if rapid economic development is emphasized with no regard to the situation of the country and the real conditions of the people, it will lead to imbalances and difficulties in many areas. It is the king’s firm belief that if people can be assisted to stand on own and be self-supporting, they will be able to build up a higher level of development.

3) In the third principle, emphasis is placed on self-reliance to address poverty. For instance, the royally-initiated Rice Bank, the Cattle Bank, and soil development at Hup Krapong in Cha-am, Phetchaburi Province, have helped ease community problems and assisted local residents in helping themselves.

4) The fourth principle is that the project should promote the use of knowledge and appropriate technology. His Majesty said that it was necessary to have “a model of success” for farmers, so that they would put what they had learned from the model into practice in their own farms.

5) The fifth principle is that the country should focus on natural resource development and conservation. The development of the country in the past emphasized economic growth, resulting in the overuse and misuse of natural resources. If no action is taken, natural resources will deteriorate further. His Majesty believes that the rehabilitation of natural resources would help in agricultural development.

6) The sixth principle involves the enhancement of environmental quality. His Majesty attaches great importance to solving environmental problems, as seen from many royally initiated projects, such as wastewater treatment in Bangkok and the use of the Chaipattana Aerator for environmental preservation.

We provide guidance to local and national governments and industry to help them interpret and address a wide range of environmental issues, policy and legislation drivers and offer practical measures for their implementation. There were more than 60 wildlife sanctuaries, and 140 national parks covering an area of 18% of the country. Unfortunately, these areas are about to become fragmentary forests which can become forest patches and these remaining forest patches have tended to decline, especially in the areas adjacent to edges of forests next to the lands in other categories of utilization.

These accumulative antecedences contribute to increasing risk of wildlife extinction as genetic, species and ecological biodiversity could be seriously affected by changing of land utilization and bring about inbreeding issues within and among wild populations. “Inbreeding may result in reduced fitness for two reasons: an increased expression of deleterious recessive alleles (partial dominance) or the loss of favorable heterozygote combinations (over-dominance). Because both these results of inbreeding are dependent upon dominance variance, inbreeding depression is predicted to be greater in life history traits than in morphological traits.”

Revival of degraded forests seemed to have a low probability of success as it will take very long time and much more money to create a shared understanding between civil servants and stakeholders especially in changing ownership. However, there were a lot of efforts of linking the fragmentary forests to the forest patches in responding appropriately to the needs of plants, wildlife, and communities.

In addition, the Five Provinces Bordering Forest Preservation Foundation realized the importance of environmental problem resolution and attempted to respond to His Majesty’s royal

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guidance. Her Majesty Queen Sirikit Honor Project was established in 2013 and categorized into four main projects:

1) Partition ditch for keeping elephants in designated area with bamboo planting as their food, for blockade of elephants away from trespassing to villages,
2) Reforestation in five provinces bordering forest should be by way of compensation,
3) Pool excavation spread over an area of five provinces bordering forest as drinking water for wild animals, and
4) Quality of life enhancements, recommendation of raising livestock together with cultivation. The projects have been established in residential areas and some are completed and some are in progress.

The researchers, therefore conducted a project called, “People’s Attitudes toward Environmental Management in Her Majesty Queen Sirikit Honor Project of Five Provinces Bordering Forest Preservation Foundation”. This focused on the Khao Ang Rue Nai wildlife sanctuaries which often made the news whether it be for the marauding elephants that had been hijacking trucks of fruit, the reintroduction of the Siamese crocodile or for the strong work of its forestry officials who in just one year arrested nearly 4000 encroachers.

This paper was aimed to study:
1) people’s attitudes toward environmental management,
2) basic necessity for environmental management, and
3) the obstacles and an approach of development in Her Majesty Queen Sirikit honor project of Five Provinces Bordering Forest Preservation Foundation. The expected benefits are to develop and magnify the outcomes of the environmental management in Her Majesty Queen Sirikit Honor Projects effectively.

Material and Method

The research was conducted in a mixed methods approach and reflected the philosophical and theoretical foundations of the study for qualitative purposes to describe the social phenomena involved. The literature review concerned itself with people’s attitudes towards environmental management of Her Majesty Queen Sirikit Honor Project and was divided into two approaches: quantitative and qualitative studies. The non-probability-purposive samplings were categorized as: The personnel of the Five Provinces Bordering Forest Preservation Foundation and the people as stakeholders and were concerned with authorities responsible for Her Majesty Queen Sirikit Honor Project. The close-ended questionnaires were used along with in-depth interviewing. The data collection and analysis continued with descriptive data analysis, discussion, conclusions, and suggestions for the next study.

Results

The research findings of “People Attitude toward Environmental Management in Her Majesty Queen Sirikit Honor Project of Five Provinces Bordering Forest Preservation Foundation” can be grouped into four categories.

Overview of data analysis: The key informants were female members of farmer associations in the range of 18 to 40 years of age, education levels less than bachelor degrees, who played major roles in communities and the honor project.

Attitude analyses resulted in terms of agreement on the follow matters:
1) Honor project enhanced of living area environment,
2) Environmental management in Her Majesty Queen Sirikit Honor Project created value for the bordering forest,
3) Environmental management in Her Majesty Queen Sirikit Honor Project was constantly improved and developed for the benefit of local people,
4) Environmental management in Her Majesty Queen Sirikit Honor Project help create awareness of bordering forest preservation,
5) Environmental management in Her Majesty Queen Sirikit Honor Project led to sustainable natural resource conservation of both forests and wildlife,
(6) Environmental management in Her Majesty Queen Sirikit Honor Project should be supported continuously,
(7) Cultivation of information on environmental development,
(8) Environmental management in Her Majesty Queen Sirikit Honor Project created participation between project organizers and householders in the community,
(9) Equipment, tools, and material used in Honor Project are sufficient for communal needs,
(10) Honor Projects are responsive to communal needs,
(11) Environmental management in Her Majesty Queen Sirikit Honor Project helped create good relationships between state agencies and people in community,
(12) There are still some problems and obstacles in the environmental management process in Her Majesty Queen Sirikit Honor Project.

Basic necessity for environmental management: People’s attitude toward environmental management was at a high level. Basic necessities for environmental management are, in order:
(1) Budgetary implications which are the indicators of the highest degree,
(2) The structural factors: environmental management in Her Majesty Queen Sirikit Honor Project have been of a consistently high standard,
(3) Environmental management system organizing,
(4) Welfare,
(5) Organizational,
(6) Equipment, tools, and material used in the Honor Project,
(7) Personnel, and
(8) Organizational establishment.

The obstacles and an approach of development in enhanced outcomes: Five Provinces Bordering Forest Preservation Foundation have continually performed well in environmental management in Her Majesty Queen Sirikit Honor Project but there are still some problems and obstacles in the environmental management process in medium level. However, the foundation has always invested a great deal of effort in supporting and giving instructions which was not only enhanced environmental preservation but has also help people’s regard for the projects.

Discussion and Conclusion

In conclusion, People Attitudes towards Environmental Management in Her Majesty Queen Sirikit Honor Project of Five Provinces Bordering Forest Preservation Foundation, the research findings suggested that they agreed at a high level about:

1) The Honor Project enhanced living area environments and reflected the good care of five provinces bordering the Forest Preservation Foundation to the people in the studied area which brought about positive attitudes in return. This was compatible with “Reinforcement Theory” by Hovland, Janis and Kelley (1967) which falls along the scientific side of the spectrum. It presents persuasion as a process with right and wrong steps...Attention, comprehension and acceptance are considered by the audience before a new opinion is adopted. The message must be attention-getting and easy to understand. More importantly, it must be presented in a way that reinforces the idea’s validity. “Attitude changes result from an opinion change produced through reinforcement in areas such as attention, comprehension and acceptance...”

2) The basic necessity for environmental management, budgetary implications which is the indicator was the highest score which was conformable with “Brief Description of Forest-Wood System in Italy” by Filippo Brun-Cristina Magnani (2003)⁴ “Negli ultimi anni si è posto il problema della gestione dei cedui, che producono assortimenti ormai quasi privi di mercato, pur occupando superfici notevoli; dal mondo scientific giunge l’indicazione pressoché unanime della conversione a fustaia, accolta anche a livello legislativo (il Decreto Legislativo 227/2001 all’art. 6 affermche “è vietata la conversion dei boschi governati o avviati a fustaia in boschi governati a ceduo”). Purtroppo la

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³Reinforcement theory by Hovland, Janis and Kelley (1967)
⁴ Filippo Brun-Cristina Magnani Working paper (2003), “Brief Description of Forest-Wood System in Italy” Department of Economy and Reforestation Engineer and Environment, University of Turin.
conversion dei cedui è un’attività lunga e onerosa, che prevede interventi a macchiatico negativo e, quindi, raramente è accolta con favore dai proprietari privati.

This corresponds with interviewing answers as a whole of basic necessity for environmental management in Her Majesty Queen Sirikit Honor Project of Five Provinces Bordering Forest Preservation Foundation about budgetary concerned as the budget was obviously indicate each project planning mechanism for achieving ultimate goals.

3) The obstacles and an approach of development in magnified outcome: Even though the Five Provinces Bordering Forest Preservation Foundation have continually performed environmental management well in Her Majesty Queen Sirikit Honor Project, there are still some problems and obstacles in the environmental management process in medium level. However, the foundation has always invested a great deal of effort in supporting and giving instructions which was not only environmental preservation but also help people with warm and hearty.

The Five Provinces Bordering Forest Preservation Foundation, however, put more effort into resolving problems for keeping elephants in designated area and blockade of elephants away from trespassing to villages in other approaches, i.e. created participation with other sectors in term of preventive measurement demonstration. This was compatible with Karunan R. & Sahaschai M. (2014)“It is important to recognize that sustainability, much like ‘efficiency,’ ‘sufficiency’ does not have an intrinsic meaning. In a simplistic sense, sustainability merely means the capacity to keep doing something. The governments used this term only in regard to national economic growth this is why the social equity dimension of sustainability is so critical. Some use the term “environmental sustainability,” but this makes no sense without its two companion pillars. An ethical approach to sustainability suggests that society has an obligation to restrain wasteful uses of resources among the affluent, but it also has a special obligation to foster economic development for the poorest of the poor, while maintaining environmental resource protection, and foster spiritual value for the common goal as sustainable survival society.”

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Perceived Service Quality of Halal Restaurants: A Study on Urban Muslim Consumers

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Muhamad Naim Kamari, Unitar International University, Malaysia  
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ABSTRACT

The Halal industry is growing rapidly around the world which covers various aspects of consumerism from banking and finance, logistics, and food service as well. This paper aims to investigate the perception of Muslim consumers with regard to service quality of Halal restaurants. Extant literature has empirically investigated the attributes of perceived service quality affording consumer satisfaction. However, the understanding of the attributes that consumers consider to be important in their assessment of service quality in Halal restaurants is limited. This research explores these issues from an urban Muslim consumer segment. Data were collected using a survey questionnaire distributed to major cities of Malaysia. From the descriptive statistics, this study reported eight variables perceived as important features in assessing service quality of Halal restaurants. The mean scores showed that Toyyiban (healthy and safe for consumption), Reliability, and Syaria (Islamic Law)-compliant are regarded as the three most important variables of service quality. We discuss the implications for managers as well as the limitations of the study and future directions of research.

Keywords: service quality, Halal restaurants, perception, consumer, Muslims

1 INTRODUCTION

In a highly dynamic business environment today industry players have placed much focus on the quality of service as a competitive tool. The interest is primarily led by the belief that firms’ ability to deliver quality services may give an edge over the competitors through increased customer satisfaction leading to better profitability. In the context of the restaurant business, service providers are facing challenges as the industry is constantly shifting in response to the socio-economic factors. Generally, providing a pleasant dining experience to consumers comprised of tangible and intangible elements is central to restaurants (Marinkovich et al., 2014). Therefore, understanding specific elements of service quality that are considered to be important from consumers’ assessments is critical. Meanwhile, the emergence of religious revival as one of the ten mega trends in the new millennium (Abdur Razzaque et al., 2013) has changed the global market environment. As indicated by the Global Future and Foresight Study, the growth in the Muslim population in both Muslim and non-Muslim countries is tremendous (Muslim World Biz, 2015). This trend has opened up new business opportunities for the Halal (permissible according to the Islamic law) industry world-wide which has been reported to be valued at USD 2.3 trillion annually. In Malaysia, interest in obtaining Halal certification for restaurants is on the rise from both Muslim and non-Muslim restaurant owners. The escalating demand for Halal restaurants intensifies the need for managers to fully understand the behavior of Muslim consumers, in particular the attributes that consumers perceive as important in their evaluation of Halal restaurants service quality.

Research in the past tend to be narrow in scope as they deal either on attitude or purchase intentions and mostly focused on Halal products (for example, Mukhtar & Butt, (2012); Lada et. al, (2009); Hamdan et al., (2013)). As the scope of the Halal industry extends to services including Halal restaurants, a study to gain a better understanding of perceived service quality is justified.
2 LITERATURE REVIEW

2.1 Service Quality

Service quality has received much attention from both industries and academia as the creation and delivery of quality services are crucial in establishing a competitive position in the market. It has been shown that the maintenance of the desired levels of service quality is imperative in gaining consumer satisfaction and enabling firms to stay competitive (Ab Hamid et al., 2016; Brown and Bitner, 2007; Kashif et al., 2015). Parasuraman et al. (1988) define service quality “as a global judgment or attitude relating to the overall excellence or superiority of the service” (p.16). In other words, service quality refers to the service providers’ ability to meet or exceed consumer expectations (Lewis & Boom, 1983; Butt & Aftab, 2013). Past research has reported a number of measures of service quality. For example, Parasuraman et al. (1998) introduced a five-dimension service quality model, also known as, SERVQUAL comprised of reliability, tangibility, responsiveness, assurance, and empathy. SERVQUAL applies the disconfirmation of expectation and explains that service quality is best measured by comparing consumer expectation to the actual perception of the quality of service (Ab Hamid et al., 2016; Gayatri & Chew, 2013).

Undoubtedly, service quality is paramount in restaurants as is the case in all service-based industries. Previous studies suggest several factors contribute to consumer evaluation of service quality. Although the SERVQUAL instrument was widely used in different service environments it did not measure some of unique attributes of restaurant quality (Bujisic et al., 2014). Nonetheless, most of this research was conducted in a conventional restaurant setting. There are limited studies being carried out to examine the perceived service quality from a Halal restaurant perspective which is the motivation for the present study.

2.2 Halalan Toyyiban

From the Muslim perspective, anything they consume, be it products or services, the consumption must be based on Halalan Toyyiban. Halal is an Arabic term which refers to lawful or permissible according to the Syari’a (Islamic laws), while Toyyiban means safe for consumption (Omar et al., 2014). In other words, Islam advocates consumers to consume food which is halal and toyyiban as it ensures a healthier life. Indeed, the same concept can be extended to the service quality of Halal restaurants - the services consumers experience should be delivered in an environment which is permissible as well as good and healthy in line with the Syari’a.

Furthermore, the Halalan Toyyiban emphasizes that food products should comply with the Islamic law throughout the process from production which includes slaughtering, storage, display preparation, hygiene, and sanitation (Wilson, 2014; Haque et al., 2015) and forbids the use of harmful and unlawful ingredients. The concept extends cleanliness and hygiene of the environment from “farm to table”, that is from planting to serving food (Haque et al., 2015).

3 RESEARCH METHODOLOGY

The main purpose of this study is to empirically investigate consumers’ perception of service quality in Halal restaurants. Specifically, the research aimed to answer the following questions:

1. What are the features considered to be important in the assessment of service quality?
2. Are there any significant differences in perceived service quality based on consumer demographics?

3.1 Hypotheses development

Extant studies have applied SERVQUAL in assessing restaurant service quality. However, some researchers have argued that different business settings require modifications to the SERVQUAL instrument (for example Babakus & Boller, 1992; McDougall & Levesque, 1994; Ladhari, 2009). Consumers’ evaluation of restaurant service quality involves several factors. Food quality, physical surrounding, and service delivered by restaurant staff have been reported as important factors influencing restaurant service quality perceptions (Dulen, 1999; Sulek & Hensley, 2004; Jang & Namkung, 2009; Ryu & Han 2010; Marinkovic et al., 2014). Primarily, restaurant service quality concerns two elements – the tangible and the intangible. During the earlier development of the industry,
restaurant owners gave more focus on food quality as the objective is to attract potential consumers to visit the outlet (Markovic et al, 2015). However, in the intensified competitive environment of today, recent trends have called for more attention to be given to other factors such as ambience, assurance, staff courtesy, empathy, responsiveness, and reliable service (Sulek & Hensley, 2004; Ryu & Han 2010; Markovic et al, 2015). Moreover, in a Halal restaurant setting, Syaria-compliant serves as an important feature of service. That is the food and beverages served must be prepared according to the Halal standard. In addition, the food quality should meet the Toyyiban concept as in clean and healthy for consumption. Therefore, we propose the following hypotheses:

H1: There are several significant features in consumers’ evaluation of service quality in Halal restaurants

H1a: Ambience is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1b: Assurance is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1c: Courtesy is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1d: Empathy is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1e: Reliability is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1f: Responsiveness is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1g: Syaria-compliant is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H1h: Toyyiban is a significant feature in consumers’ evaluation of service quality in Halal restaurants

H2: There are significant differences in consumer demographics in the evaluation of service quality

H2a: There is significant difference in the evaluation of Halal restaurants service quality by gender

H2b: There is significant difference in the evaluation of Halal restaurants service quality by age group

H2c: There is significant difference in the evaluation of Halal restaurants service quality by education level

H2d: There is significant difference in the evaluation of Halal restaurants service quality by occupation

H2e: There is significant difference in the evaluation of Halal restaurants service quality by income level

H2f: There is significant difference in the evaluation of Halal restaurants service quality by race

3.2 Questionnaire Design

We designed the questionnaire used in this study based on the research objectives discussed. The questionnaire consisted of two parts. The first part, Section A, consisted of the attributes perceived to be important in consumers’ assessment of Halal restaurant service quality based on their experience. Section B consisted of demographic information of each respondent. A 5-point labelled Likert type scale was used with anchor from 1="Strongly Agree" to 5= "Strongly Disagree".
3.3 Sampling and Data Collection

Primary data for this research were collected using a personally-administered questionnaire as this method will ensure a higher response rate. Using a convenient sampling method the questionnaire were distributed to adult from the age group of between 20-60 years old, who lived in major cities covering East and West Malaysia. It is a common lifestyle in Malaysia that urbanites would have experience dining in restaurants. We distributed the questionnaire to 300 respondents and 251 were collected, giving an 84% response rate.

3.4 Data Analysis

Data were analyzed using the statistical package SPSS version 21.0. In order to answer the research questions, this study applied descriptive analyses as to determine the important features in Halal restaurant service quality evaluation as well as the demographic group differences in perceived service quality and respondent profile.

4 RESULTS

4.1 Respondent Profile

Frequency distributions were calculated for all individuals in this research and are summarised in Table 1. As indicated, most of the respondents were 20 to 30 years of age (65 per cent), followed by the age groups of 31 to 40 and below 20 years at 28.5 per cent and 10.2 per cent, respectively. These three groups contributed approximately 90.1 per cent of the overall total in term of age. 50 per cent of the respondents are working adult (executives and non-executives) Most of the respondents were executives (47.5 per cent) and more than half of them had more than 15 years of education.

<table>
<thead>
<tr>
<th>Item (No. of Respondent %)</th>
<th>Item (No. of Respondent %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td>4. Occupation</td>
</tr>
<tr>
<td>- Male</td>
<td>- Student</td>
</tr>
<tr>
<td>- Female</td>
<td>- Non Executive</td>
</tr>
<tr>
<td></td>
<td>- Executive</td>
</tr>
<tr>
<td></td>
<td>- Unemployed</td>
</tr>
<tr>
<td></td>
<td>- Pensioner</td>
</tr>
<tr>
<td></td>
<td>- Others</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Age</td>
<td>5. Monthly Income Level</td>
</tr>
<tr>
<td>- 20-30</td>
<td>- less than RM 3000</td>
</tr>
<tr>
<td>- 31-40</td>
<td>- RM 3001-RM 5000</td>
</tr>
<tr>
<td>- 41-50</td>
<td>- RM 5001-RM 10000</td>
</tr>
<tr>
<td>- 51 and above</td>
<td>- above RM 10000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Education</td>
<td>6. Race</td>
</tr>
<tr>
<td>- SPM</td>
<td>- Malay</td>
</tr>
<tr>
<td>- STPM/Diploma/ Matrics</td>
<td>- Chinese</td>
</tr>
<tr>
<td>- Degree</td>
<td>- Indian</td>
</tr>
<tr>
<td>- Master</td>
<td>- Others</td>
</tr>
<tr>
<td>- PhD</td>
<td></td>
</tr>
<tr>
<td>- Others</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Respondent Profile

4.2 Attributes of Halal Service Quality

To test the first hypotheses of this study, we used the descriptive statistics to identify the attributes considered to be important in Halal restaurant service quality evaluation. The results showed reasonably high mean scores for all the eight factors being studied. In particular, consumers placed greatest concern on the restaurant compliance with the concept of Halalan Toyyiban as reported by the highest mean scores for these two factors, Toyyiban mean score = 4.62; Syaria-compliant mean score = 4.54. Indeed, Halal restaurants are not only required to display the Halal logo clearly, consumers expect the service providers ensure food quality meets the hygiene and healthy necessities. Additionally, staff appearance in accordance with the Syaria; that is, covering the aurah (certain parts of the human body that must be covered from being seen by others) was reported to be...
one of the items evaluated as important in perceived service quality. *Reliable* service was given very high importance, as well, alongside Halalan Toyyiban as indicated by the mean score of 4.56. Other factors such as Assurance, Responsiveness and Ambience (mean scores 4.37 and 4.31 respectively) have been rated as more important than Empathy (mean score = 4.16). Table 2 illustrates the attributes of service quality and the mean scores for each.

Table 2: Summary of Attributes and Mean Scores

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Mean</th>
<th>Hypothesis Supported/Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyyiban</td>
<td>4.62</td>
<td>H1h is supported</td>
</tr>
<tr>
<td>Reliable</td>
<td>4.56</td>
<td>H1e is supported</td>
</tr>
<tr>
<td>Syaria-compliant</td>
<td>4.54</td>
<td>H1g is supported</td>
</tr>
<tr>
<td>Responsive</td>
<td>4.37</td>
<td>H1f is supported</td>
</tr>
<tr>
<td>Assurance</td>
<td>4.37</td>
<td>H1b is supported</td>
</tr>
<tr>
<td>Courtesy</td>
<td>4.32</td>
<td>H1c is supported</td>
</tr>
<tr>
<td>Ambience</td>
<td>4.30</td>
<td>H1a is supported</td>
</tr>
<tr>
<td>Empathy</td>
<td>4.16</td>
<td>H1d is supported</td>
</tr>
</tbody>
</table>

4.3 Group Differences in Consumers’ Evaluation of Halal Service Quality

The second hypothesis concerned demographic group differences in consumers’ evaluation of Halal service quality. We applied the analysis of variance (ANOVA) to test the hypothesis. The results showed that there are differences by age groups in consumers’ perception of *Syaria-compliant* attributes, in particular. Hence H1b is supported. Next, consumers’ evaluation of service quality differs by their occupation – executive and non-executive. The statistics indicated that executives perceive *Reliability* differently than that of non-executive consumers. Additionally, *Ambience, Toyyiban* and *Syaria-compliant* factors are evaluated differently by Malay and Indian consumers, which provides support for H2f. However, this study did not find support for H2a, H2c and H2e.

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Attributes of Service Quality</th>
<th>Hypothesis Supported/Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>No significant difference</td>
<td>H2a is rejected</td>
</tr>
<tr>
<td>Age (Groups)*</td>
<td>Syaria-compliant</td>
<td>H2b is supported</td>
</tr>
<tr>
<td>20-30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31-40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>51 and above</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>No significant difference</td>
<td>H2c is rejected</td>
</tr>
<tr>
<td>Occupation**</td>
<td>Reliable</td>
<td>H2d is supported</td>
</tr>
<tr>
<td>Non-executive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income level</td>
<td>No significant difference</td>
<td>H2e is rejected</td>
</tr>
<tr>
<td>Race **</td>
<td>Ambience</td>
<td>H2f is supported</td>
</tr>
<tr>
<td>Malay</td>
<td>Toyyiban</td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td>Syaria-compliant</td>
<td></td>
</tr>
</tbody>
</table>

Note: * significant at \( p=0.05 \); ** significant at \( p =0.10 \)

5 DISCUSSION AND CONCLUSION

The purpose of this study was to empirically examine service quality in Halal restaurants from the Muslim consumers’ perspective. The results of descriptive analysis suggested that the most important attributes in the evaluation of service quality of Halal restaurants are *Toyyiban, Syaria-compliant* and *Reliability*. In the context of Halal restaurants, consumers give priority to cleanliness, healthy food, appearance of staff, and serving only Halal food and beverages. In Malaysia, consumers are becoming increasingly aware of the Halalan Toyyiban concept. Obviously, Halal food is not limited to animal slaughtering. The ingredients used in and the process of food preparation should not include any harmful or unlawful materials. Furthermore, as service providers of Halal restaurants are facing stiff competition they should be well advised that intangible factors other than food quality are equally, if not more important to be offered. Staff covering the *aurah* and prayer facilities provided on site for the convenience of Muslim consumers have been reported as items perceived to be important when evaluating Halal restaurants service quality. Likewise, serving employees’ courteous behavior such as politeness and mannerism according to the Islamic values have been given more attention by Muslim consumers. Interestingly, consumer age, occupation, and ethnicity have some influence in perceived service quality. Halal restaurant managers should plan their service delivery appropriately according
to the target group of consumers, for example older and executive consumers may have different perception of service features which appeal to them.

In this study, respondents were asked to recollect their experience of dining in Halal restaurants and their assessment of the service quality. More in depth studies could be carried out to investigate the relationship between the service attributes to consumer satisfaction and loyalty. This research is concerned with consumers’ perceived important features of Halal restaurants service quality. As the growth of Halal services industry is escalating similar study could be carried out in different industry settings, for example tourism, healthcare, logistics, and so forth. Better understanding of consumers’ perceived service quality in various services may increase the competitive edge of Halal service providers vis-a-vis other players.

Acknowledgment
The authors would like to express gratitude to the Ministry of Higher Education (MOHE), Malaysia, for giving the researchers the opportunity to conduct the research successfully. The support has enabled the researchers to pursue their goals and meet the objectives of this research. Appreciation also goes to the Asia Graduate School of Business of UNITAR International University in providing facilities during the conduct of this research.

References


The Financial Performance of Thailand’s Energy Sector

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Abstract

This study investigates the performance of the energy sector in Thailand from 2006 to 2014. Jensen’s alpha model was used to calculate the risk-adjusted returns of energy securities and the energy sector. Based on the sample of seven energy companies, the findings indicate energy companies are unable to outperform the stock market in any meaningful sense over the period from 2006-2014. The energy sector is therefore risky because it fluctuates widely between negative and positive risk-adjusted return within the nine year period. This is contrary to the notion that energy stock returns are superior to other energy share opportunities in the long term, especially with Susco PLC., and that they are a great investment for investors who are interested in investing in the energy sector.

Keywords: Performance measurement; Thailand; Energy sector

I. Introduction

There is a consensus among academics and practitioners that oil is significant in the international economy and forecasts economic growth (Adelman 1993; Degiannakis, Filis, and Kizys 2014). The international crude oil price rose rapidly during the last decade. This resulted in great fluctuations in the Asian market, which in turn pushed the energy price up (Cong et al. 2008). The impacts of the price of oil on the stock market have been widely studied and suggest that oil price movements are important in explaining movements in stock returns (Lee, Ni, and Ratti 1995; Peter Ferderer 1996; Sadorsky 1999). Ciner (2001) found that there is a relationship between daily U.S. stock returns and the oil price. In contrast, Huang et al., (1996) used daily data from 1979 to 1990 which showed no evidence of a relationship between oil futures prices and aggregate stock returns. Park and Ratti (2008) used a vector autoregression approach to investigate the relationship between oil price shocks and real stock returns in the U.S. and in 13 European countries for the period from 1989 to 2005. They found that oil price shocks have a statistically significant impact on real stock returns. In that work it can be seen that most of the previous studies were limited only to the United States.

According to Thailand’s Energy Policy and Planning Office, Ministry of Energy, after spiking in 2008, energy consumption fell in 2009 but then climbed steadily and by 2012 had experienced 1.3% growth. In 2012, Thailand’s energy consumption had increased at a robust rate of 6.8% year on year, being at a level of 1,981 thousand barrels per day of crude oil equivalent. Natural gas accounted for the largest share of the consumption, at 45%. Oil consumption was the second largest, holding a 36% share. Total energy expenditure in 2012 was US$71 billion, 10% higher than in 2011. The manufacturing and transportation sectors were the largest energy consumers in 2012; absorbing 37% and 36% shares respectively.

With regards to Thailand energy sector literature, there are a small number of the researchers investigating the effects of oil price shocks on the stock market. For example, Nandha and Hammoudeh (2007) used the weekly data regression to capture the relationship between stock market performance and oil price changes of 15 countries including Thailand for the period from 1994 to 2004. They concluded those stock markets are more conditionally sensitive to oil price changes than domestic risk.

Wattanatorn and Kanchanapoom (2012) used panel data regression to capture the relationship between oil price, interest rates, exchange rates and the return on assets of 11 different sectors in the Stock Exchange of Thailand for the period from 2006 to 2010. They found that the oil prices have a significant positive impact on the profits of the energy and food sectors.

As far as the authors know, there have been no academic studies that have directly examined the performance of Thailand listed oil and gas firms. Consequently, there is an important need to be served in carrying out new research to investigate the performance of each oil and gas firm in the energy sector. The objective of this study has been to evaluate the performance of energy securities in Thailand. The results of the study provide guidance to the various oil and gas companies whose shares are traded.
on the Stock Exchange of Thailand. The results can be useful to the individual investors and policy makers who invest in the energy sector. In addition, it contributes to the literature that studies the performance of the energy sector. Section 2 below describes the data and methodology used to examine how energy security performance relates to the rest of the stock market. Section 3 discusses the results and Section 4 provides some concluding remarks.

II. Methodology and Data

The purpose of this study is to update the energy sectors’ risk-adjusted return performance versus the average performance of the Thai stock market. In order to analyse the energy securities of Thailand, this study examines the risk-adjusted performance using Jensen’s alpha as determined from an estimation of the Capital Asset Pricing Model (CAPM). Jensen’s alpha (1968) suggests a different concept of risk. Jensen is concerned only with systematic risk (Beta) for scaling the returns of the share. The Jensen technique involves measuring the energy securities’ performance based on the value of the constant term $\alpha_{it}$. This measure of abnormal return can be defined as:

$$\alpha_{it} = (R_{it} - R_{ft}) - \beta_{it} (R_{mt} - R_{ft})$$

where,

- $\alpha_{it}$ = Abnormal risk-adjusted return for energy security $i$ which is a measure of the ex-post risk-adjusted return in period $t$,
- $R_{it}$ = Return of energy security $i$ in period $t$,
- $R_{ft}$ = Risk-free rate of return in period $t$,
- $\beta_{it}$ = Beta of energy security $i$ in period $t$,
- $R_{mt}$ = Return of SET100 index in period $t$.

In the above models, $\alpha_{it}$ is the regression intercept or abnormal returns of energy securities, that is, the return that is in excess of that which is caused by the portfolio’s exposure to risk factors. Investors would receive a greater return than that which they could have expected on a risk-adjusted basis if the alpha value is positive. On the other hand, a negative alpha value indicates that investors received a lower return than expected on a risk-adjusted basis. In Equation (1), coefficient $\beta_{it}$ measures the portfolio’s exposure to a market factor in the CAPM.

The efficient market hypothesis (EMH) posits that current stock prices reflect all available information (Fama 1970). The hypothesis is that all information is quickly and efficiently incorporated into asset prices at any point in time and a profit (abnormal returns) cannot be made from trading information. Therefore, an analysis, such as fundamental analysis and technical analysis, cannot be used (Bishop et al. 2004). Fundamental analysis is used to evaluate investments in securities from characteristics of a security by attempting to measure the intrinsic value. Technical analysis is the evaluation of securities from the chart using historical price behaviour to predict future movement. The term “market efficiency” means security prices are rational and an investor cannot systematically beat the market (Statman 1999). Thus, yielding abnormal returns cannot be made in an efficient market.

The hypothesis relating to energy security performance is based on the efficient market hypothesis. This means that positive or negative alpha values would indicate an inefficient Thai energy sector. The hypothesis relating to energy security performance is made between the energy security and the SET100 index benchmark and asserts that the performance of energy companies is significantly different from that of the stock market.

The data employed in this study are monthly closing prices of energy securities traded on the Stock Exchange of Thailand during the period from 2006-2014. Two study periods are considered, namely (1) the alpha value for each energy company in the sample for each year, and (2) the nine-year period.

In addition, the beta and the standard deviation of alpha values were calculated for each energy security analysed. Historical data are obtained from the Morningstar Direct Database. The 91-day bank accepted bill rates are used as a proxy for the risk-free rate. The SET100 index is used as a market portfolio because this index comprises the largest 100 equity shares for an average market. The study analyses seven energy companies comprising Thai Oil PLC., Asian Insulators PLC., RPCG PLC., PTT PLC., IRPC PLC., Bangchak Petroleum PLC. and Susco PLC.

III. Results

This section discusses the results of the energy security performance evaluations, with the results presented in Table 1. For each of the seven energy securities, the study provides the annual alpha values and standard deviations of alpha values examined for each year. Accordingly, the difference between
the average alpha values and zero can be measured to determine if the difference is significant using $t$-statistic.

### Table 1 Summary of alpha values for each energy company

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Thai Oil PLC.</td>
<td>-1.087</td>
<td>1.846</td>
<td>-1.487</td>
<td>0.549</td>
<td>2.632</td>
<td>-1.574</td>
<td>-2.159</td>
<td>-0.596</td>
<td>-3.003*</td>
</tr>
<tr>
<td>RPCG PLC.</td>
<td>-4.980*</td>
<td>-0.690</td>
<td>-0.314</td>
<td>1.925</td>
<td>1.568</td>
<td>-3.056</td>
<td>4.474**</td>
<td>7.369</td>
<td>0.756</td>
</tr>
<tr>
<td>PTT PLC.</td>
<td>0.255</td>
<td>1.837</td>
<td>0.392</td>
<td>-2.812*</td>
<td>-0.793</td>
<td>0.453</td>
<td>-1.964*</td>
<td>-0.983</td>
<td>-0.478</td>
</tr>
<tr>
<td>IRPC PLC.</td>
<td>-1.348</td>
<td>-1.764</td>
<td>-0.825</td>
<td>-2.631</td>
<td>3.469</td>
<td>-2.801**</td>
<td>-3.116</td>
<td>-0.985</td>
<td>-1.313</td>
</tr>
<tr>
<td>Bangchak Petroleum PLC.</td>
<td>-3.431**</td>
<td>2.141</td>
<td>2.918</td>
<td>1.345</td>
<td>1.114</td>
<td>0.991</td>
<td>1.417</td>
<td>0.047</td>
<td>-0.389</td>
</tr>
</tbody>
</table>

**Note**: * and ** denote that the null hypothesis can be rejected at the 5% and 10% significance levels, respectively.

From Table 1, the results show that in all but five years (2006, 2007, 2008, 2011, and 2014) over the nine-year period examined, the annual average alpha values for the energy sector were positive. However, there is no risk-adjusted return performance difference between the energy sector and the stock market. Therefore, an inconsistent decrease in average standard deviations of alpha values would suggest an unstable energy sector, as measured by return performance. The results support the rejection of the alternative hypothesis and the acceptance of the null hypothesis at the 5% and 10% significance levels. This suggests that the annual energy sectors’ performance levels are not significantly different when compared to the stock market, indicating that the energy sector did not generate superior risk-adjusted returns to investors during the study period.

For each year of the individual energy securities, alpha estimates are negative and statistically significant at the 5% level and sometimes at the 10% level. These negative estimates, indicate that the energy securities do under-perform the market. However, there are some energy companies that have shown a positive alpha value with the significance level of 10%. The securities with a superior risk-adjusted return are RPCG PLC and Susco PLC in 2012. Therefore, average alpha value for Asian Insulators PLC provides evidence to reject the null hypothesis at the 10% significance levels in both 2012 and 2013. The claim that energy securities, consisting of at least three energy companies, are...
efficiently priced in exploitable ways is a myth. Thus, the findings reveal that the energy sector with insignificant alpha values support the efficient market hypothesis, which suggests there is no potential to gain abnormal returns with publicly available information. Table 2 reports the alpha values and standard deviations of alpha values for each energy security over the nine-year period analysed. The beta values reported reflect the relative systematic risk for each energy security from equation (1). By definition, the stock market has a beta of 1.0. Accordingly, the difference between the average alpha values and zero can be measured to determine if the difference is significant using \( t \)-statistic.

Table 2 Summary of alpha values and standard deviation of alpha values, 2006-14

<table>
<thead>
<tr>
<th>Energy company</th>
<th>Alpha values</th>
<th>Standard deviation</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thai Oil PLC.</td>
<td>-0.600</td>
<td>1.868</td>
<td>0.863</td>
</tr>
<tr>
<td>Asian Insulators PLC.</td>
<td>0.110</td>
<td>5.306</td>
<td>0.439</td>
</tr>
<tr>
<td>RPCG PLC.</td>
<td>-0.818</td>
<td>3.712</td>
<td>0.584</td>
</tr>
<tr>
<td>PTT PLC.</td>
<td>-0.050</td>
<td>1.393</td>
<td>1.345</td>
</tr>
<tr>
<td>IRPC PLC.</td>
<td>-1.072</td>
<td>1.955</td>
<td>1.406</td>
</tr>
<tr>
<td>Bangchak Petroleum PLC.</td>
<td>0.671</td>
<td>1.832</td>
<td>0.860</td>
</tr>
<tr>
<td>Susco PLC.</td>
<td>2.366</td>
<td>4.718</td>
<td>1.526</td>
</tr>
<tr>
<td>Annual average alpha values for all oil and gas companies</td>
<td>0.087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard deviation of alpha values for all oil and gas companies</td>
<td>1.168</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 2, the results fail to reject the null hypothesis at the 5% and 10% significance levels over the study period. The study observes that the alpha values for all energy securities are not significantly different from zero from a statistical standpoint, which indicates that the energy sector performance levels are not different from the stock market. The performance measures reveal that the energy sector’s performance was inferior to the stock market over the last nine years. It can be suggested that the energy sector is an efficient sector. This corresponds with the efficient market hypothesis (Kuble, Waltber, and Wurtzebach 1986). The results in Table 1 support this claim. That is, the years 2006 through 2014 reflect a period of annual alpha values for the energy sector that is not significantly different from zero from a statistical standpoint. The probable reason that can result in poor performance of the energy sector is energy price volatility. Previous studies in this field suggested that an oil importing country would expect the negative effects from rising oil prices (Park and Ratti 2008; Bjørnland 2009). Statistically, Thailand is highly dependent on imported energy: in 2012 over 67% of its energy was purchased from overseas sources. Thailand imported about 1.23 trillion baht worth of fuel for energy and pre-generated energy in the form of electricity into the country (Energy Policy and Planning Office, 2013). The standard deviation of alpha value is a measure of the investment risk of an energy sector and each energy security. The results show that the investment risk of in an energy sector is 1.168 for the nine year period. Unfortunately, the energy sector did earn a positive alpha value, however they were not
statistically significant. In addition, the study finds a higher standard deviation of alpha value for Asian Insulators PLC, and Susco PLC than the energy sector and other energy companies, implying that those companies are riskier because it fluctuates widely between negative and positive risk-adjusted returns within a long period.

The evidence shows that Susco PLC has a higher systematic risk than other energy securities, and the energy sector, according to the beta, indicates that Susco PLC is theoretically 52.6% more volatile than the stock market. There is some advertent connection between the alpha, and a beta value is that Susco PLC has a highest risk-adjust return and systematic risk when compared with other energy securities. However, PTT PLC and IRPC PLC, have a beta of greater than one, are also more volatile than the broad market, yet they had a negative alpha. The remaining three energy securities have a beta of less than one, which shows that, in general, these energy securities had lower volatility than the market during the study period.

IV. Conclusion
In recent years, Thailand has significantly increased its consumption and importing of crude oil. This study offers an investor a detailed analysis of the performance of the energy sector in Thailand in terms of how energy securities performed during the period from 2006 to 2014, using Jensen’s risk adjustment. The overall conclusion is that the performance of some energy shares is positive, which is superior to the average performance of the stock market performance for some years. Unfortunately, the last nine years’ risk-adjusted returns for individuals and the industry level are not statistically significant from the stock market. Thus, the findings reveal that the high number of energy securities with insignificant alpha values support the efficient market hypothesis, which suggests there is no potential to gain abnormal returns with publicly available information. Additional research should be directed to investigating the impact of crude oil prices on the equity value of 11 different sectors in the Stock Exchange of Thailand.
References


A Study On Perceptions of Non-Muslim Consumers Towards Halal Food and Perceived Service Quality in Halal Restaurants

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Noor Raihan Ab Hamid, UNITAR International University, Malaysia  
Muhamad Naim Kamari, UNITAR International University, Malaysia

Abstract
The competitive forces of demand, globalization, and changes in the supply chain have had great impact on the food service industry. In recent years, the Halal food service industry which includes, among others, Halal restaurants has mushroomed. This paper aims to investigate the perceptions of non-Muslim consumers towards Halal food and perceived service quality in Halal restaurants. Initially, this study examined why non-Muslim consumers choose Halal restaurants and how they perceive service quality. Previous studies reported that awareness of Halal food and products has increased among the non-Muslims and has been recognized for food safety, hygiene, quality assurance, and environmentally friendly affording consumer satisfaction. Although Muslim consumers have been studied in several research projects, studies of non-Muslims perceptions towards Halal restaurants remains scarce. Here we explore the perceptions of non-Muslims with respect to Halal restaurants’ service quality using focus groups. The findings show that taste of food, cleanliness of the facilities, ambience, and food choices are among the factors that influence non-Muslim consumers’ evaluation of service quality in Halal restaurants.

Keywords: service quality, non-Muslims, Halal restaurants, patron behavior
1. INTRODUCTION

The growth of the Halal industry escalated in recent years due to the rising population of Muslims around the world. It has been reported that the global Halal market is valued at USD 2.3 trillion annually (Mohamad, Zainab, Iwani, Roszi, Nurul & Farrah, 2015), of which the Halal food industry contributes USD560 billion annually. Alongside, the awareness of Halal consumption is increasing and has unlocked business opportunities into the global community. In reality today, in spite of the Halal food industry being associated with Muslim consumers, the consumption of Halal food and its related industry, in particular, Halal food service, extends to the entire consumer community, including the non-Muslims. The concept of Halalan Toyyiban advocates the wholesomeness concept of Halal, which covers not only the Sharia requirement that food must be Halal, that is, permitted for consumption (for example, slaughtered according to the Sharia; pork and alcohol free food and beverages), but includes also the hygiene, sanitation and safety aspects. Meanwhile, in Malaysia, there is an increasing number of restaurant service providers who have been awarded the Halal certification by JAKIM, a local government agency mandated to protect the purity of Sharia (Islamic law) through enforcement of its regulations and standards. As the Islamic values have a universal appeal the growth opportunity for Halal premises is substantial. The extensive consumer base has led to intense competition in the Halal market locally and globally. In order to compete well, service providers should understand the reasons why consumers choose to patronize Halal premises and how they evaluate the service quality. However, the approach to seeking a better understanding of these issues are lacking in the extant literature. Therefore, this exploratory study aimed to investigate the reasons for choosing Halal premises and consumers assessment of service quality from non-Muslims perspectives.

2. LITERATURE REVIEW

Service Quality

Service quality is a cognitive construct that is usually conveyed as an attitude developed by customers as a result of an encounter with a service firm (Parasuraman et al., 1988). Customers depend on tangible cues such as the service provider's physical facilities, equipment, and personnel to evaluate the quality of the services (Parasuraman et al., 1988). Mohani et al. (2009) stated that to Muslims, there is an additional need for food quality assurance in that only food deemed as Halal is fit to be consumed.

According to Biranchi and Prasant (2012), the need today for quality in service delivery is felt in every organization, whether in the public or private sector. Recognition of quality of service delivery as a competitive weapon is a relatively recent phenomenon. The issues of Halal or haram are of great importance as many non-Muslims do not understand the Islamic dietary codes and rules (Golnaz et al., 2001).

In this competitive industry, the quality of service delivery is vital in order to gain customer loyalty. Consumers are not willing to spend money on poor service delivery. Once they experience poor service, the business not only loses the customer but the spread of negative word-of-mouth from dissatisfied consumers will adversely affect the company reputation and eventually its profitability (Anderson & Zemke, 1998; Leland & Bailey, 1995). In the case of a restaurant service delivery process, this would begin by checking in at the reception area of the restaurant and end with presenting the bill to the customer and checking-out (Samyak, 2012). As reported by Pettinger et al., (2004), customer buying decisions can result in patron’s loyalty. Hence a study to understand the reasons for choosing Halal restaurants and how consumers evaluate the service quality is worthwhile.

3. RESEARCH METHODOLOGY

3.1 Data Collection

For the purpose of this study, a qualitative method was employed in this research. Since the study seeks to address the perceptions of Halal service quality in restaurants, the unit of analysis is non-Muslim consumers in the selected areas of Kuching and Johor Bahru.

This study adopts a qualitative approach as it seeks to obtain in-depth answers to the “why” question rather than “what” (Yin, 2003).
3.2 The focus group

The inclusion criteria to obtain information included sampling from a particular subset of non-Muslims, average social class standing, age ranging from 20 to 40, and having been in Malaysia. The interviews were conducted using verbal interview questions. According to Ericson and Simon (1984) and Kuusela and Paul (2000), defined an exploratory research method emphasizes on interviewee’s verbal process of previous experiences. Total respondents for this focus group was 16 persons, eight non-Muslims from Kuching and eight from Johor Bahru.

The duration of each discussion was about an hour. All sessions were audio recorded and later transcribed. During the interview session, the participants were provided with an explanation of the research aims and the tasks they would perform. Next, broad and open-ended questions were posed, and the researcher summarized the discussion during the sessions. Questions asked during the interview were to provide data for the study.

3.3 Data analysis

A thorough content analysis using manual procedures was applied as suggested by Krippendorff (2004). It began with identifying the recorded information that was important for developing themes and inter-relationships following theoretical and conceptual suggestions. In this stage, transcripts were prepared from the recorded focus group sessions. The second stage followed coding and categorizing that included assigning keywords that are suitable for a section of text, giving a particular meaning to or labelling a section of the material (Sarantakos, 1997; Sultan & Wong, 2013).

4. FINDINGS

4.1 Respondent Profile

<table>
<thead>
<tr>
<th>No</th>
<th>Gender</th>
<th>Age</th>
<th>Years of patronizing the restaurant</th>
<th>Awareness of Halal status the restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>M</td>
<td>20-30</td>
<td>Less than a year</td>
<td>Yes</td>
</tr>
<tr>
<td>R2</td>
<td>F</td>
<td>20-30</td>
<td>More than 3 years</td>
<td>Yes</td>
</tr>
<tr>
<td>R3</td>
<td>F</td>
<td>31-40</td>
<td>More than 3 years</td>
<td>Yes</td>
</tr>
<tr>
<td>R4</td>
<td>M</td>
<td>20-30</td>
<td>Less than a year</td>
<td>Yes</td>
</tr>
<tr>
<td>R5</td>
<td>M</td>
<td>20-30</td>
<td>Less than a year</td>
<td>Yes</td>
</tr>
<tr>
<td>R6</td>
<td>M</td>
<td>31-40</td>
<td>Less than a year</td>
<td>Yes</td>
</tr>
<tr>
<td>R7</td>
<td>M</td>
<td>31-40</td>
<td>More than 3 years</td>
<td>Yes</td>
</tr>
<tr>
<td>R8</td>
<td>F</td>
<td>20-30</td>
<td>1 to 3 years</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 2: Demographic profile of the interviewees (NON-MUSLIM) – Johor Bahru
Table 3: Reasons for patronizing Halal restaurants

<table>
<thead>
<tr>
<th>No</th>
<th>Gender</th>
<th>Age</th>
<th>Years of patronizing the restaurant</th>
<th>Aware of the status of Halal at the restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>F</td>
<td>20-30</td>
<td>More Than 3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R2</td>
<td>F</td>
<td>20-30</td>
<td>More Than 3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R3</td>
<td>M</td>
<td>20-30</td>
<td>1–3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R4</td>
<td>M</td>
<td>20-30</td>
<td>More Than 3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R5</td>
<td>F</td>
<td>20-30</td>
<td>1–3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R6</td>
<td>M</td>
<td>20-30</td>
<td>More Than 3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R7</td>
<td>F</td>
<td>20-30</td>
<td>More Than 3 Years</td>
<td>Yes</td>
</tr>
<tr>
<td>R8</td>
<td>F</td>
<td>20-30</td>
<td>More Than 3 Years</td>
<td>Yes</td>
</tr>
</tbody>
</table>

4.2 Factors influencing the decision to dine-in at Halal premises

According to Muktar and Butt (2012), a person might not have a positive attitude towards Halal products, but the incongruence between his/her attitude and family and friends’ expectations may dictate his or her intention to choose Halal products. As shown in Table 3, based on the focus group of 16 persons, the majority of the respondents were influenced by the Muslim's friend or family...
members in patronizing the Halal premises. This was followed by six respondents mentioned that the taste of the food served as delicious, food plating or presentation create an aesthetic pleasure for the eye and clean surrounding of the restaurant had made the respondents choose to dine-in at the Halal premises.

Halal Values can be simplified among non-Muslims consumers if the society at large is made to be more aware of issues concerning health, hygiene, safety, environment social justice, and animal welfare that comes along with the Halal ways of doing things (Golnaz et al, 2012). Living in a multiracial, multicultural and multilingual country, such as Malaysia, it is imperative for non-Muslims to understand the cultural and religious taboos of their Muslim counterparts. It can be concluded that the role of religion, food (taste, presentation) and clean surroundings strongly influence the non-Muslim consumers to dine-in at Halal premises. Inspired by the uniqueness, wide range of food and food culture served at the restaurant, another four respondents mentioned choosing to dine-in at the Halal premise. The influence of the socio-environmental factors such as mixing with Muslims socially or in the workplace and the presence of advertised Halal food significantly contribute to the understanding of Halal principles for non-Muslims. Other factors, such as a belief (Hindu) in not eating pork, also influences them to dine at Halal premises.

### 4.3 Perceived Service quality in Halal restaurants

<table>
<thead>
<tr>
<th>Number of respondents</th>
<th>Service rendered at different Halal premises</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>- Fast service</td>
</tr>
<tr>
<td></td>
<td>- Good food (Quality)</td>
</tr>
<tr>
<td>2</td>
<td>- Price a bit expensive</td>
</tr>
<tr>
<td>1</td>
<td>- Not so technical</td>
</tr>
<tr>
<td>2</td>
<td>- Cleanliness of the restaurant</td>
</tr>
<tr>
<td>1</td>
<td>- Conducive environment</td>
</tr>
<tr>
<td>2</td>
<td>- Staff attire</td>
</tr>
<tr>
<td>1</td>
<td>- Preparation of food by Muslims and/or non-Muslim employee</td>
</tr>
<tr>
<td>1</td>
<td>- Food presentation</td>
</tr>
<tr>
<td>3</td>
<td>- Concept and ambiance of the restaurant</td>
</tr>
<tr>
<td></td>
<td>- Food offered differently</td>
</tr>
</tbody>
</table>

Based on the above table, results from the non-Muslim respondents’ focus group indicated few factors involved in the assessment of service quality in Halal restaurants. Three respondents mentioned service, quality food, ambience, and the different types of food served. Preparation of food by Muslims and/or non-Muslims and food presentation were also recorded as elements of service quality.
5. CONCLUSION AND FUTURE RESEARCH

This study has provided insights into Malaysian non-Muslim consumers’ perceptions towards the Halal food service industry. Although non-Muslims seem to understand the Halal food concept with regards to sustainability issues and fulfilling religious obligations, the dissemination of information in regard to the Halal food concept must be continued. While the importance of Halal food products to non-Muslims consumers has to be highlighted, knowledge on Halal needs to expand so that they can understand and become more familiar with the strict requirement in preparing Halal food for Muslims.

The findings from this study indicate that religion plays one of the most influential roles in shaping food choice, either for Muslims nor non-Muslims. If consumers in the area are more religious, then the premises at the market need to be prepared in accordance with the spiritual and religious correspondences and influences that those consumers acknowledge.

As for non-Muslim, they do in fact understand Halal principles and are concerned about the food safety issues and environmentally friendly ways of doing things. The preparation and handling of Halal food is based on quality, sanitary, and safety considerations and these are the fundamental requirement for food products and trade in Malaysia. Halal certification is very prevalent in the hospitality industry as it promotes the importance of restaurant managers having knowledge of Muslims' dietary restrictions, sensitivities, and religious practices. Halal certification signifies that it has some attributes that make it unique and at the same time conforming to Islamic dietary rules. The value of Halal certification obviously creates loyal customers to dine-in at a restaurant.

Acknowledgment

The authors would like to express gratitude to the Ministry of Higher Education (MOHE), Malaysia, for giving the researchers the opportunity to conduct the research successfully. Their support has enabled the researchers to pursue their goals and meet the objectives of this research. Appreciation also goes to the Faculty of Culinary and Tourism, and the Asia Graduate School of Business of UNITAR International University in providing facilities during the conduct of this research.
REFERENCES


EFL Teacher Candidates’ Perceptions of Learners’ Listening Comprehension Problems

Ozgur Yildirim, Anadolu University, Turkey

Abstract

The purpose of this study was to investigate EFL (English as a Foreign Language) teacher candidates’ perceptions of learners’ listening comprehension problems. The basic research question of the study was as follows: Do EFL teacher candidates’ perceptions related to language learners’ listening comprehension problems change from their freshman to senior year in the EFL teacher education program? To answer the research question of this study, two student groups’ perceptions related to EFL learners’ listening comprehension problems were investigated with the help of a survey. The first group consisted of 112 EFL teacher candidates studying in their freshman year in a four-year EFL teacher education program at a public university in Turkey, and the second group consisted of 103 EFL teacher candidates studying in their senior year in the same program. The participants from both groups answered the same survey designed to investigate their perceptions of learners’ listening comprehension problems. The data were first analyzed for descriptive statistics, and then the two groups were compared by using several independent-samples t-tests on different sections of the survey. The results of the data analysis yielded some significant results which may offer some suggestions to EFL teacher educators.
A Qualitative Study on Perceived Service Quality in Halal Restaurants

Muhamad Naim Kamari, UNITAR International University, Malaysia
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Noor Raihan Ab Hamid, UNITAR International University, Malaysia

Abstract

In recent years, the halal food service industry - which includes among others, halal restaurants - has mushroomed. This is driven by increased awareness among Muslims that the Islamic concept of Halalan Toyyiban (permissible and good-for-use according to the Islamic law) fosters the production and serving of food in a hygienic and purified manner. Evidently, the demand for halal food service is not limited to Muslims only as there is a rise in non-Muslim consumption as well. Consequently, the halal food service industry has gained the attention of industry players regardless of their religious affiliation. As the industry is becoming more competitive, service and product providers are facing challenges to attract and retain consumers. It is believed that understanding and fulfilling consumers’ expectations of service are crucial in order to gain an edge over competitors. This paper aims to investigate the perceptions of Muslim consumers towards service quality in halal restaurants. Although Muslims consumers have been considered in several studies, research on perceptions of service quality in halal restaurants remains scarce. We explored the service quality perceptions of Muslims in halal restaurants using a focus groups technique. Data were collected from respondents of three states in Malaysia: Johor Bahru, Kuching, and Kota Bharu, each representing distinct socio-economic conditions. The findings showed that cleanliness, ambience, staff courtesy, and attire are among the most important factors which concerned Muslim consumers’ evaluation of service quality in halal restaurants.

Keywords: service quality, Muslims, halal restaurants, perception, urban consumers
Effective Teacher Characteristics in Higher Education: Pre-Service Teachers’ Views

Ali Merc, Anadolu University, Turkey

Abstract

The aim of this study was to identify the views of pre-service Turkish English as a Foreign Language (EFL) teachers about the characteristics of an effective teacher in a higher education institute at Anadolu University, Turkey. The study also explored to what extent their views about the characteristics of an effective teacher match with the characteristics of their own teachers in the university. For this aim, an adapted version of the Teacher Effectiveness Scale in Higher Education (TESHE) was administered to 160 pre-service EFL teachers in two ways. First, the participants were asked about the ideal characteristics of an effective teacher in higher education. Second, they were asked about the characteristics of their already existing teachers in the program they are studying. The quantitative analyses revealed that most of the items on the questionnaire were indicators of an effective teacher at university level. Further analyses indicated that characteristics of university teachers did not significantly match with the ideal characteristics of an effective teacher. The findings are discussed along with the existing literature on teacher effectiveness and teacher education. Certain recommendations for teachers at higher education institutions, teacher candidates, and students, and some implications for teacher education programs and in-service teacher training bodies are also provided.

Key words: teacher effectiveness, pre-service teacher education, teaching in higher education
Correspondence between Received Education and Labour Market Needs - Perception and Attitudes of Adults

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Abstract

The aim of this research was to study the correspondence between received education and Labour Market needs from the perspective of adults. Relevance of education to Labour Market needs is an important issue worldwide. The research covers Tbilisi, the capital of Georgia. It includes 350 surveyed adults and 10 in-depth interviews.

The research found that the vast majority of respondents had received higher education. The leading areas of the respondents’ main fields of study were the social sciences, engineering and healthcare. Motivation for learning was closely linked to the perception of the benefits of education and satisfaction level obtained through learning. The research showed that the respondents’ 57% were satisfied with their education and 42% with their profession.

One of the factors related to employment is labour market demand for certain professions. More than half of respondents thought that their profession was in demand on the labour market; the same feeling was expressed by the unemployed population and students who had finished their education but had not found a job by the time of the research; the unemployment rate among the surveyed participants was quite high (18.0%). As respondents pointed out, they did not have access to any reliable information about labour market demand but relied on their own opinion or impressions of their close friends and relatives.

The research provides insight into adults’ perceptions and attitudes about the correspondence between their education and LM needs. It also provides recommendations about the importance of providing adults with relevant information about labour market demand with a view towards planning their educational activities.

Keywords: education, labour market needs
Superstitions Regarding Animals: Mutation and Reincarnation in a Thai Context

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Abstract

This paper deals with the semiotic meanings of animals which are implemented in terms of social communication, traditional, cultural aspects, literature, psychology, and emotional effect. Data was collected from July to December 2015 by using documentary analysis and Google Alerts with the key words “animal mutation and reincarnation”, interviews with two villagers (a female, age 62 from Nonthaburi and a male, age 72 from Nakhon Sri Thammarat). Data were analyzed with a content analysis which involves considering available information on the subject matter. The superstition concerning animal mutation and reincarnation plays an important role in Thai society for two reasons, namely it fulfills the social and psychological needs. It appears that superstition offers semiotic support for believers. The main analysis focuses on Hofstede’s principle of the avoidance of uncertainty and Buddhism which shed light on numerous kinds of superstitions in a Thai context. It is hoped that the data now available will be incorporated into a curriculum by those researchers interested in textual, social, culture studies, and religions as well.

Keywords: superstitions, animal mutation, reincarnation, beliefs about animals in a Thai context

1. Introduction

Animals have held an important place in many counties for thousands of year. Ancient peoples told animal stories by drawing symbolic visual narratives on the walls of their cave homes. Aesop’s fables used animals as examples for moral didacticism. Hybrid creatures were found among ancient Greeks and Egyptians, like griffin and sphinx which play an important role in the development in complex mythology systems. Images like these have “monster epidemic” features. Historians and archeologists are concerned with the transfer of ideology of imaginary beasts from one society to another, often in periods of major social change. Along with a variety of other social and technological innovations, beasts from the East invaded the world of Greece and Etruria. This has been called the “Orientalising of the Mediterranean” (Wengrow 2016). The Bible and other literature also include snakes, swine and lambs or characters possessing animal-like characteristic. Nowadays animals of all kinds serve as the mascots for athletic teams or other institutions and in doing so they continue to share their traits and attributes with human beings especially in popular culture. In many languages, certain animals have specific characteristics. In Chinese, pigs are traditionally seen as clumsy animals whereas in Thailand, they can name their children “moo” (pig) if the child is chubby and lovely. (If the exam is “moo moo”, it means that it is very easy, “a piece of cake”.) However, from the point of view of Western countries, pigs are considered quite dirty. To understand intercultural difference, it is useful to study and be aware of the potential value of applied semiotics for intercultural training which possibly facilitates the cross-fertilization of findings in other academic fields in relation to the challenges of cultural diversity (Parent & Varnhagen 2011).
2. Literature Review

The science of semiotics refers to the study of signs and symbols in various fields, especially language (Thompson 1995). The semiotic significance of animals was studied by Marques (2002) and Costa Neto (2006) who found that the images of animals and transmitted signals are frequently transformed into what are perceived as meaningful signs and then can be investigated through a semiotic approach. Such an approach assumes that the cultural/informational web is created by intermingling not only the knowledge which is generated through the direct interactions between human experience and the stimuli of the environment, but also the feelings, beliefs, and behaviors that human beings express. To analyze the role and image of animals in this study, the following perspectives are concerned: the belief in animals concerning superstition, reincarnation, and mutation.

2.1 The belief in animals concerning superstition: reincarnation and mutation.

The transformation in Thai context deals with Buddhist teaching about reincarnation. Rebirth as an animal in the next life can be found in the story of Pla boo Thong. The soul of a suffering mother transmigrates into the body of fish to take care of her daughter. Moreover, in the gothic Thai movie, the ghost can disguise itself as a tiger in Seo Sa ming’s tale. Sue Saming became a kind of amulet in some areas. This is associated with the belief in animism. The existence of ghosts and spirits is verified not only through urban legends and office gossip, but also through the media and national institutions (Ancuta 2011). The spirits are sacred and respected for supernatural power in bringing good luck especially in protection and lottery in Thai society.

(Picture 1)
(source: www.iamhunsa.com)

Mutant animals are a good luck charm for some Thais. When bizarre animals are spotted, they apparently die shortly after birth because of their genetic mutation. However, they are believed to bring good luck to the village and the family who made the discovery. Many people believe it looks like a genetic cross between two species, such as the half-buffalo, half-crocodile in High Rock, Wang Hin, Thailand is believed to be holy spirit that can help people stay safe and win the lottery (McCrum 2015). It was celebrated by villagers by placing lit incense and candles around its body.

People usually pray and donate money to maintain the shrine.

The belief in animal mutation and superstition has associated with the lottery since the creation of lottery during the reign of King Rama VI (1868-1910) (www.wikipedia.com; the government lottery office of Thailand 2015). Nowadays newspaper headlines and TV shows always mention the phenomena when local villagers flock to see the mutants or unusual birth of animals to divine lottery number (Audiger 2015). Some people powder the belly of an animal and then look for a lucky number to appear. As for a mutant animal, if a calf with two heads is born, a farmer might have visitors rubbing talcum powder on its fur searching for clues as to a winning number. For example the birth of a deformed piglet, that locals feel bears a striking resemblance to Ganesha, (the elephant-headed Hindu deity worshiped by many Thai Buddhists) interested many people who believe such was a miracle. According to the news report, “They came to marvel at the piglet, offering flowers, lighting joss sticks and saying prayers. Some of them even hoped that the dead porker which sat atop a makeshift shrine would somehow convey to them the winning numbers in the upcoming underground lottery draw” (Phuket Post 2009). In addition, a bird might fly over people’s head three times, retreat and then scoop in for another pass. It could all mean something that can be interpreted as a lucky lottery winner. People may know an omen and rushed to buy a lottery ticket. According to a Tharath newsreport, Sisaket villagers all lit incense and gathered round half-buffalo and half-calf offspring and prayed for it to bring further good luck. It is also believed that this will bring good luck to the family that owns the corpse of weird animals (Thairath 2015).
2.2 A synergetic mix of Hinduism, Buddhism and animism.

Daniel Neiman (2015) said that there is a synergetic mix of Hinduism, Buddhism and animism. So people also worship local animistic spirits. The spirit may be angry if people do not pay homage to them. For example, an angry turtle spirit was believed to cause misfortune and illnesses to the residents and their relatives who moved to a new house because they disturbed the turtle who lived in the pond nearby and did not feed it properly. It was reported that the secretary had constant headache, the cook could not stand on her feet, a gardener coughed non-stop. Some of relatives had road accidents: two of them died. The owner of the house had a monk come to his house for chanting and to consecrate it using sacred thread. After the ceremony, a swarm of bee made a honeycomb in the tree in the garden. This was interpreted as great luck for this house (Neiman 2015).

Although Thai society is a Buddhist society, there is a ceremony of the pledge and sacrifice for luck or success. The votive offering of the pledge are garlands, dancing, a boar’s head, fruits, boiled eggs, flowers and incense. Not only are the pledge and sacrifice done with the Buddha or monks, but also with other holy images and other places. According to the way of life of ancient India, the people believed in the sacrificial ceremony which tends towards the violence to all beings, killing animals for sacrifice whereas the lord Buddha changed to a new concept being called ‘the five sacrificial ceremonies’ (bîkamâm) which is a form of social duty and welfare to each other (Siriratananuwan 2012). It means animals are not supposed to be killed in the ceremony, instead, they are worshipped.

According to Diamond (2015), it is because of this philosophy that Buddhists are encouraged to love all living beings and should not restrict their love to mankind alone, an ideal that relates closely with karma. They believe in practicing loving kindness towards every single living creature.

3. Results

A lot of Thai people believe that the reincarnated soul resides in some animals which are regarded as an auspicious omen. They also believe that the soul may be reborn either in a human body or in the body of a non-human animal (Jalan 2015; Diamond 2015). A case study of monitor lizard in Nonthaburi, in the north of Bangkok was regarded as a new source of inspiration for the Thai lottery “rubbers”. The mentioned reptile was found sleeping under the photograph of a boy who was killed in an accident. Because of this, his suffering mother was convinced that it had been possessed by her son’s spirit. Their neighbor also believed that the lizard was the dead boy after seeing its response to hearing the boy's name. Then they started feeding it milk and drinking yoghurt. In fact the owner of the house started having to welcome busloads of people who were queuing up to the house in order to rub its skin to find out winning lottery numbers (Reuters News Service 2001).

Apart from being interested in animal ‘s deformities and mutation, Hugh Paxton (2010) reported that lucky lottery numbers have something to do with an animals’ reincarnation. A Thai man married a snake because he believed that it was the reincarnation of his dead wife and then inevitably the snake was surrounded by all wannabe lottery winners who want the right direction numerologically. It was told that he hurriedly arranged the wedding with the snake because the medium told him to marry this snake otherwise neither he nor his family would be safe and there could be an accident. To prevent any possible misfortune, he followed the suggestion and offered a dowry of 7,000 baht. Finally, the villagers welcomed the bride and groom with a parade. The Daily News, April 5, 2008, reported “in the ceremony attended by around 200 villagers, the python, 3.5 meters long and weighing 20 kilograms was wrapped around the bridgroom and seemed to be nuzzling him affectionately. The groom bent down and kissed the python, provoking feelings of joy mixed with apprehension amongst the relatives present” (Bannork 2008).

The superstition concerning animal mutation and incarnation plays an important role in Thai society for two reasons, namely it fulfills the social and psychological needs. First, people can form a social network of believers who believe in the same thing. They can enjoy many ritual ceremonies together whenever they find something unusual, e.g. animal incarnation or mutation. A mutant is a symbol of luck and hope for people who want to make a fortune without working hard. It is a possible dream that is difficult to acquire, but it makes people happy with an illusion of making their dreams come true, such as winning the lottery and becoming a millionaire. The interviewees accepted that they are curious and hopeful to rub the skin of the animals. They can forget their difficulties in daily life for a while. They can make friends with many believers who have the same goal in their life. They said, “They will continue asking for the luck until the supernatural power blesses them.”
The most interesting thing is that people who believe in this superstition do not worry about outside criticism although they are severely condemned for performing such disgusting behavior or for being an idiot. The mass media functions as an easy way to get access to lottery winning information of lucky person. Social media enables people who are interested in these thing to get firsthand information when new “lucky” animals are discovered, so they can join in the rituals and fulfill their passion. The semiotic significance of animals was studied in term of roles and image in a Thai context. These animals have symbolic action which often works and functions in the society especially when people interpret symbols according to superstitions. From the point of view of ethnology, Marques (2002) and Costa Neto (2006) conclude their studies with these words, “Semiotic approach indicates that the cultural web is formed by knowledge which is gained through the direct interaction between human experience and the stimuli of the environment.” It is also constructed through the feelings, beliefs and human behavior in the society.”

Furthermore, superstitious signs are based on the semiotic principle. Different cultures have different codes for their belief relating to rituals and omens upon which the society places a high value (Strausova & Strausov 2013). Animals and superstitions have impact on a Thai context in term of language use, culture, social beliefs, and internal aspects like psychology and mood. Many superstitious people in Thailand attribute their luck to mutants or reincarnated animals. However, Ahangari (2015) emphasized that although superstitions are rejected by the learned these days, there has traditionally been a very thin line of distinction between superstitions and real science as what we now know as superstition has in some instances in the past been considered as true science.

4. Discussion
It is concluded that superstitions have a major impact into ways: psychologically and socially. In many of parts of the world, particularly in Thailand, people have numerous kinds of superstitions.

In general superstition is defined by Corsini (2002) as a belief or practice based on the operation of supernatural or magical forces, such as charms, omens or exorcism or “any unscientific belief accepted without question; a groundless or unfounded notion.”

(Picture 2 source: www.eduzones.com)

Superstitions are based on interpretations of ‘signs’ or things that befall you, actions that secure benefits and avert harm. The interpretation of the signs can arrive at many different conclusions. In a Thai context, the mystery of the lottery may appear in people’s dreams when they dream of animals. This can be interpreted or decoded to find a winning lottery number. Converting dreams into numbers is written about in books in the same way that praying for inspiration, success and luckiness when an animal gives birth to malformed offspring can be found among those who have faith in that superstition and regard it as a lucky charm. Because of this, according to du Toit (2011), superstition offers semiotic support for what people choose to believe anyway. If ordinary reality does not allow for meaningful relations to help us answer our questions, we create a semiotic space that serves as a symbolic mirror of reality. This is quite natural for when human logic fails to explain those events, imagination finds occasion to explain events. In addition, Ahangari (2015) said that this paves the way for superstitions to emerge. The imagination is so powerful that it can connect totally unrelated entities, and can do so in such a way as for the human brain to believe that the connections are true and valid. Another reason for man’s resorting to superstitions is man’s desire to hide his inability to understand the truth. Being a part and parcel of language, superstitions have had a huge impact on human thought, cognition, habits, and culture.

Superstitions seems to exist in the minds of people across all socioeconomic statuses and education levels (Rozin & Nemeroff, 2000). Some Thais may be considered especially superstitious in regards to
animals and superstition regarding animals seems to clarify the unknown or unexplained, as well as gives a form of emotional support to them. This is expressed in the Thai peoples’ reverence towards mutants who are regarded as having supernatural power. Superstition may be used to complement decision making in a way that provides additional information and reduces anxiety induced by uncertainty. It would be logical to expect that a person with high intolerance of uncertainty would be more vulnerable to superstitious belief (Tsangs 2004). Stresses and strains as well as uncertainties of life can be tolerated more easily by the believers (Prakash 2013). As far as it is concerned, two dimensions can account for superstitious practices in Thailand, namely Hofstede’s uncertainty avoidance (Hofstede, 1984) and religious characteristics of Ninian Smart (Smart, 1992).

Hofstede (1984) defines uncertainty avoidance as the degree to which the members of society feel uncomfortable and high uncertainty avoidance cultures are very uncomfortable with to accept the risks. Cultures have also served as an implication on the attitude and behavior of people. Being superstitious in high uncertainty avoidance cultures can help people handle their anxiety (Wong 2012). At the 2010 World Cup, Paul the octopus selected his mussel of choice to declare his prediction for the match. In the same way, astrology is used in China to help people make decision. Khairullah (2013) stated that the Chinese are considered to be very superstitious because their action is based on their beliefs and they rely on astrology to seek good dates and luck. Like westerners and the Chinese, Thai people have varying degree of belief in the world of superstition concerning strange animals which seem to be a good omen. It is probably prevalent among other superstitions that abound in Thailand. The appearance of mutants excites locals and causes a lot of traffic in the area because people want to worship and look for a lucky charm or lottery clue.

Similarly, Smith (2008) points out that at the most general level, superstitions aid various ways, such as creating a sense of predictability in an uncertain environment, helping people deal with feelings of powerlessness, when they are dealing with personal or collective loss and giving a sense of assurance as they pass through critical rites of passage. It would seem that superstitions arise out of humans to control or at least affect our environment. Smart (1992) also mentioned that to understand religious and secular worldviews and their practical meaning, it is necessary to enter into the lives of those for whom such ideas and actions are important. Every religious movement is embodied by a religious dimension made up by a group of people that is very often rather formally organized. This dimension is called “the social or institutional aspect of religion.” How the superstitions work among Thai people can be considered from the ritual ceremonies which they create in order to pay homage to weird animals or mutants.

In summary, religion appears to be a psychological necessity for mankind and gradually religious practices developed into dogmas and superstitions among groups of people (Prakash, 2013).

Superstition is partly engraved in the Thai people’s culture. One of the main contributing factors, could be that Thai people strongly believe in animism, which is the belief that the soul and spirit do not only exist in humans but also in other animals, life forms and objects such as plants and rocks, etc. (Wong 2012). This can explain the reason why situation when some people have a strong belief in reincarnation. Apart from animism, it also takes other factors into account. For example reincarnated animals fulfill a psychological need when some people lose their child or partner. This also enable people to find social acceptance when other people participate in the same practices such as in wedding ceremony between a Thai man and a snake or when they engage in worship ceremonies for any other mutants they have found.

Moreover, Buddhism has influence on people’s belief and because of this, people in the mainly Buddhist nation believe in reincarnation and that spirits of people can roam around after death and inhabit other people or animals (Thanissaro 2007). According to Phongpaichit & Baker (2008), across Southeast Asia people believe that spirits of the dead act as protectors for places and people and reform Buddhism failed to suppress this tradition. In folk belief, souls that are between incarnations may find themselves stranded in this world, where they are powerful. Thailand abounds with many different forms of such spirits, some which are benign can be invoked for assistance and protection, and some which are maligned and can be directed against enemies. That is to say, the mixed belief is found among various groups of superstitious people in Thailand. The combination of belief allows the construction of rituals and semiotic patterns for superstitions.
5. Conclusion and implications

In summation, this study’s attention was towards Hofstede’s principle of the avoidance of uncertainty which is accepted as one of the most common elements witnessed in cultural surveys conducted in those nations. According to the semiotic support, the animals that seem to be unusual are interpreted as lucky charms in a Thai context, no matter how deformed they are. Superstitious people seem to interpret some meaning from its body as good luck and following the discovery of those kinds of animals a ritual ceremony takes place and functions as a social gathering (Joyce 2013). Similar to the belief in reincarnated animals, these animals play an important role in human psychology. People rely on superstition when they have opportunities to control their own life. Superstitious behavior makes them gain a sense of control for their many unanswered questions (Saucier 2010). Animal superstition is believed to be helpful as long as they relate to desirable outcomes. Yong (2010) found that superstition can improve people’s performance. During a competition, those who held a lucky charm felt more confident and optimistic than those who were not superstitious. To gain ability to understand the world, the study of people’s belief is necessary for further investigation.

Moreover, superstition concerning animals is found in daily life everywhere. Many animals carry luck whereas some of them are regarded as bad luck, such as the idea that water monitors in Thailand bring bad luck to the parliament if they enter the building. In Thai temples, if you set free turtles, birds, fish and river snails, it is meant to bring relief from sadness and anxiety.

I still have some unanswered questions regarding role of animals and their effects in the world of superstition in other contexts, also about the superstition associated with other kinds of things like trees or plants. However, a big concern is the negative side of superstition. Are people always able to spot the false connections in unrelated events? It is therefore critical for scholars to be aware of cultural differences because each culture has different kinds of superstition which is unique to that group of people.

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Historical and Cultural Route for Enhanced Thai Tourism Management: Case Haribhunjaya Kingdom

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Abstract

This research studied the historical and cultural route of the Haribhunjaya World Heritage site to determine the significance of context in order to enhance historical and cultural heritage management for Thai tourism. This historical route was the significant component in the power struggle for controlling the situation. The researchers conducted qualitative applied research by means of interpretive social science, rooted in an empathetic understanding of the specific historical settings. It was significant for sociological causal explanations and the primary object of an interpretive sociological examination.

The research findings suggested the historical and cultural route of the Haribhunjaya World Heritage site, a period of prosperity, was a result of Queen Chammadhevi, the inaugural governor who dedicated herself, her abilities, and her perseverance to perform her royal duties at large and to take advantage for the sustainable prosperity to the people of the Haribhunjaya Kingdom. This historical route played a major role in influencing tourist attraction. The approach of historical and cultural heritage sustainable management emphasizes an opportunity for creation of public and private sector participation, to maintain a balance between historical and cultural heritage management and historical and cultural routes management. Thus, tourist attractions can be retained and grown into economic growth resources.

Keywords: historical and cultural community, historical and cultural heritage, historical and cultural route, Thai tourism.

Introduction

The historical distinction of the site was supported by the autobiography of the first sophisticated female supreme commander who was installed to rule the Kingdom. Although the kingdom was known as the Haribhunjaya World Heritage site, to be included on the World Heritage List, sites must be of outstanding universal value and meet at least one out of ten selection criteria selected on the basis of six cultural and four natural criteria as follows:

1. represent a masterpiece of human creative genius;
2. exhibit an important interchange of human values, over a span of time or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning or landscape design;
3. bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared;
4. bear outstanding example of a type of building, architectural, or technological ensemble or landscape which illustrates (a) significant stage(s) in human history;
5. bear outstanding example of a traditional human settlement, land-use, or sea-use which is representative of a culture (or cultures), or human interaction with the environment especially when it has become vulnerable under the impact of irreversible change;
6. be directly or tangibly associated with events or living traditions, with ideas, with beliefs, or with artistic and literary works of outstanding universal significance. (The Committee considers that this criterion should preferably be used in conjunction with other criteria);
7. contain superlative natural phenomena or areas of exceptional natural beauty and aesthetic importance;
(8) have outstanding examples representing major stages of earth's history, including the record of life, significant on-going geological processes in the development of landforms, or significant geomorphic or physiographic features;

(9) have outstanding examples representing significant on-going ecological and biological processes in the evolution and development of terrestrial, fresh water, coastal and marine ecosystems and communities of plants and animals; and

(10) contain the most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or conservation.

(UNESCO, 2015)

There are still more uncovered key interests that brought about the World Heritage site; that it, the so called “historical and cultural route”. The incomparable Queen Chammadhevi, her own inimitable capabilities in art of war and also her genius in administration pioneered and created a cutting edge system of governance.(Phra Phutthaphukam & Phra Phutthayan, 1939). Also of interest, the historical and cultural route from Lavo Kingdom to Haribhunjaya Kingdom, both before and while Queen Chammadhevi was invited to rein Haribhunjaya Kingdom, had been marked and considered worthy of her capabilities.

Campaigning for tourism needs to provide a variety of activities and historical bodies of knowledge to become the government’s main selling point. Empirically, historical resources data were not clear for the tourists whom expected to be the transmitters of Thai culture, unfortunately, missed the perfect opportunities for historical and cultural insightful. The historical learning routes as community cultural heritage were already composed of historical, cultural, and social capital but lacked integrated management with each other.

Even though tourism has become one of the world biggest economic and social activities, tourist attractions of historical and cultural heritage and the lifestyles of traditional communities throughout the world are increasingly becoming the focus of visits by more than just those people who are classified as “cultural tourists”. The great challenge for both the conservation and the tourism sectors is to harness this extensive energy for the conservation of the heritage resources that form the core experiences of so much travel activity.

Researchers realized the importance and potential of the situations then conducted social process studies whereby knowledge was co-constructed and suggested such learning is situated in a specific context within a particular social and physical environment. This study focused on awareness of the significance, revival, and maintenance of historical and cultural heritage sustainable management. This paper aims to strengthen the social relationship in terms of the community’s common heritage in which valuable public awareness of historical and cultural heritage management should be sustained. This long memory was not only a turnaround in the symbolic reputation of the region but also led to economic growth as the enhanced importance of historical routes became more generally known.

Material and Methods

This paper was initially designed as qualitative applied research by mean of interpretive social science which was rooted in an empathetic understanding of the specific historical settings, as it was significant for a sociological causal explanation and was a primary object of an interpretive sociology. Triangulation data analysis and descriptive analysis were included in order to transform raw data into an understandable form.

This research began with narrowing down the topic into a specific research question which finally became: “Concrete management of historical and cultural heritage will bring about sustainable public interest management as a result of community learning resources and bravery of the ancestors” and continued to the step of reviewing literature along with designing the study to then gather data from historic provincial cultural communities. Document research, participant-observer methods, focus groups, in-depth interviewing, and questionnaires were given to the participants whom were asked about their needs and willingness to see sustainable historical and cultural heritage project flourish. Triangulation data analysis and descriptive analysis were included in order to transform raw data into an understandable form. Literature reviews also led to conceptual frameworks for building people’s interest in historical and cultural heritage management.
Results

This paper was designed as qualitative applied research by means of interpretive social science rooted in an empathetic understanding of the specific historical settings, as it was significant for sociological causal explanation and a primary object of an interpretive sociology. The findings and results are:

1. historical and cultural routes conformed each to the other with the chronology of events concerned with Queen Chammadhevi’s strategy. It was begun by:
   1) the brave supreme commander, in the “Battle of Kosamphi” as a bravery female fighter, followed by
   2) The battle against Lord Vilanka of Ramink’s 3000 to 8000 men, (Phra Phutthaphukam & Phra Phutthayan, op. cit.) then
2. the approach of historical and cultural heritage sustainable management demonstrated convincingly that:
   1) local history established and sustained love and a relationship;
   2) physical improvement of environmental alongside historical routes communities.
   3) People participation in conservation area of historical routes determined symbolic of sustainability of communities, and
   4) promotion of historical and cultural activities increased sustainable popularity of tourist attractions along historical routes.

Conclusions

In the cultural research dimension, researchers points of view have to focus on problem resolution simultaneously, especially current historical data corrections to be in conformity with proper past evidence. Preceding social problems occurred upon a disharmony of ideas-materialism that believes in money possession and physical comfort are more important than spiritual values-obliterating the facts of the Thai lifestyle. These reflected related social problems which were regarded as very important issues and the government should give them precedence over the historical and cultural perspectives - and keep in mind “no history no nation”- so as to be properly conserved and revived.

Apart from conservation issues, proper management as a research suggestion brings about emergence of a more perfect historical routes tourism data base congruent with cultural heritage ecotourism development policy. The research suggestion in the form of historical routes roadmaps, will lead to a major source of income of tourist entrepreneurs, tourist guides, and the tourist industry as a whole. The distribution activities and develop knowledge of the historical routes tourism data base is an important engagement with the people and public and private sectors concerned to foster, facilitate, and publicize traveling to tourist attractions. Thus, historical and cultural conservative management correspond exactly to John Swarbrooke (1999) who wrote, “Sustainable tourism is not just about protecting the environment; it is also concerned with long-term economic viability and social justice.”

This conceptual framework focused on proper management planning to avoid either cultural change problems or community lifestyle disruptions including political, economic, and social effects. Cultural tourism, however, should look at cultural heritage or tourist attractions not only as goods and services which bring benefit the country but also the country or world heritage, and being worthy of sustainable conservation.

Results of the present investigation see community historical and cultural sustainable management in terms of love and relationship enhancement in a community using local history as a linking mechanism. Physical environment protection along historical routes and enhancement of resident participation in historical routes conservation enhances community identity, and an obvious goal is for it to be sustainably maintained. These three elements were relevant in terms of spiritual management and holistic thinking under the conditions of the historical and cultural heritage area in a dynamic world. The way of achieving sustainable survival of historical and cultural heritage is that of essentially spiritual building to educate people to be insightful with respect to culture, and to offer participation in community activities, as in E.Z. Ximba’s (2009) study. Any development or promotion of a product, be it in cultural tourism development or heritage, needs to be well planned and executed on the basis of existing policies so as to effectively benefit the broader local community.
With respect to the promotion of historical and cultural activities in order to develop historical route tourist attractions and sustainable communities, the models of management emerged according to categories in the diverse activities. In the strategic planning for communities’ historical and cultural tourist management through the Department of Local Administration proposal, tourist attraction development followed four key principles: (UNESCO, 2007):

1. Accelerate development and restoration of cultural properties and heritage for new forms of tourism and community benefits by promotion of private sector participative roles to conserve the tourist attractions and sustainable lifestyle.
2. Increase variety of cultural tourism into different forms: heritage site, art, city culture, rural culture, and creative and local wisdom.
3. Facilities, safety planning, and health and welfare for tourists.
4. Relationship and cooperation enhancement between local sectors and community members.

**Suggestions**

To create tourist activities, tourist service quality development, and publicize variety of local tourism.

Cultural tourism itself had the distinction of being attractive for tourists who need to study the significant historical and cultural regions which can keep them informed of human and social development via historical and cultural channels. This information was consequent upon culture, body of knowledge, and social values, it can reflect and depict the livelihood of each generation. Besides the tourist attractions, the festival, the celebration including local products, in the historical routes regions can be regarded as parts of culturally worthy tourism. Recognition of consequences as it will be worrying is the results of tourism lead to decadence of tourist attractions and affect cultural values. In other words, tourism is understood to raise issues of proper management for equilibrium between conservation and development of historical and cultural heritage tourism. The sectors concerned should aware and give precedence over both issues.

For practical purposes, supportive action for youth activities about studying historical and cultural heritage routes in communities concerned to encourage and building pride of the local heritage and appreciate historical and cultural tourist attraction values as generational inheritance.

For policy making purposes:

1) Government should give precedence over resource management of existing historical and cultural heritage simultaneously and equally between conservation and tourism sustainable development promotion.
2) Government should promote area management as historical learning sources in terms of linking networks in order to enhance the potential of local people to sustain community power.
3) Government should focus on people participative approaches to be developmental strategies by cooperation of all sectors concerned on planning, management, development, environmental impact assessment, for potential enhancement on historical and cultural heritage tourism attractions, and sustainable development.

**References**


