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I wish to extend a warm welcome to fellow delegates from the various countries. I realize that you are fully dedicated to the sessions that will follow, but I do hope you will also take time to enjoy fascinating Malaysia with its tropical setting, friendly people and multi-cultural cuisine.

Let me conclude by thanking all the authors, the participants, the members of the Review Committee, the Session Chairs, the Keynote Speakers, all those who have contributed to build the Conference program, and all persons or organizations that have supported our work in many ways and have contributed to the success of ICARBSS 2017, ICCSIT 2017, and ICBN 2017.

Thank you.

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CONTENTS

THE USAGE OF INFORMATION COMMUNICATION TECHNOLOGY (ICT) IN FACILITATING GLOBAL BANK EFFECTIVE DECISION MAKING

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Abstract: The ever increasing competitive banking industry has led to many banking institutions to look for ways to sustain. By using the ICT as a mean to transfer the information, organization can process and store the information they have gathered from their operations across the globe virtually. The study aims at investigating the influence of the independent variables such as information preparation through the usage of ICT, avoiding ambiguous situation through reduction of uncertainties and real-time information flow provided by ICT to global bank effective decision making. After acknowledging the right topic to be search, researcher had decided to use primary data search as in distributing a set of questionnaire to selected respondents. Growing number of global banks for the past decades have shown a significant needs to more decision making on a global scale thus highlighting the needs for research in global decision making to assist the global banks with better approaches to decision making on a world-wide scale.

Keywords: Global Bank, Information Preparation, Ambiguity Avoidance, Real-Time Information Flow

1. INTRODUCTION

In the era of globalized world economy, business firms can no longer depends on its home country to prosper. Firm now need to source from various countries to achieve economies of scale and competitive advantage over the competing firms. Information communication technology (ICT) creates efficient informational flows between the firms and its operating subsidiaries. This is in accordance to (Kashanchi & Toland, 2006) view, where alignment of the firm's core objectives and ICT is needed to ensure firm's ability to achieve and maintain its competitive advantage. The presence of ICT enables the organization to process and store the information they have gathered from their operations across the globe virtually. Access to worldwide information and expertise can help the organization to increase their operational efficiency as decision can now be made over the line. Running an operation throughout the world with less innovative strategy is challenging as it may affect firm's managerial decision and their success factors.

Over the years, the development in digital technologies have contributed to a significant impact on business by replacing the conventional model of decision making. The global bank faced challenges based on their active operations in multiple countries that requires a decision to be made across the diverse cultural landscapes. Therefore, more capital is needed to be invested by global banks in the development of a more robust ICT platforms due to the dramatic changes in today's competition. With an expected increase of population in Africa and Asia to 350 million and 450 million, respectively, come numerous opportunities for global banks to penetrate to these markets. Alongside greater banking penetration to the emerging markets, global banks now need to find ways to better serve their global consumers.

According to (Qureshi, 2005), the usage of ICT could translate to the enhanced firm's labor productivity, administrative efficiencies, competitiveness and access to information and expertise virtually across various national boundaries while reducing their operational cost and time taken to resolve issues. Apart from that, ICT also provides platform for firms to integrate their supply chain activities by ensuring real-time informational flow and reduction of alternatives to decision making. Therefore, it is the aim of this paper is to elucidate the relationship of the factors that directly influence global banks decision making process such as information preparation, ambiguity avoidance and real-time information flow.

1.1 Problem Statement
The ever increasing competitive banking industry has led to many banking institutions to look for ways to sustain. Among other is through the usage of Information Communication Technology (ICT). Failing to comprehend the arising issue and eliminating the unwanted alternatives usually results in poorly implemented solutions. Poor and less optimal decisions are often made by those lacking in knowledge, information and skills (Damghani, Taghavifard, & Moghaddam, 2009). By using the ICT as a mean to transfer the information and knowledge, organization can reduce time taken to communicate and share the information between the headquarters (HQ) and their subsidiaries and amongst the subsidiary units and reducing the risk of data and information duplication through the usage traditional storage system. Therefore, it is the aim of this paper to study the usage of ICT in facilitating global banks effective decision making.

1.2 Research Questions
There are several questions occurs in this research and are based on the variables set.
1. Does information preparation through the usage of ICT affect global bank decision making?
2. Does ambiguity avoidance through reduction of uncertainties provided by ICT affect global bank decision making?
3. Does real-time information flow provided by ICT affect global bank decision making?

1.3 Research Objectives
The research objectives are developed based on the above questions.
1. To identify whether information preparation through the usage of ICT affect global bank decision making.
2. To identify whether ambiguity avoidance through reduction of uncertainties provided by ICT affect global bank decision making.
3. To identify whether real-time information flow provided by ICT affect global bank decision making.

1.4 Significance of Study
The study aims at investigating the influence of the independent variables such as information preparation through the usage of ICT, avoiding ambiguous situation through reduction of uncertainties and real-time information flow provided by ICT to global bank effective decision making. Growing number of global banks for the past decades have shown a significant needs to more decision making on a global scale thus highlighting the needs for research in global decision making to assist the global banks with better approaches to decision making on a world-wide scale.

1.5 Limitations of Study
This study tests bankers' responses to the usage of ICT that are every day and common in their line of duty. It provides some evidence that ICT can be correlated to global banks effective decision making in some situations and not in others. More research is needed on the other usage of ICT in facilitating global bank effective decision making. 5 global banks were selected to take part in the study, however, 3 banks were not able to take part in the study due to confidentiality reasons, resulting to a limited number of respondents.

2. LITERATURE REVIEW
2.1 Information Preparation
The rapid pace of change in information management, has led to the need for constant monitoring to ensure validity and accuracy of the business data. In the absence of reliable and timely information, firms were unable to make a sound decision making. Competitive nature in banking environment forced firms to continuously update their products offering and efficiently keep their cost down. Smooth integration of ICT in global bank operational activities provide cost opportunity and advantage for the banks. The off-the-shelf banking features enables firms to provide online retail banking thus making it easier for them to reach wider customer base and interconnection of geographically scattered branches in domestic as well as international market at a reasonable cost through the usage of Wide Area Network (WAN) or Enterprise Network (EN), (Dauda & Akingbade, 2011).

2.2 Ambiguity Avoidance
Making a decision under uncertainty is a daunting task for any manager. A lot of a time, decision makers are facing a severe lack of information prior to making a decision. Carrying the MNC title

would require the bank to pay sufficient consideration to complex and ambiguous international business environment. With most firms pursue international business venture to widen their customer base and to benefit from scope of economy, making more and more decision on a global basis. To further explain this, Damghani et al. (2009) suggested that decision analysis model falls under two extreme poles; one is deterministic and the other is pure uncertainties; explaining, that the degree of certainty is depending on the level of knowledge that one's has to solve a problem. To help bankers in making a decision based on imperfect observations, automated decision support system is equipped with various sources of uncertainty and assessment tools parallel to the multiple objectives of the system. Apart from that, with information communication technology (ICT), decision made under uncertainty could be avoided as ICT provides platform for managers to communicate to clear the air.

2.3 Real-time Information Flow

Today's Industrial growth mainly depends on the real-time and on-line information rather than traditionally stored data due to its direct effect on competition. It is a challenging one for the communication industry to provide the required information continuously without delay. By considering and having the control over the common control management techniques the flow of information is maintained without or with delay based on the services offered either online service or offline service. (Macriga & Kumar, 2009).The decision-making process in a business is strongly dependent on organizational structure and the style of management. Decisions need to be made rapidly as well as correctly, which implies the necessity of an appropriate level of knowledge and skill (Frontini & Kennedy, 2003). Moreover, Adam (2008) stated that information system for use in supply chain management has evolved over a number of decades. An information flow facility allow transactional and management data to be distributed across the supply chain on a real time basis. It will facilitate integration of process activities in various supply chain participant thus requiring the end-customer to respond to the changing condition.

3.0 THEORETICAL FRAMEWORK

Research on ICT and its roles in firm's effective decision making suggests ICT enables firm to prepare the needed information to make a sound decision and reducing the risk of making decision under uncertainties on a real-time basis.
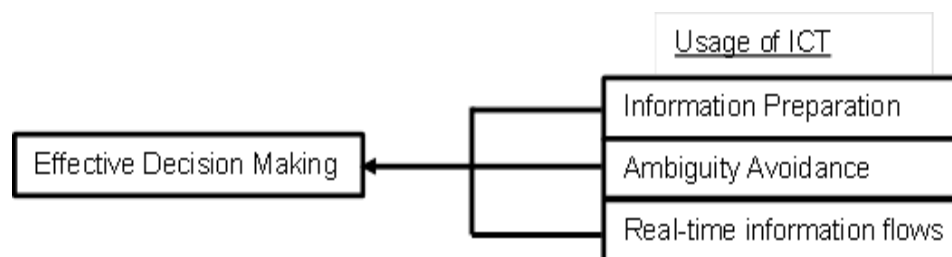
Figure 1. Research Framework of Study

Based on the above framework, below hypotheses were derived:

Hypothesis 1: Information preparation will be positively related with global banks effective decision making

Hypothesis 2: Ambiguity avoidance will be positively related with global banks effective decision making

Hypothesis 3: Real time information flow will be positively related with global banks effective decision making

4.0 RESEARCH METHODS

The main objective of the research is to investigate the usage of ICT for global bank in making decision. For the purpose of the study, the researchers decide to apply primary data search as in distributing a set of questionnaires to selected respondents. 5 selected international banks that operates in Malaysia were identified and chosen for the study. The population of the study will involves the senior and middle grades of management staff that involves in the decision making process in the global banking institution in Malaysia. The Statistical Package for Social Science (SPSS) is used as a tool to analyze the data.

5. DATA ANALYSIS AND FINDINGS

5.1 Response Rate

A total of 28 questionnaires were collected out of 50 questionnaires distributed. The response rate was 60%. 20 questionnaires were not able to be collected due to the unwillingness of 2 banks to cooperate.

5.2 Material of Findings

5.2.1 The Usage of ICT in facilitating Global Bank Effective Decision Making

Gathered data were analyzed based on the research questions and objectives. Findings and analysis on the usage of ICT in facilitating global bank effective decision making are as follows:

Usage	Findings & Analysis
1. Information Preparation	The result have shown that there is a strong positive relationship between information preparation and global bank effective decision making; indicating, that information preparation through the usage of ICT is crucial in bankers decision making process as they rely heavily on a systematic records of data and information with the percentage of 75 % respondents are in agreement to the statement. Apart from that, majority of the respondents agree and strongly agree that the cost of gathering, preparing and maintaining information can be reduced with the usage of ICT with a percentage of 46 % and 29 % respectively, while the remaining is indifference to the statement. A combination of 93 % of the respondents are in agreement to the statement that the increase information content gathered greatly influenced the nature of decision made thus, making the hypothesis to be accepted at (r=.866**,p<0.01).
2. Ambiguity Avoidance	Decision made under uncertainties could also be reduced through the usage of ICT as it provides a platform for global banks eliminate the unwanted alternatives. 82 % of the respondents are in agreement to the view that decisions are confidently made with an existence of ICT to facilitate the process, while the remaining 18 % neither agree nor disagree to the statement. Majority of the respondents agree and strongly agree with a percentage of 43% and 39% respectively while the remaining 18% of the respondents neither agree nor disagree to the statement that ICT enables global bank to have sufficient data for decision making. The hypothesis is accepted at (r=.580**,p<0.01).
3. Real-time Information Flows	The use of ICT has helped banking institutions to reduce the time taken to communicate and share information needed in making decision. Apart from that, majority of the respondents agree and strongly agree that ICT ensures real time information sharing among stakeholders within and across national boundaries, with a percentage of 43 % and 32 % respectively, while 25 % is indifference to the view. Real-time information flow is imperative as it allows the parties in decision making to source data and discuss with each other in making an important decision regardless of whether they are located in the same geographic region or not. Consequently, reducing the cost of data duplication that are commonly found in the MNCs traditional data storage system. The hypothesis is accepted at (r=.686**,p<0.01).

6. CONCLUSION

The study aims to understand the factors that influence global bank effective decision making. In general, the findings suggest that significant relationship exist between perceived factors and global bank effective decision making. This implies that ICT infrastructure enables global bank to store and share data and information virtually; enabling the managers to cut the needed time to solicit data from files that sometimes is scattered across national boundaries. ICT also provide a means for global banks to reduce their operational cost as the data is virtually stored and easily accessible by the intended parties though they are located far from the head office or each other.

Good decision making stems from various alternatives to choose from. However, in most cases, these alternatives could also be a source of ineffective decision making especially in a multifaceted global

business environment. The ability of a firm to eliminate the unwanted alternatives is one of the critical factors in ensuring only the best alternative is chosen. The uncertainties in decision making process could be reduced as ICT provides a platform for decision makers to exchange ideas, information and data regardless of their locations to clear the air and to also exchange their expertise to one another. Hence, there should be a concerted effort by the global banks to invest more money in the development of their ICT infrastructure as this will lead to a better informed decision.

7. ACKNOWLEDGEMENT

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CUSTOMER LOYALTY ON NON-MUSLIM RESTAURANT OPERATOR AMONG STUDENTS AT PUBLIC UNI-VERSITIES IN KEDAH

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Abstract: This paper concern to fill the void on a study that focuses on the students as a target group to see their loyalty when it comes into the selection of restaurant. Therefore, this study objective is to determine customer's loyalty factor on non-Muslim restaurant among students of public universities particularly in Kedah. The study analyses religiosity, halal status, subjective norm, and service quality as the focus attributes towards students loyalty on non-Muslim restaurant. This quantitative research used self-administrated questionnaire of 296 respondent with post experience dining at Seoul Garden res-taurant. Thus, the researcher wants to enlarge the study to determine which factor influences the loyalty. The findings allow better understanding on factors influencing loyalty among students of public universities in Kedah and the identified variable may be used by the practitioner to identify factors that make them loyal and contribute revenue to the restaurant.

Keywords: Customer Loyalty, Religiosity, Halal Status, Subjective Norm, Service Quality

1. INTRODUCTION

Living in the country with rich elements of ethnicity and diversity of races has promotes a multicultural element embedded in the society. Food is an essential factor for interaction among various ethnic, social and religious groups (Riaz and Chaudry, 2004). The wonderful selection of traditional food and authentic cuisine from multiracial delicacies has attracted the society to have their own favored cuisine regardless Chinese food, Malay food, Indian food or Western food. Each people are unique with their preferences in food choices and these lead the restaurants to make their food business more intact with local articulation. In fact, their preferences pay much concern on inter related behavior namely liking, preferences, choice, and intake (Mak, Lumbers, Eves, & Chang, 2012). In addition, religious factor would be the main concern in the selection of food. For example vegetarian Hindus, among other, are very strict with their food and the orthodox Jews are very particular about their kosher principles. Thus, religion plays one of the most influential roles in food choices (Dindyal, 2003). In the Malaysian context, all Malays are Muslims. This means that the majority of the indigenous people are Muslims and the overwhelming majority of non-Malays are non-Muslims. The non-indigenous communities, therefore, are predominantly non-Muslim (Muzaffar, 1987). Therefore it can be found a variety of restaurant runs by Muslim or non-muslim to cater the demand from this multiracial society and this has brought changes in the restaurant industry.

In recent years, many of non-muslim restaurant have been try to obtain a halal certificate to attract more people to enjoy their food. In another perspective, research done by (Raja Adam, 2006) finds that 90% of the world halal food market is dominated by non-muslim. Those who are unaware of this may feel surprise as the companies that are producing halal food today not primarily Muslim countries. Malaysia manages to import a quite number of meat supply from overseas to cater the increasing demand by the society from Australia and New Zealand. In Malaysia, Muslim population represents approximately 60 percent of overall population. Therefore, it represents the larger market to be tapped. In relation to this, students represent a bigger number of populations in Malaysia nowadays and this correlates as a powerful consumer group. As a student, they spent much of their allowance on food and drinks in the restaurant industry (Jang, Kim, & Bonn, 2011). The students selection of restaurant and their purchasing power very much influenced on external factors such as culture and subculture, reference group, family and social roles and status (Kotler, 2003). In this

situation, friends and family will have direct or indirect influence on the student behavior when they want to have food. Besides, level of religiosity, confident on halal logo, societal factor and situational factors are among the variables taken into consideration for this study.

Even though there is some research concerning on purchasing decision of halal products, limited research exists regarding the students purchasing power on the non-muslim restaurant. Moreover, almost no research has been focusing on the significant factors contribute to the students selection on non-muslim restaurant. Therefore, to fill the void, this study is going to be conducted.

1.1 Problem Statement

The ever increasing understanding on halal food among Muslim and non-Muslim has led to many restaurant runs by non-Muslim to look for ways to sustain. In Malaysia the expenditure for halal products is more than rm5 billion a year (Norzalila, 2004). This however shows the importance of halal food preparation and delivery. By the way, many of the restaurants claim that they are providing halal food with limited or disappearance of any proof to prevail their statement. A display of signage of no pork or uncertified halal logo doesn't simply conclude that they are preparing halal food. For that we need to test the student purchasing decision on non-muslim restaurant patronage. Thus, the researcher wants to enlarge the study to test the effect of independent variable namely religiosity, halal status, subjective norms and service quality. This is to get more knowledge regarding the customer loyalty on non muslim restaurant by students of public universities in Kedah.

2. LITERATURE REVIEW
2.1 Customer Loyalty

Customer loyalty is quite complex to measure and comprise of three approach includes behavioral, attitudinal and composite (Chen, Bowen, & Chen, 2001).The perspective of customer loyalty in this study is more into a customers who hold favorable attitude toward the company, commit to repurchase the product/service, and recommend the product to others. Customer's loyalty is a vital element of revenue for the business and likely to happen in a form of word-of-mouth thus becomes a very potent method in marketing.(Omar, Shaharudin, Jusoff, & Ali, 2011) (Yi & La, 2004). This is supported by (Stillwagon, 2014) where a retention of 5 percent loyal customers able to increase profit up to 95 percent. In addition, customer loyalty also refers to the customer commitment to patronize the service regularly even it happen to be any situational influences. (Oliver, 2014).Therefore, it is crucial for the restaurant to understand the attributes that influence customers return back to the restaurant to dine (Haghighi, Dorosti, Rahnama, & Hoseinpour, 2012).

2.2 Religiosity

According to (Salah, 2008) religiosity is defined as basic religious belief that offer a person with a meaning-endowing frame work in terms of which life is understood. Religiosity concern on the spirituality of an individual and it embedded an important value to the individual cognitive structure which may influence their behavior. Furthermore, religiousness may play a significant general role in the problem-solving and decision-making processes (Delener , 1994). The selection of restaurant may be influenced by the religious obligation. In fact, religious obedience influences the customer orientation on their food consumption and social behavior. In addition, it is found that religious factor is important factor that lead customer purchasing behavior (Kordnaeij, Askaripoor, & Postgraduat, 2013). In another study conducted by (Al-Hyari, Alnsour, Al-Weshah, & Haffar, 2012) shows that loyalty was moderated by religiosity and will influence customer perception. The belief is that a highly religious person will evaluate the world through religious schemas and integrate their religion into their life (Mokhlis, 2008). Instead of all factors explain by the previous literature, a study by (Delener , 1994) shows that religion is the most important factor shaping consumer attitudes and behaviors in general and food purchasing and eating decisions in particular (Blackwell et al., 2001).In contrast (Bonne, Vermeir, Bergeaud-Blackler, & Verbeke, 2007) found that 25 percent US Muslims didn't follow the halal diet.

2.3 Halal Status

The introduction of halal logo by the Malaysian Department of Islamic Development (JAKIM) has prompt a greater awareness among the Muslim communities in Malaysia about the importance of consuming products that follow Islamic guidelines and principles. JAKIM has been issuing halal certificates and made itself more accessible to the public and for companies to have better information and access to the halal food procedures and guidelines. Thus, this has increased the awareness of the halal issues to the companies in broad-spectrum (Masnono, 2005). In a study conducted by (Golnaz, R., Zainulabidin, M., Mad Nasir, S. and Eddie Chiew, 2010) suggest that

consumers are very concerned about halal food and halal logo on food products. Most respondents react more positively to JAKIM halal logo, although there is still proof to support that consumers are more careful in assess the halalness of all kinds of food products by referring to the list of ingredients. They also found that most consumers are able to differentiate between JAKIM halal logo from the other logos, regardless of the brands on the food products. (Zainal abidin Mohamed, Golnaz Rezai, Mad Nasir Shamsudin, 2008) added that other factors such as religious knowledge and awareness about Halal Food, good manufacturing and hygienic practices by the food manufacturers will bring trustworthiness on food products with Halal logo. In contrast, Rezai, Mohamed and Shamsudin (2012) explains most Malaysians are still unsure or do not have the full confidence in the Halal labelled food products with regard to its "halalness". They suggest monitoring and enforcement of the Halal laws and regulations needs carried out on a regular basis to ensure consumers' confidence towards these products.

2.4 Subjetive Norms
Subjective norm is a significant belief that shows the underlying influences on subjective norms (Ajzen, 1991). Subjective norm also become the drive factor that leads customer purchase behavior (Ryan and Bonfield, 1975). In addition, subjective norm tent to measure the social influence on a customer behavior in which sometimes decision is not made by them personally but under the expectation of relevant others like family and friends that influence their behavioral performances. In fact, insertion of subjective norm to measure customer loyalty should provide more accurate result (Ha, 1998). By the same token, another finding revealed that subjective norm is a prominent factor of behavioral intention to select the restaurant when the social pressure from others to perform the behavior is great (Moan et al., 2005).

2.5 Service Quality
One of the vital success factor in restaurant industry is service quality where is necessary to influence consumer satisfaction (Shekarchizadeh, Rasli, & Hon-Tat, 2011). Some dimension that influence service quality in buffet restaurant includes freshness, hygiene, variety and reliability, value, staff excellence, accessibility to all, considerateness, bread assurance, offering multiplicity, relaxation, child–friendliness and entertainment (Oyewole, 2013). It is found that freshness and hygiene is the most important factor in service quality in a buffet restaurant. In addition, service quality provides positive impact on customer loyalty and it build the connection. This is supported by (Venetis & Ghauri, 2004). (Peng & Chen, 2015) also agree that service quality can effect customer negative emotion. After all, other researcher also found that service quality should be mediated by trust and commitment to effect loyalty.

3. METHODOLOGY
3.1 Result and Discussion
The focus of this study is to investigate the level of customer loyalty on non-Muslim restaurant among the students at public universities in Kedah. The students who had a post experience dining at a popular Korean barbeque all-you-can-eat restaurant namely Seoul Garden were invited to answer the structured questionnaires. The restaurants were operated by non-Muslim owner and only selected outlet obtained halal status. The sample of population was students of Universiti Teknologi MARA, Kedah branch and Universiti Utara Malaysia conducted based on convenience sampling. A multiple regression analysis was undertaken to analyses the data namely customer loyalty, religiosity, halal status, subjective norms and service quality. The questionnaire comprised of five sections namely demographic information (part A), customer loyalty (part B) and (part C) measures the attribute of customer loyalty (religiosity, halal status, subjective norms and service quality).The total number usable questionnaires was 296. The characteristic of respondents who participate in the survey are shown in Table 1.

Table 1: The respondent profile

Demographic Variables	Frequency	Percent (%)
Gender: Male	65	22
Female	231	78
Age: Below 18	21	7.1
19-23	231	78.0
24-28	38	12.8
29 and above	6	2.0
Race: Malay	289	97.6

Chinese	0	0
Indian	1	0.3
Others	6	2.0
Education: PhD	3	1.0
Master	10	3.4
Degree	233	78.7
Diploma	50	16.9

Table 2: Correlation coefficient matrix

	CL	R	HS	SN	SQ
Customer Loyalty					
Religiosity	.060				
Halal Status	.515**	.221**			
Subjective Norm	.308**	.315**	.431**		
Service Quality	-.373**	-.164**	-.382**	-.259**	

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

Table 2 shows a weak relationship noticed between religiosity and customer loyalty variables (r = 0.06). These two variable was not significantly correlated (p > 0.05). This result leads to the rejection of alternative hypothesis of H1. It show that religiosity is relatively less important and not significant at (0.05) in influencing the customer loyalty. This finding contrast with (Swimberghe, Sharma, & Flurry, 2009) where religiosity have a detrimental effect on store loyalty especially when the market have a consumer with highly committed with their religion. In addition, strong relationship shows between customer loyalty with halal status and subjective norm. (r = 0.515, p < 0.01) and (r = 0.308, p< 0.01). These result lead to the statement of alternative hypothesis where H2 and H3 are accepted at the 99% confidence level that indicate the relationship between customer loyalties on non-Muslim restaurant operator among the students at public universities in Kedah. Service quality show a significant relationship in this situation. Therefore, null hypothesis is rejected and this means customer who are experiencing a good service quality from the restaurant will not necessarily loyal to the restaurant

Table 3: Regression matrix

	Standard Coefficient (β)	Significant
Religiosity	-.099	.056
Halal Status	.412	.000
Subjective Norm	.109	.051
Service Quality	-.203	.000

Table 3 provide the result of multiple regression of customer loyalty with other variables. The test runs to find out which variable give more influence to customer loyalty. From the illustration, halal status has positive significant result to the customers loyalty among students at significant level of (β = 0.412, p = 0.00). The obtained results demonstrate the higher level effect on customer loyalty. Therefore halal status is vital for the restaurant and the management of the restaurant should look into this matter as there is quite number of local Muslim students and international Muslim students in Malaysia. Halal status will give a positive image of the restaurant from all aspect includes cleanliness, safety of food and it provide confident to the students to dine at the restaurant. The second factor that influence the level of loyalty was service quality with (β = -0.203, p = 0.00). (Venetis & Ghauri, 2004) also emphasized on this matter and found that service quality affected the customer loyalty.

4. Recommendation
Based on the result hypothesis testing in this study, halal status has shown to have a sig-nificant impact on customer loyalty particularly among the students. This is supported by (Muhammad, 2007) where halal awareness are rising among Muslim and non-Muslim popula-tion. Out of 33 oulets of Seoul Garden Malaysia, only 25 outlets are halal certified. It is recommended that the restaurant constantly continue to obtain halal status for the remaining outlets and this is vital for the long term investment as this is not only cover the religious need but also community needs. In addition, the restaurant may enhanced the the quality of staff and the food. Training on treating customer in term of promptness, helpfulness and appearances will contribute siginificant impact to the restaurant service

while for food, the quality standard on the taste, nutritiousness, freshness and variety of menu shouldn't be tolerated. Subjective norm is an important predictor for customer loyalty. The students expectation of important references like friends and family provides social pressure and influenced them to dine at the restaurant in such situation. On the other hand, level of religious value doesn't significantly influenced the loyalty. Regardless of the students religion, as the restaurant provide quality food, ambiance and services, it will potrayed by the number of customer came to the restaurant.

5. Conclusion
This study had achieved its objectives to analysis the factors that influence customer loyalty. A number of test have been done includes Pearson Correlation Analysis and Multiple Regression Analysis and it's found that only three variable have a significant relationship excluding religiosity towards customer loyalty. As a conclusion, the outcome of the research shows that halal status if the most vital factor that influenced customer loyalty to the non-Muslim restaurant and the least important factor would be religiosity.

6. Acknowlegement

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A STUDY ON INTRAPERSONAL CONFLICT: DETERMINING THE AGE DIFFERENCES IN PUBLIC SECTOR ORGANIZATION

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Abstract: A research study on conflict is not a recent issue. There are lots of previous research have been done and discussed on the topic. Report on conflicts at the workplace have been published by many scholars that measure the conflicts among employees in different part of the world. However, in Malaysia, it is difficult to know about conflicts that occur at workplace especially on intrapersonal conflicts. Thus, this study aims to determine intrapersonal conflict among employee based on their age differences. Data from this study was collected using questionnaire from 250 respondents among public sector employees. They consisted of 60.4 percent female, 59.6 percent are between 21-30 years and 64.8 percent from respondents were undergraduate.

Keywords: Intrapersonal, Conflict, Age Differences, Employees, Public Sector, Malaysia

1. INTRODUCTION

Over the years, many study have been conducted to identify conflcts at the workplace. It is difficult to know about conflicts occurred in organization particularly on intrapersonal conflicts.

The problem identified in this study exists because organizations continue to fall short in managing conflict in ways leading to positive outcomes (Jacobs, 2008). According to Dawson (2007), people in organization maybe afraid to face it and if they handle it poorly, it can make the problem more worse and grew. Conflict in organization is also significant to the loss of productivity, poor cooperation and, in the extreme situation; the organization might lose of good employees which finally leads to the loss of good customers (Thompson, 2008). Max Messmer & Lawrence Kahn (2006) stated that frustration towards a problem may be interpreted by someone else as anger or scorn. Their response may be to avoid working with the person, increasing the level of ongoing conflict. Besides, Guttman (2009) explained that conflicts can destroy morale, polarize co-worker and divert precious power from meeting organizational goals. Conflicts at the workplace or in organization have been done in different context, but not focusing on Malaysian environment and culture. This study is to see whether theory/model of conflict is applicable to our situation.

Study on intrapersonal conflict among employee in organization are relatively few if not none especially in the context of public service.

2. LITERATURE REVIEW

Generally, conflict handling skills are very significant for maintaining almost all human relationship, in either personal or working life (Montes, Rodríguez, & Serrano, 2012). Rao (2017) stated that conflicts occur due to countless reasons such as personality clashes, ego clashes, differences of opinions, cultural differences, perceptions, miscommunication, ambiguity in roles and responsibilities, stress,

and scarcity of resources and others. Usually conflicts arise when there is a gap between the expectations and the realities. According to Jacobs (2008), conflict is a fundamental component of organizational life requiring individuals to consider whether to respond and how best to respond to conflict. It is also inevitable. Liu, Klein, and Jiang (2009) describes that conflicts is a pervasive phenomenon that came from jealousy, poor communication, user resistance, lack of understanding, frustration and low morale, personality diversity and different expectation. Jacobs (2008) explained conflicts as a collision of perceived disagreement, incompatibility, or charged energy patterns colliding due to the differences of interests, beliefs, or values that matter between two or more individuals or parties. Conflict exists when two or more individuals perceive differences and opposition between themselves and another individual about interests, beliefs, or values that matter to the individual. The disagreement may be real or merely perceived but it is psychologically felt by one of the parties. Moreover, Walker (2009) explained that conflicts can be a rather challenging risk area to mitigate because the inherently personal nature of conflicts of interest can make them difficult to detect and difficult to control.

People in organization explained that employees are having tense meeting, red faced supervisors and stressful encounter with colleagues when topic of workplace conflict is branched (Pace, 2008). CPP Inc. (2008) shares the report on people attitudes towards conflict at the workplace on full time employees at North America and Europe. 85 percent of employees reported dealing with conflict to some degree and 49 percent of respondents said personality clashes and warring egos were the primary causes of workplace conflict. 27 percent of employees have witnessed conflict morph into a personal attack, while 25 percent say that the avoidance of conflict resulted in sickness or absence from work. Additionally 85% of people change the way they approach conflict over the course of their working lives; they become more proactive and take it less personally as a result of experience (CPP Inc., 2008). In a new report by Gifford (2015), 45% of public sector employees report having had some kind of conflict compared with 38% of private sector employees in large organization with 500 or more employees. Therefore, it seems that as organizations grow in size, their complexity and structures can very quickly get in the way of resolving conflict swiftly and effectively. Additionally, Gifford (2015) explained that conflict is seen to be more common with one's superiors than more junior members of staff.

Based on Ozkaramanli, Desmet, and Özcan (2016), intrapersonal conflict are contradicting tendencies within an individual whereby it is a well-studied psychological phenomenon that represents an important aspect of the variety and complexity of human experience. Rahim (2001) explained intrapersonal conflict is also known as intra-individual or intra-psychic conflict that occurs when an organizational member is required to perform certain tasks and roles and it does not match with the individual expertise, interests, goals, and values. Herleman (2009) describes that factors such as age and self-efficacy, workplace factors such as role clarity and supervisor support, family/friends factors such as spouse adjustment, and environmental factors such as cultural distance and standard of living and adjustment are combined and called as intrapersonal conflict. Gifford (2015) found that the single most common contributor to conflict is differences in personality or styles of working, supporting a relational view of conflict. Moreover his study support an issue-based view of conflict. That means, individual performance, target-setting and the level of support or resources are more important, being far more than employment contracts or promotions. According to Rahim (2001) intrapersonal conflicts at work can be categorized into three types namely; 1) Approach – Approach Conflict (deal when when a person has to choose between two attractive alternatives) 2) Approach – Avoidance Conflict (occured when a person has to deal with a situation that has both positive as well as negative aspects) and 3) Avoidance– Avoidance Conflict (when each of the alternatives has negative consequences.

In term of age differences, scholar suggest that individuals within the same generational group or cohort, due to their shared experiences of key social events at critical life developmental stages, tend to share similar values, attitudes and behaviors which significantly affect their expectations about work and life in general (Smola and Sutton, 2002). Dwyer & Azevedo (2016) has illustrated the comparison of age differences of employees at work (Table 1).

Table 1: Differences of age groups at work

Generation Y	Generation X	Baby Boomers	Veterans
Seek feedback and expect consultation on issues which affect them. Seek challenging work environment which stimulates a workplace identity and provide meaning. Confident, self-assured and flexible in different tasks. Seeking opportunities to contribute and grow. Impatient and eager to voice their opinion. Will challenge authority when there is doubt	Seek continual feedback and opportunities for autonomy. Expect organizations to provide ongoing skills development opportunities. Achievement-oriented. Seeking flexible work life in relation to own needs. Lack employer loyalty Will challenge the hierarchical decision-making structure or status quo	Seek promotion through hard work and determination – driven to succeed Goal-oriented. Seeking to make a difference at work and in society. High ambition may lead to burnout. Willing to challenge authority, when he/she is a non-expert	Seek formalized workplace and hierarchical structure with focused respect for organizational authority and organizational commitment Highly committed to the organization and its leaders. Seeking to give and receive loyalty and to have long-term job security. Risk averse Will not challenge the status quo

It shows that each generation presents different challenges in managing their differences in attitudes and values, preferences regarding leadership and human resource practices, as well their responses to organizational change initiatives.

3. METHODOLOGY

The data from this study was collected by using questionnaire. Respondents were asked to answer the entire questionnaire. A total of 250 public service employees were participated in this research. All respondents were from various department in Putrajaya, Malaysia. Government staff at Putrajaya was choosen because it is the federal administrative centre of Malaysia.

4. FINDINGS/DISCUSSION

In this study, there were 60.4 percent (151) female and 39.6 percent (99) were males. In addition, most of respondents were between 21-30 years old (59.6 percent) and followed by respondents between 31-40 years old (21.6 percent). In term of level of education, the majority of respondents were undergraduate (64.8 percent) and only 3.2 percent completed post graduate level. As for governmental bodies, most of respondents were in grade 17-40 (65.6 percent) followed by officers who were in grade 41-54 (28.8 percent).

Table 2: Description of Demographic Profile

Variables		(n = 250)	Percent (%)
Gender	Male	99	39.6
	Female	151	60.4
Age	<20	11	4.4
	21-30	149	59.6
	31-40	54	21.6
	41-50	23	9.2
	51>	13	5.2
Education	Secondary	80	32.0
	Undergraduate	233	64.8
	Post Graduate	8	3.2
Grading Scheme	1-16	14	5.6
	17-40	164	65.6
	41-54	72	28.8

To determine whether dependent or independent significant difference existed in term of intrapersonal conflicts based on age differences, the researcher used one-way ANOVA to test the significant different. Age differences had been divided into 3 groups according to their age group (1= <20-30 years old , 2= 31-40 years old and 3= 41-51> years old). In this study, the assumptions of equal

variances among the three groups were met by using Levene's test. There was a statistically significant different at p<.0.05 for the three age groups whereby F = 5.057 with signifance of .007. The result also shows ETA Square with value of .039 and observed power of .815. Since the group size are not equal, Post-hoc tests on Scheffe were employed. The test showed that the mean score for <20-30 years old (M=2.460 SD=.612) was significantly different from 41-51> years old (M=2.104 SD=.604). The group of 31-40 years old (M=2.305 SD=.718) did not have significant different on either group of <20-30 years old or 41-51> years old. Hence, it could be indicated that the intrapersonal conflict varied based on the group of age.

Table 3: Post-Hoc Tests on Scheffe (Intrapersonal Conflict and Age)

Dependent Variable	(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	Mean	Std. Deviation
Intrapersonal Conflict	<20-30	31-40	.155	.099	.301	2.460	.612
		41-51>	.356*	.117	.011		
	31-40	<20-30	-.155	.099	.301	2.305	.718
		41-51>	.201	.136	.339		
	41-51>	<20-30	-.356*	.117	.011	2.104	.604
		31-40	-.201	.136	.339		

Based on observed means.
The error term is Mean Square (Error) = .404.
*. The mean difference is significant at the .05 level.

The results in Table 3 is supported with the prior research conducted by (Gifford, 2015) who found that conflict is seen to be more common with one's superiors than more junior members of staff. Additionally the study also reports that, public sector employees also possessed high grading scheme and hold a better position due to their experience at work. Since public sector employees does not changing to another job as compared to private sector, experience worker tend to be older. Thus, researchers believe that age differences is an important variable that strongly related to their group of grading scheme (start with 1, 17 and 41).
These results provide the evidence to support the hypotheses tested in this study. Table 4 presents the summary of the hypotheses.

Table 4: Summary of hypotheses testing

Hyphoteses	Result
H1: There is a significant difference on intrapersonal conflict in term of age differences	
H1a : There is a significant difference on intrapersonal conflict between <20-30 years and 31-40 years	Rejected
H1b : There is a significant difference on intrapersonal conflict between 31-40 years and 41-51> years.	Rejected
H1b : There is a significant difference on intrapersonal conflict between 41-51> years and <20-30 years	Accepted

5. CONCLUSION

This study confirmed that, intrapersonal conflict was not different from other counterparts in other Western countries based on the age differences. This research finding was significant with the previous studies. In addition, experience worker tend to be older were likely to have intrapersonal conflict. In addition, from the findings, it can be concluded that public sector employees with age of 40-51> have more intrapersonal conflict than other cohort of age who are younger. Thus, public sector organization should pay special attention to the needs of employees at this cohort (40 and above) who are better experienced as they are expected to possess more workload and good decision making. There are two major limitations worth noting in this study, which are relating to the sample size and the industry involved. Since this study is confined to public sector employee in Putrajaya area, generalizibility of the findings may be rather limited. Therefore future research may need to focus on consumers in other states, regions in order to gain more comprehensive perspective and stronger representativeness of the study in the local context.

6. ACKNOWLEDGEMENT

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THE MODERATING EFFECT OF GENDER ON SALES CAREER TENURESHIP AMONG INSURANCE SALESPERSONS IN MALAYSIA

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Abstract: Career tenureship is a vital focus for employer to be cost effective as the amount of hiring and retaining employees increase yearly. In conjunction, gender also may influence employees' career tenureship as men and women not only different by nature but both have diverse attentiveness and inclinations. Due to this motive, the purpose of this research is to investigate the moderating effect of gender on career tenureship among insurance salespersons in Malaysia. The data for this cross sectional studies were collected from 110 male and 92female insurance salespersons in Malaysia using adopted questionnaires from Zain and Jan (2014) that were further analysed using SPSS software and AMOS application. Dimension of measures included Job Satisfaction, Intrinsic Motivation, Organisational Commitment, Employee Productivity and Tenure. The findings of the research reveal that only intrinsic motivation and organizational commitment significantly relates to longer tenure. Moreover, there is no moderation effect on gender on career tenureship among insurance salespersons in Malaysia. Thus the study provides valuable information on personal demographic and career tenureship among male and female salespersons in Malaysia.

Keywords: Malaysia, Gender, Sales Career Tenureship, Insurance, Salesperson, Moderating, Job satisfaction, Intrinsic Motivation, Organisational Commitment and Employee Productivity

1.   Introduction

As the business prospects in the insurance industry are progressing, it opens up career opportunities for the insurance salesperson or for those who have an interest to join the insurance sector. The insurance sector is under the services industry. In Malaysia, the services industry has recorded an increasing pattern of manpower resources from 7,091.7 million (59.4%) workers in year 2010 that continues rousing to 8,395.6 million (60.9%) workers in year 2015 (Ministry of Human Resources, 2016). The ministry further forecast that in year 2020 the potential workers that will aid in the services industry will rise to 9,551.7 million (62.5%) workers. In conjunction, the percentage of female workers in the services sector also show a rising pattern from 46.8% (2010) to 54.5% (2015) and it is predicted to rise to 59% in year 2020. Next, the percentage of male workers also show a rising pattern from 79.3% (2010) to 80.3% (2015) and it is predicted to rise to 80.8% in year 2020 (Ministry of Human Resources, 2016).

The comprehensive explanations above stressed that career and tenureship of employees in the insurance sector has become one of the most vital focus in today challenging workforce environment. According to The National Association of Malaysian Life Insurance Field force and Advisers (Namlifa) there are 83,174 insurance agents in Malaysia (The Star Online, 2012). Base on the report, 65% of insurance salesperson earned less than RM20,000 annually. This may influence employees' tenureship as employees will seek for employer with better offerings and employer will hunt for high potential workers. It is supported by March and Simon (1958) when they stated that, when jobs are plentiful, voluntary movement is high, when jobs are scarce voluntary turnover is small. Nevertheless, male and female employees have different attentiveness that influences their tenureship. Several earlier studies found there is a gender difference in employee turnover propensities (Blau & Kahn, 1981; Lee, Gerhart, Weller, & Trevor, 2008; Light & Ureta, 1992; Lyness & Judiesch, 2001; Royalty, 1998). The researchers suggested, the higher average turnover propensities of women may influence a negative effect on the position of women in the labor market. Furthermore, the researcher stated that job satisfaction is an established predictor of turnover. Thus, the changes, opportunities, development and rising pattern in the services industry specifically insurance sector has stimulates the researcher interest to explore the gender effect (similarity or differences) on career tenureship between male and female employees of the insurance industry in Malaysia.

1.1 Problem Statement

Tenurehip of male and female employees to stay longer with the organization has become a vital issue in these turbulence economic conditions. A good understanding on the factors that influence a salesperson to shift from one organization to another organisation should be pragmatic (McNeilly and Goldsmith, 1991). It is important in the case of insurance salesperson tenureship as according to Azila, Noor, and Muhamad, (2005), a salesperson needs to be customer oriented. Most businesses lose because of poor customer orientation. This research is focused on the factors that could contribute to the long tenureship among insurance salesperson. Tenure is important to the organisation. An increasing cost of acquiring salesperson has been a major concern for most sales managers in today's competitive market (Barker, 1997). A high number of salespeople leaving the company can bring many negative possible impacts towards organisation which includes the impact on sales planning program; like in the area of recruitment and selection of personnel, supervision, deployment, training, and sales support (Jolson, Dubinsky, and Anderson, 1987). Therefore, in this study, we believed that salespersons whether male or female need to build the salesperson-customer relationship in order to build the long term commitment. In order to sustain this salesperson-customer bonding or relationship, employees shall be in service for a longer period of time and should stretch their tenureship with the organization to enable the relationship exists and lasting longer. Hence, a longer salesperson career tenureship may improve customer oriented culture in building customer loyalty to keep current customer as well as to attract potential customers in services industry.

In the area of sales management, many of the previous studies were conducted to look at the determinant of salesperson tenure (eg: Jolson, Dubinsky, and Anderson, 1987; Auer, Berg and Coulibaly, 2005; Yanadori and Kato, 2007; Zain and Jan, 2014; and Masilah and Khairul, 2016). Several different researchers had tested the determinant of tenure with various variables that includes; organisational effectiveness (Yanadori and Kato, 2007); employee productivity (Holzer, 1990); job satisfaction, intrinsic motivation, organisational commitment, and employee productivity (Zain and Jan, 2014) and productivity (Auer, Berg and Coulibaly, 2005). One of the research that have been conducted by Zain and Jan (2014), measured the determinants of salesperson tenure in a sales career of the car sales executive in Malaysia. The current study replicates the research conducted by Zain and Jan (2014). However, in the current research, gender is further studied and explored to dictate whether there is a similarity or differences between male and female worker of insurance salesperson career tenureship in Malaysia, as according to The Star Online (2012), there are 83,174 insurance agents; who 65% of them earned less than RM20,000 per year in Malaysia (Ho, 2012). The comparison between male and female insurance salespersons will help to give novelty to this study.

Insurance sector was chosen to be studied as it is an essential services compared to the other industries in Malaysia. First, Malaysian Insurance Industry has its own established organisation called The Life Insurance Association of Malaysia (LIAM) which signifies that Malaysia Insurance Industry is one of the established and important sectors that shape and contributes to the Malaysian economy. Secondly, there are enormous career opportunities and developments in the insurance industry (Life Insurance Association of Malaysia, 2011). Career opportunity is an important factor to be considered in this study as there are 1654 vacancies for graduate candidates under financial and insurance activities and 1310 vacancies for non-graduate candidates under financial and insurance activities in Malaysia (Ministry of Human Resource, 2012). On top of that, the Ministry of Human Resources (2016) recorded that services industry has an increasing pattern of manpower resources from 7,091.7 million (59.4%) to 8,395.6 million (60.9%) in year 2015, and the Ministry further forecast the number of potential workers will rise to 9,551.7 million (62.5%) in year 2020. In conjunction, the percentage of female workers in the services sector also show a rising pattern from 46.8% (2010) to 54.5% (2015) and it is predicted to rise to 59% in year 2020. Next, the percentage of male workers also show a rising pattern from 79.3% (2010) to 80.3% (2015) and it is predicted to rise to 80.8% in year 2020 (Ministry of Human Resources, 2016). Based on this argument, researcher believed that it is essential to look upon the insurance industry as it is one of the sources of economic growth in Malaysia.

Researcher hopes this will bring some useful knowledge towards research area especially in the area of human resource management, gender comparison and personal selling management. It is hoped that this study will be significant to organization, policy maker, employer and employees in an attempt to obtain a greater understanding of the gender effect on sales career tenureship among insurance salesperson specifically in Malaysian context as they are still lacking in a number of researches regarding tenure and insurance salespeople in Malaysia (eg; (Azila et al., 2005; Maheran and Muhammad, 2004; Ahmad and Sungip, 2008; Piercy, Low, and Cravens, 2011; Mallin et al., 2010; Yanadori and Kato, 2007; Holzer, 1990; and Auer, Berg and Coulibaly, 2005).

2.   LITERATURE REVIEW

Malaysia has a rapid development history of insurance undertaking since the colonial period (Ahmad & Sungip, 2008). According to Bank Negara (2016) to date, Malaysia there are about 19 registered licensed insurance companies and takaful operators. Of late, Malaysia insurance and takaful have recorded steady development as in 2015 total assets of both consolidated extended by 5.6% (The Report: Malaysia 2016). The industry showed slightly moderate growth, however, the industry performance reflected the increment in mindfulness among Malaysians on the significance of insurance protection (Leong, 2016).

Notwithstanding, Hussels and Zurbruegg (2005) have proposed three determinants of high demand for insurance in a country namely; economic factor, social factor, and political / legal factor. This is parallel to the arguments why being an insurance salesperson is a good career: i) career opportunities in the life insurance industry, ii) excellent prospects, iii) job security and satisfaction, and iv) attractive salaries and employee benefits (Life Insurance Association of Malaysia, 2012).

Auer, Berg and Coulibaly (2005) characterized tenure as the period which the worker has worked with a similar association, which incorporates any adjustments in the individual's employment inside the organization. Then, under the firm-particular capital, tenure is characterized as; instruments that allow organization prepare the representative for a timeframe as to diminish the outcomes of worker quitting from the employment (Auer, Berg and Coulibaly; 2005). In view of the definition, it clarified the motivation behind why keeping up worker tenure inside the organization is critical. This is on account of, it can help the company in lessening the cost of giving training to the new workers. Additionally, McNeilly and Goldsmith (1991) likewise give that knowing the reason of sales representative changing their work to another company can enhance retention endeavours.

The effect of gender moderating on these variables has vastly been studied, however, yet, to one best knowledge not so many studies understand the impact sociodemographic as gender to effecting between intrinsic motivation, job satisfaction, employee productivity and organization commitment and tenure in the setting of life insurance organization. There are among others, studies which explain the effect of gender as moderators relationship in a study investigated organizational support and work outcome in insurance industry (Weeratunga & Jayawardana, n.d.). Thus, the purpose of this study is to investigate and identify moderating effect of demographic factor (gender) on the relationship between intrinsic motivation, job satisfaction, and organization commitment and tenure specifically in the insurance environment.
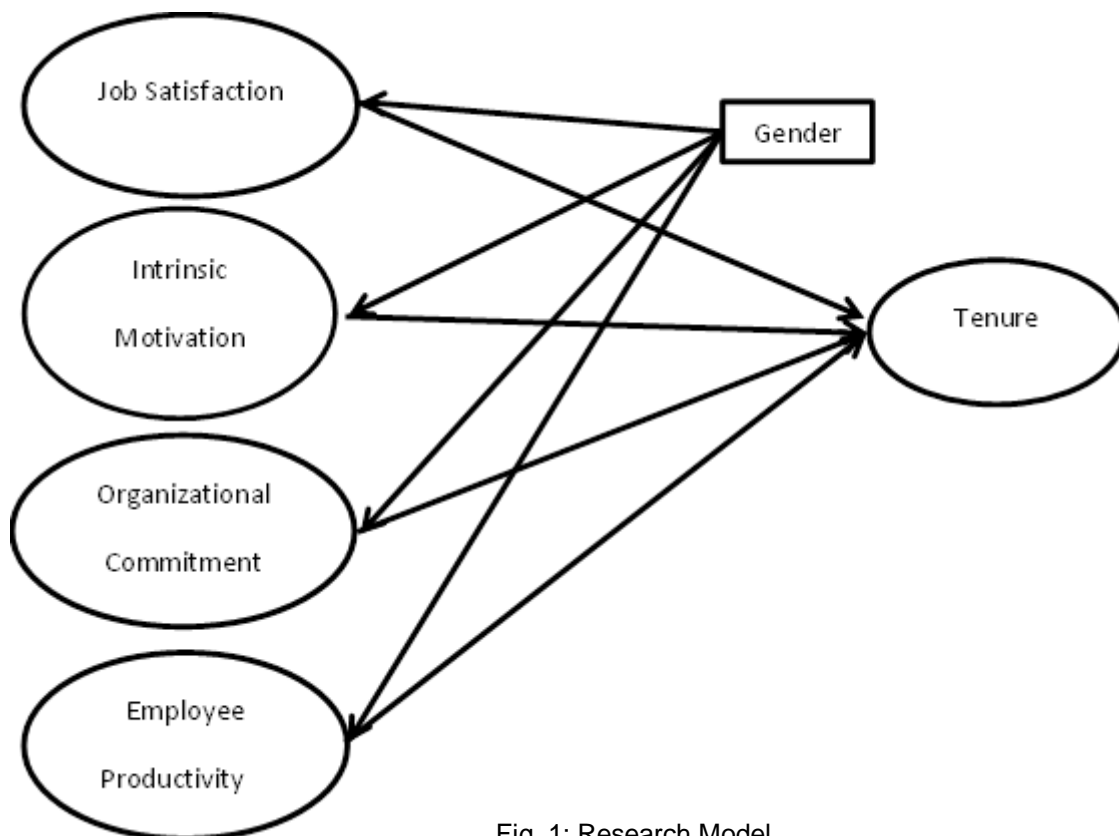
Fig. 1: Research Model

3. METHODOLOGY

This research is using quantitative research. A total set of questionnaire were distributed to 202 respondents among Insurance salesperson around Klang Valley. Among the 202 respondents, there are 54.5% male respondents and 45.5% female respondents.

4. FINDINGS AND ANALYSIS

4.1 Measurement model

Structural equation modelling (SEM) was used to test the hypothesized model. The measurement model was evaluated using confirmatory factor analysis and then hypothesized structural model was tested (Anderson and Gerbing, 1988). In determining the model fit, several fit indexes were used. Hu and Bentler (1999) suggest that for Tucker-Lewis Index (TLI), Comparative Fit Index (CFI) and Incremental Fit Index (IFI) achieved values of 0.95 or higher while Browne and Cudeck (1993) suggest that the value of Root Mean Square Residual (RMSEA) range from 0.05 to 0.08 to achieve good model fit.

The predicted model was within the accepted thresholds. The value of normed chi-square (CMIN/df) for the model was 2.453 which are below the cut-off point of 5.0. On top of that, CFI obtained a value .961 where it is above the cut-off point of .95 and RMSEA of .085. All this portrayed a good fit for the hypothesized model. The convergent validity is achieved when all the items in the measurement model are statistically significant (p-values < .05). Turning to both CFA first and second order, it was observed that all the items in the latent constructs were statistically significant having p-values = .000 which is less than .05. The convergent validity can also be assessed by looking at the Average Variance Extracted (AVE). In this case, the AVE should be above .50. According to this study, the AVE for the entire construct was above .50 ranging from .527 to .805 which indicated the adequate convergent validity (Table 1). The result of the Average Variance Extracted (AVE) the factor loading ranged from 0.53 to 0.81 which portrayed that it had an adequate convergent validity. This is because; the rule of thumb for AVE is to get greater than .5 or above (Hair et al., 2010). AVE is important as it measure's average variance accounted for the model. In addition, the rule of thumb for Construct Reliability (CR), is to obtain .7 or higher where it suggests good reliability (Hair et al., 2010). CR is important because it measures the internal consistency. The cross-loadings of the factors have ranged from 0.82 to 0.93. Therefore, it is confirmed that the measure consistently represents something and the model fit the data well.

Table 1: AVE and CR for the four factors

Factors	Cronbach's Alpha	AVE	CR
Intrinsic Motivation	.920	0.724	0.929
Employee Productivity	.814	0.527	0.817
Job Satisfaction	.824	0.539	0.824
Organisational Commitment	.922	0.805	0.925

4.2 Structural model

Once confirm the model fit, the relationship of all variables in the models is tested by using SEM. The indices of the predicted model were within the accepted thresholds. The value of normed chi-square (CMIN/df) for the model was 2.453 which are below the cut-off point of 5.0. On top of that, CFI obtained a value .961 where it is above the cut-off point of .95 and RMSEA of .085. Result for path estimates revealed that only IM and OC had significant positive direct effect on Insurance Salesperson Tenureship; $p < 0.05$ supporting H2 and H3.

4.3 Testing the moderating effect of gender

The fifth hypothesis tested on the moderation effect of the relationship between the four antecedents (JS, IM, OC and EP) and the dependent variable (Tenure). Hair et al. (2006) suggested that metric equivalence must be tested in order to make a comparison between structural parameters of the groups. The significant level of effect on the model fit was estimated by the chi-square change (Δx^2) (Hair etal., 2006). As shown in Table 2, the Δx^2 was insignificant ($p < 0.05$), as well as the other fit indices does not change significantly, especially $\Delta CFI \leq 0.01$. Furthermore, all parameters were equivalent across groups based on the univariate x^2 incremental values from the Lagrange Multiplier

(LM) test (p > 0.05) (Byrne, 2006). Therefore, the H5 was not supported, suggesting that gender did not moderate the relationships between the four antecedents towards Insurance Salesperson Tenureship.

Table 2: The moderation test

Fit indices	Total free (TF) model	Constrained model (Four antecedents → Tenure are equal)	Δ (Difference between the Constrained and TF model)
x²	439.047	440.661	1.614
Df	179	183	4
CFI	.961	.961	0.001
IFI	.953	.953	0
TLI	.973	.0974	0.001
RMSEA	.085	.086	0.001

5. CONCLUSION

By adding gender and age as moderating variables, this study sheds light on the scholarly debate related to sales career tenureship. Greater understanding of salesperson can bring many benefits towards organisational as well as workforce performance and success. There is growing evidence that all the marketing activities which collaborated with selling activities can help to achieve company objectives which can exceed the shareholder expectation (Grant and Cravens, 1999). The current research found that, gender does not moderate the relationship between Job Satisfaction, Intrinsic Motivation, Organizational Commitment and Employee Productivity towards Insurance Salesperson Tenureship.

6. ACKNOWLEDGEMENT

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FACTORS AFFECTING BUSINESS PERFORMANCE AMONG NIGHT MARKET TRADERS IN KEDAH, MALAYSIA

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Abstract: Night market nowadays not only sell basic goods, even many traders currently producing and selling goods more appealing to buyer in terms of the uniqueness of each product sales. This is due to competitveness in achieving the desired sales return. This study is to identify the factors that influence the business performance among night market traders in Merbok, Kedah. The factors analyzed based on the personality characteristics identified which are locus control, commitment, achievement, innovativeness and skills that stimulate to the business performance among night market traders. A total of 94 night market trades were chosen from two areas of night market in Merbok for the purpose of this study. As a result, commitment is found to have greatest impact to the business performance of night market traders. Therefore, being as a night market trader, they needs to show high level of commitment to their business operations and activities. Eventually it can contribute to the high level of performance for their business at night market. This shows, regardless of sales any products sold, in the absence of commitment to high enthusiasm in business, the success of business can be hard to reach. However, this study did not rule out other factors that directly and indirectly lead to business success. For future studies, it is proposed to expand traders to sample other areas for more in-depth look at the significant factor towards the success factors for night market in Malaysia.

Keywords: Night market traders, Business performance, locus control, achievement, innovativeness, commitment, skills

1. INTRODUCTION

Malaysian SMEs play an important role in sustaining the nation's economic move toward a developed country status by 2020. Since the 1970s, Malaysian SMEs have been playing a remarkable role in contributing to the national economy. (Bashar Bhuiyan, Said, Daud Ismail, Fauzi Mohd Jani, & Yong Gun Fie, 2016). The Productivity (GDP per Employee) of SMEs and Annual Growth SME Productivity had increased by 0.4% for year 2015 from 2014 (SME Corp Malaysia, 2016). In Malaysia, small business estimated to make up a total of more than 75% of the total number of business establishments (Moha Asri et al., 2000). The SMEs is considered as rapidly expanding and stimulating towards achieving the objectives of developing countries. The Small and Medium Industries Development Corporation (SMIDEC) defined SMEs as any micro company which have a total sales less than RM200 000 and full-time employees less than five persons. Based on the definitions, the industry which has been identified under this category is; pedlars which includes public and private markets, the stalls and night market traders.

The night market trader plays a vital role towards the economic upturn (Salleh, Yaakub, Mohamad, Ghani, & Sulong, 2012). Night market can be classified as a place where retail business like a market / moving stalls, are arrange extends down the road and makes use of public or private sites (Ibrahim & Leng, 2003). The government has recognized the hawkers and night markets as one of the important economic activities carried out in many places in Malaysia. It is because it can provides retail services to the users and channeling the supply of goods and customer services (Salleh, Yaakub, Yunus, Abd Ghani, & Wan Sulong, 2012).

The concept of Malaysian night market is based open-air shopping (Ishak et al., 2012), as thestreet hawkers occupy a designated part of the streets or parking lots to set up their stalls. Like any traditional market, the night market allows customers to enjoy wide varieties and choices of fresh fruits and vegetables, freshly cooked food and even non-agricultural products at affordable prices. Night markets provide people with opportunities for dining, shopping, entertainment, performances, and strolling at night. In many Asian countries, such as Hong Kong, Macau, China, Singapore,

Indonesia, Thailand, Malaysia, and Taiwan, night markets are ubiquitous (Latif & Barua, 2012). Night market generally operates once or twice a week from 3 pm until 10 pm at a particular location. The size of a night market depends on the number of the stalls (Gindi, Abdullah, Ismail, & Nawi, 2016). Ishak et al. (2012), stated that large night markets have between 400 and 700 stall lots and medium night markets between 241 and 399 stall lots, while the small night markets could have fewer than 50 or up to 240 stall lots.

There are only a few studies related to night market conducted at Malaysia. These includes (Aziz & Yeng, 2011), (Ishak, Aziz, & Ahmad, 2012), (Chin & Harun, 2015), (Gindi et al., 2016), (Aziz, n.d.) (Salleh, Yaakub, Mohamad, et al., 2012), and (Salleh, Yaakub, Yunus, et al., 2012). Huang et al. (2009) indicated that past studies on night markets mainly focused on visitor preferences, motivations, and improvements to service quality. Based on the previous studies conducted there are still lacking of studies conducted to look on performance of night market traders. Among the past research related to night market are; characteristic of the night market trader (Salleh, Yaakub, Mohamad, et al., 2012); dynamism of night market trader (Ishak et al., 2012), night market as a new opportunities (Aziz, n.d.; Chin & Harun, 2015) and shopping habit comparison (Gindi et al., 2016). Therefore, the attempts of this study are to identify the factor/s that influenced the business performance among night market traders in Merbok, Kedah.

2. LITERATURE REVIEW

Sometimes it is very hard for people to have a clear picture how to give a good definition of night market traders.Often, the term traders is equated with small business and the concepts of owner-management and self-employment. According to Timmons, (as cited in Kirby, 2004, p. 511) entrepreneurship is the ability to create and build something from practically nothing. It is initiating, doing, achieving, and building an enterprise or organization, rather than just watching, analyzing or describing one. It is the knack for sensing an opportunity where others see chaos, contradiction and confusion. This term is realy close to the concept of night market traders which is they did the same activities and characteristics. Chee 's study (as cited in Mohd Shukor, 2006) discovered that the early success of Chinese entrepreneurs most of from the nioght market traders in Malaysia was determined by skills they possessed. The Chinese traders able to use skills to help them improve business performance and gain profit in their business. Skills include innovative, opportunistic, strategic skills and risk taking abilities:

i) Innovative skill – ability to introduce physical, technological and systems changes in order to remain competitive, relevant and acceptable. An enterprise will seek a new ways of doing business. Gaynor (as cited in Lin & Chen, 2007) has been highlighted that innovation contributes organizational growth, drives future success, and is the engine that allows businesses to sustain in a global economy.

ii) Opportunistic skill – ability to see and seize opportunity.

iii) Strategic skill – ability to think with flexibility and realistic in adapting to challenges and to come up with the best solution to a problem in question

iv) Risk – taking skill – enables the entrepreneur to assess the risk elements of his venture.

A study conducted by Chee (as cited in Mohd Shukor, 2006) mentioned about Chinese had greater business acumen and technical competence compared to the Malays. It showed that technical competence will influence the business performance. Furthermore, according to the Minister of Entrepreneur and Co-operative Development Ministry, most of Malay traders not possess technical competence especially about information technology that affect them not able to survive in the market. (Utusan Malaysia, 30 May 2006).

In Cunningham study (as cited in Mohd Shukor, 2006), discovered that attitude of night market traders contribute to the success of the business. His study identify the need to do a good job, desired to succeed, self-motivated, self-confident, committed and patient were the important aspect to run business successfully. But in the study conducted by Backman (as cited in Mohd Shukor, 2006) found that one of the factor that determine the success of Chinese business was their attitude as a hard working factor. The result of study from Chee (as cited in Mohd Shukor, 2006) again showed one of the keys to Chinese business success was focus on hard work which consistent with Cunningham and Backman's study. However Chee found that Malay traders were lacked risk-taking attributes, which were important aspect to the success of business.

3. RESEARCH METHODOLOGY

Data collected by using structured questionnaires completed by night traders in Merbok area, Sungai Petani, Kedah state. The questionnaire was developed and translated into Malay language version in order to cater the needs of respondents based on the race and educational background consideration. For the fulfillment of construct validity, the content of the questionnaire was checked by

language expert from MARA University of Technology to avoid the problem of linguistic. The questionnaire had been divided into 3 sections. The first section consists of items related to personal and demographic data of night market traders and the questions in section 2 are related to business performance of traders. The last section in the questionnaire focused on independent variables used in the study.

4. FINDING AND DISCUSSION

A total of 94 night market trades were chosen from two areas of night market in Merbok for the purpose of this study. Table 1 indicates demographic analysis based on the background and personal profile of the traders. Majority of traders were males with 71.3% while only 28.7% were females. Based on the age characteristics, 35.1% of the traders were below than 31 years old. While those in the range of 31-40 years was recorded at 39.4%, followed by 18.1% for the category of 41 to 50 years. Only 5.3% of traders were reported for the age group more than 50 years.

The findings of data analysis also indicated that 69.1% of traders were married. The source of income from night market business is very important to support the life of traders together with their families. Only 27.7% of traders were single and 2.1 % were divorced. Further demographic analysis demonstrated that 79.7 percent finished school at primary and secondary level. Only 18.1% of traders completed education at the level of certificate or diploma. Only one respondent was discovered with no formal education background. The data collected also showed that 38.3% of night market traders were preferred to work within 21 – 30 hours weekly. 15.9% of traders were recorded with less than 21 working hours per week. Those traders with weekly working hours more than 50 hours only accounted at 6.4%. The survey from this study also reported that only limited number of full time employees was recruited for night market business due to small scale of business operation. 14.9% of traders were reported to operate their business activity at night market without any full time employees. The highest number of employees required by night market traders was 7.

Table 1: Demographic Analysis

	Frequency	%
Gender		
Male	67	71.3
Female	27	28.7
Age		
<31	33	35.1
31-40	37	39.4
41-50	17	18.1
>50	5	5.3
Missing data	2	2.1
Marital Status		
Single	26	27.7
Married	65	69.1
Divorced	2	2.1
Missing data	1	1.1
Race		
Malay	91	96.7
Chinese	1	1.1
Other	1	1.1
Missing data	1	1.1
Business Experience		
< 6 years	44	46.8
6 – 10 years	26	27.7
11 – 15 years	6	6.4
16 – 20 years	6	6.4
>20 years	5	5.3
Missing data	7	7.4
Education Level		
Primary School	11	11.7
Secondary School	64	68.0
Certificate / Diploma	17	18.1
No Formal Education	1	1.1

Missing data	1	1.1
Working Hours per week		
<21 hours	15	15.9
21 – 30 hours	36	38.3
31 – 40 hours	25	26.6
41 – 50 hours	11	11.7
>50 hours	6	6.4
Missing data	1	1.1
Number of Full Time Workers		
None	14	14.9
1	23	24.5
2	38	40.4
3	10	10.6
4	1	1.1
5	3	3.2
6	0	0
7	2	2.1
Missing data	3	3.2

The reliability of the questionnaire was examined through computing Cronbach's alpha in this study. Cronbach's coefficient alpha is the most popular test for inter-item consistency reliability which is applied for multipoint-scaled items (Cavana et al., 2001; Hair et al., 2006). Based on the reliability analysis, the findings indicated the reliability value obtained by dependent and independent variables is between 0.666 and 0.876 (Table 2). There is no item deleted from any variable used in the study. The reliability test showed that the cronbach's coefficient alpha for business performance is 0.876 and this is the highest alpha value among all variables used in the study. The instrument is acceptable for further analysis as alpha values for all variables in the study are more than 0.6 (Nunally, 1978).

Table 2: Reliability Analysis

Variables	Number of Items	Item Deleted	Alpha
Business Performance (BP)	6	-	0.876
Locus of Control (LC)	10	-	0.819
Achievement (A)	12	-	0.716
Innovativeness(I)	3	-	0.666
Commitment (C)	7	-	0.716
Skills (S)	11	-	0.830

In this study, the relationships between locus of control, achievement, innovativeness, commitment, skills and business performance were examined. The table below shows the results of Correlation Analysis.

Table 3: Correlation Analysis

	BP	LC (Internal)	LC (External)	A	I	C	S
BP	1						
LC (Internal)	.240*	1					
LC (External)	.259*	.412**	1				
A	.191	.419**	.280**	1			
I	.256*	.135	.205*	.136	1		
C	.335**	.169	-.084	.322**	.127	1	
S	.341**	.334**	.047	.283**	.289**	.445**	1

*Correlation is significant at the 0.05 level (2-tailed)
**Correlation is significant at the 0.01 level (2-tailed)

In Table 3, the results showed that there were significant positive correlations between internal locus of control, external locus of control, innovativeness, commitment, skills and business performance. All the independent variables except for achievement showed a weak relationship with business

performance. Only achievement didn't show any significant relationship with business performance of night market traders.

Results from regression analysis (Table 4) indicated that the value of R^2 is 24.5%. This value can be interpreted as the changes of 24.5% in the dependent variables can be explained by the independent variables specifically refer to locus of control, achievement, innovativeness, commitment and skills. Only two variables namely external locus of control and commitment showed significant influence to the business performance among night market traders indicated by the significant p value of each relationship is less than 0.05. However internal locus of control, achievement, innovativeness and skills were discovered that did not have any significant influence on business performance. Further regression analysis also demonstrated that the most critical factor is commitment (β =.323) and followed by external locus of control (β=.200).

Table 4: Regression Analysis

Model	(%)	Beta	t-test	Significance
Constant		.808	1.099	.275
Locus of Control (Internal)		.040	.337	.737
Locus of Control (External)		.200	2.277	.025
Achievement		-.071	-.430	.668
Innovativeness		.109	1.212	.229
Commitment		.323	2.485	.015
Skills		.193	1.548	.125
R Square	24.5			
F Value	4.695			
Significance	0.000			

Dependent variable: Business Performance

5. CONCLUSION AND RECOMENDATION

The main purpose of this study was to identify the factor/s that influenced the business performance among night market traders in Merbok, Kedah. Commitment is found to have greatest impact to the business performance of night market traders. Therefore, being as a night market trader, he or she needs to show high level of commitment to their business operations and activities. Eventually it can contribute to the high level of performance for their business at night market. On the other hand, the findings showed that the night market traders believed the performance of business also determined by external locus of control whereby Emmons and Diener (1989) commented that individuals who are low in self-esteem are more likely to have high level of external locus of control.

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PREDICTING FINANCIAL DISTRESS COMPANIES IN MALAYSIA MANUFACTURING INDUSTRY USING LOGISTIC REGRESSION AND DECISION TREE ANALYSIS

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Abstract: When a company is considered to be under financial distress and this situation is not handled well the company may face with a bad reputation and also it will lead to bankruptcy. In the worst case scenario the company can be forced into liquidation. Because of that being aware of financial distress signal is vital for a company in order to maintain a good situation. Thus, prediction of financial distress has been one of the most popular research area in corporate finance. This study recommends a model of financial distress prediction comparing decision tree and logistic regression methods. The dependent variable is dichotomous variables which are distress and non-distress companies listed in Malaysia manufacturing industry. Meanwhile to improve the accuracy of the financial distress prediction model 10 selected financial ratios are used as an independent variable. The sampled data is between 2008-2012. The result proved that decision tree model is the best model since the classification accuracy rate is highest compared to logistic regression models for both training and testing samples. In addition, Total Debt per Total Asset (Debt ratio) followed by Sales per Current Assets (Current Asset Turnover) and Account Receivable per Sales (Average Collection period) is a most significant variable in classifying company status as distress or non-distress company. Overall the results offered provide empirical evidence to support the decision tree method in financial distress warning systems that are useful to most entities in the financial market.

Keywords: Financial Distress, Manufacturing Companies, Decision Tree Model, Logistic Regression Model, Malaysia

1. INTRODUCTION

Financial distress is a situation when a company operating cash flow are not sufficient to satisfy current obligation to its creditors within stipulated time. When a company is under financial distress its stocks, bonds and other securities typically experience a significant price drop. This stinging decline happens because most investors are afraid of the company bad reputation. Meanwhile employees of a distressed company tend to have a lower motivation, higher stress, and higher level of procrastination caused by such a burden. This can have caused decreasing in company productivity. Productivity and profitability have a strong positive correlation which decreasing in productivity can make the profit margin for the company is low. Poor profit indicates that the company is facing with higher business risk which it can reduce the creditworthiness with lenders, suppliers, investors and banks. According to (Khaliq, Altarturi, Thaker, Harun, & Nahar, 2014), financial distress companies can incur cost like higher cost in financing, opportunity costs of projects and less dynamic employees. Thus, the company cost of financing additional capital will normally rise, making it more challenging and expensive to raise the fund needed. To fulfill the short-term obligations, a company will run a longer-term profitable project. If this situation cannot be relieved it can lead the company to bankruptcy.

In corporate finance, financial distress has become an important research field which is an extensive ongoing research topic (Sun, Li, Huang, & He, 2014).The ability to predict financial distress as early as possible is important to the companies themselves, a matter of considerable interest to investors, creditors, auditors and other stakeholders. There are many warning signal that show a company is experiencing financial distress. Being aware of these signals can help to avoid financial distress and future bankruptcy. It is because the number of bankruptcy company is important for the economy of a country and it can be viewed as an indicator of the development and strength of the economy (Chen, 2011). Besides that, different industry faces a different level of competition and the possibility of financial distress can differ for a company in a different industry. This study is based on companies in the manufacturing industry. Based on Tenth Malaysia Plan, (2011-2015) the performance of

manufacturing industry has been generally inspiring with growth in Gross Domestic Product (GDP) and exports. Nonetheless the share of Malaysia manufacturing export in the world market is weakening, facing rigid competition from emerging countries such as the People Republic of China, Vietnam, and China. Issues affecting manufacturing sector are low productivity, the pervasiveness of low value-add labor intensive industries, lack of innovation and competitiveness, and weak enablers. In order to remain competitive, the manufacturing sector will be restructured and focus will be on quality, performance – based incentives, and further promoting exports in the Eleventh Malaysia Plan, (2016-2020).

This study aims to develop financial distress prediction model in the manufacturing industry in Malaysia using Logistic Regression and Decision Tree Analysis and also to describe the characteristics of a company that is more likely to go into financial distress. The outline of the remaining paper is structured as follows. A brief overview of literature is provided in section 2. Section 3 explains about methodology involved followed by analysis of the finding in section 4. This paper end with conclusion and recommendation in section 5.

2. LITERATURE REVIEW
2.1 Overview of financial distress
A review of literature on the definition of corporate financial distress is wide, covering many definitions of what creates financial distress. Financial distress and then the subsequent failure of a business is usually inflated and disruptive event.(Chen, 2011) defined financial distress company as a company that has filed for bankruptcy. Meanwhile,(Khaliq et al., 2014) define a distressed firm as a firm involved with high fixed costs, assets are illiquid, or revenues that are too sensitive to economic recessions.

2.2 Overview of financial distress model
2.2.1 Logistic Regression
According to (Othman & Jaizah, 2012) logit models are employed to discover the explanatory factors behind a certain event which investigate the relationship between binary or ordinal response probability and explanatory variable. (Hui & Milind, 2015) in their study they used logistic regression in predicting financial distress in Hong Kong. Debt to total assets ratio, gross profit and liquidity ratio has been used in the prediction. Results show that the debt to total assets is positively associated with the probability of financial distress. Therefore, the firm with high total debt to total assets will have high possibility to be listed as financial distress company compared to those with a low amount of debt to total assets. Meanwhile, the study also found that the gross profit rate and current ratio are negatively related to the probability of financial distress. Company with low probability to become financial distress will have no problem in paying their obligation as well as to generate high sales.

Meanwhile, according to (Alifiah, Salamudin, & Ahmad, 2013) debt ratio, total assets turnover ratio, and working capital ratio are the most useful ratios for the prediction of financial distress companies in the consumer products sector in Malaysia. They found that by using financial ratio as the independent variables, the prediction model provided more than 50% chance that the model is accurate for five years before distress. In addition (Alifiah et al., 2013) also done a research in predicting financial distress companies in the trading and services sector in Malaysia. The result shows that debt ratio, total assets turnover, working capital ratio and net income to total assets can be used in predicting financial distress. Both studies the researcher used logistic regression analysis.

A study on Evaluating Company Failure in Malaysia has been done by (Yap, Munuswamy, & Mohamed, 2012) The study concludes that logistic regression is still a very effective and consistent statistical tool because it has developed a strong model with very high average accuracy rates which are 88% and 90% for the analysis and the hold-out samples respectively. Instead of that, the study found cash flow to total debt, total debt to total assets, and retained earnings to total assets have significant selective influence in evaluating failure prediction. In addition,(Ong, Yap, & Khong, 2011) logistic regression is a reliable analysis that can be used to predict financial distress company with 91.5 percent predictive accuracy. Instead of that, results show that current asset turnover, asset turnover, average collection period, cash flow to total debt and debt ratio have been found as significant and useful in prediction of financial distress company.

(Loo, Mat Nor, & Yatim, 2001) conducted a study on predicting corporate financial distress using logit model by using 26 distressed companies and 42 non-distressed companies (randomly selected) based on 9 different industries. Results indicated that probability of financial distress is directly related to sales to current assets and current assets to current liabilities. In another study done by (Hui & Milind, 2015) they used Logistic regression and Jackknife method's validation to measure accuracy of the model and results shows that 53.33% are correctly classified as distressed firm (24 firms out of 45

distressed firms) and 85.71% are correctly classified as non-distressed firm (90 firms out of 105 non-distressed firms). (Nanayakkara & Azeez, 2015) used existing Altman's Z-score model to develop better financial distress predicting model for companies listed in Colombo Stock Exchange for the period from 2002 to 2011. The result shows, the model that been developed able to predict financial distress of Quoted public companies in Sri Lanka by 85.8% accurately while predicting distress firms by 91% accurately. Besides, the study also found that retained earnings to total assets, cash flow from operations to total debt, and firm size also identified as better predictors for predicting distress. Besides of predicting financial distress for companies, there also a study was done in the banking sector. (Al-Saleh & Al Kandari, 2012) used logistic regression as a method in predicting financial distress for Commercial Banks in Kuwait. Eleven ratios that been used in the study and only three is found to be significant in predicting financial distress which are an investment in securities to total assets, loans to total assets and loans to deposits.

2.2.2   Decision Tree Analysis
Instead of logistic regression, recently, decision tree also one of the popular analysis in predicting financial distress. (Delen, Kuzey, & Uyur, 2013) used a decision tree to analyzed the impact of financial ratios on firm performance. They found that earnings before tax to equity ratio and net profit margin are important variables that can be used in measuring firm performance. The result explained that the higher the ratio is better for the firm since it shows that the firm has ability to control their cost and expenses. Besides, the study also found that assets turnover ratio and debt ratio had the highest impact on predicting instead of the two ratios as mention above. Debt is one of the company sources of financing, and if the sources invested appropriately, thus will increase the firm's performance. Meanwhile, for asset turnover ratio, the higher ratio is good for the company.
(Kim & Upneja, 2014) used a decision tree to predicting financial distress among publicly traded U.S restaurant for the period of 1988 to 2010. The study found an increase in debt will expose the restaurant towards financial distress. Instead of that, the model explained financial distress restaurant recorded low current ratio as well as net profit margin compared to non-distressed restaurants. Besides that, lack of capital efficiency actually will increase the possibility of the financial distress (Kim & Upneja, 2014).

2.2.3   Logistic Regression and Decision Tree Analysis
On the other hand, (Chen, 2011) used decision tree classification method and logistic analysis techniques to implement the financial distress prediction model. The study found that decision tree classification approach acquires better prediction accuracy than the Logistic Regression approach in a short run period, meanwhile for the long run period; Logistic Regression provides the better prediction than decision tree.

3. METHODOLOGY
3.1   Population and sample selection
The samples adopted in this study are companies listed as financial distress by Bursa Malaysia under the requirements of PN4, PN17 and Amended PN17. Therefore, this study also pools data for five years before a company was listed as financial distress by Bursa Malaysia under the requirements of PN4, PN17 and Amended PN17 respectively.
A total of 27 companies is taken as a sample comprising 10 distress companies and 17 non-distressed companies. For non-distress companies the sample is taken randomly from listed companies under manufacturing industries. The sample comprises of 11 different sectors under manufacturing industry. The total data set consists of 135 observations whereby there are 85 are healthy company and 50 are delisted company. The sample data was divided into the training and testing samples. The training sample involves of 60% of the total data used to build the models while testing sample consists of 40% of the total data.

3.2   Dependent Variable
Financial Distress is a dichotomous variable coded with the value 1 if the company classified as distress, meanwhile for Non-distress Company coded as 0.

3.3   Independent Variables
The selections of independent variables are taken from many past researchers listed   below:

Description	Measure	Used in past studies
Retained Earnings to Total Assets	Retained earnings / Total Assets	(Nanayakkara & Azeez, 2015)

Cash Flow to Total	Debts	Cash Flow / Total Debts	(Nanayakkara & Azeez, 2015)
Debt ratio	Total debt / Total Assets	(Alifiah et al., 2013),(Khaliq et al., 2014)
TATO	Total Sales / Total Assets	(Alifiah et al., 2013)
Current Assets Turnover	Sales / Current Assets	(Ong et al., 2011)
Assets Turnover	Sales / Total Assets	(Ong et al., 2011)
Days sales in receivables	Account Receivables / Sales x 360	(Ong et al., 2011)
Cash flow to total debt	EBITDA / Total debt	(Ong et al., 2011)

In this study we compare logistic regression and decision tree analysis for financial distress prediction

3.4 Logistic Regression

Logistic Regression is used to describe data and to explain the relationship between one dependent binary variable and more metric independent variables (Hair, Black, Babin, Anderson, & Tatham, 2006). Normally this analysis is conduct when the dependent variable is dichotomous (binary). Mathematically logistic regression estimates a multiple linear regression functions defined as:

$$logit(p) = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \ldots + b_k X_k$$

However, Decision tree models are even simpler to interpret than linear regression.

3.5 Decision Tree Model

A decision tree is a graph that uses a tree structure to illustrate every possible outcome of a decision. The aim is to create a model that predicts the value of a target variable by learning simple decision rules inferred from the data features. The top most nodes in a tree are the root node. The tree is created by splitting data up by variables and then counting to see how many are in each bucket after each split (Breiman, Jerome, Olshen, & Stone, 1984)

4. FINDINGS

The results of the two predictive models are presented below.

4.1 Logistic Regression Model Results

The logistic regression model is significant based on the Likelihood Ratio Tests (-2log likelihood = 67.878). The model indicates that three from eight input variables are statistically significant in classifying the company status. The variables are Retained Earning per Total Asset, Total Debt per Total Asset and Sales per Current Assets. The logistic regression result is shown in Table 4.

Table 1. Logistic Regression Results

	Estimate	Std Error	Exp(B)	P-Value
(Intercept)	-0.9982	130.3	0.3685	0.4435
RETAINED_EARNING_PER_TOTAL_ASSET	-438.6	188.4	0.0125	0.0199*
CASH_FLOW_PER_TOTAL_DEBT	-135.7	156.8	0.2573	0.3868
TOTAL_DEBT_PER_TOTAL_ASSET	455.3	186.7	94.8894	0.0148*
TATO	-0.000	0.0003	1	0.9939
SALES_PER_CURRENT_ASSET	-102.5	0.3924	0.3587	0.0090*
SALES_PER_TOTAL_ASSET	0.8747	0.7623	2.3981	0.2512
ACC_RECEIVABLE_PER_SALESX360	-0.007	0.0068	0.9935	0.3397
EBITDA_PER_TOTAL_DEBT	0.5535	0.3173	1.7393	0.0811

4.2 Decision Tree Model Results

A decision tree is displayed in a simple, easy-to-understand format. Each branch of the decision tree represents a possible decision or occurrence. The model showed that only three variables are significant in classifying company status. The most predictive variables are the Total Debt per Total Asset followed by Sales per Current Assets and Acc Receivable per Sales. The decision tree rules are listed in Table 2 while Figure 1 shows the decision tree model.

Table 2: The Decision Tree Rules

Delisted Company	Healthy Company
• Total Debt per Total Asset is greater than or equal to 0.3867 • Sales per Current Assets is less than 1.2924	• Total Debt per Total Asset is less than 0.3867
• Total Debt per Total Asset is greater than or equal to 0.3867 • Sales per Current Assets is greater than or equal to 1.2924 • Acc Receivable per Sales is less than 21.4902	• Total Debt per Total Asset is greater than or equal to 0.3867 • Sales per Current Assets is greater than or equal to 1.2924 • Acc Receivable per Sales is greater than or equal to 21.4902
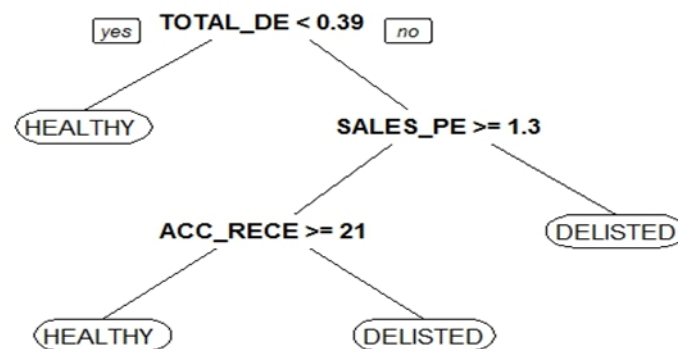
Figure 1. The decision tree model

4.3   Model Comparisons

The results of Decision Tree and Logistic Regression models are summarized in Table 3 where the classification rate for both the training and testing samples are compared.

Table 3: Accuracy Rate

Model	Training	Testing
Logistic regression	77.50%	70.91%
Decision tree	**86.25%**	**74.55%**

Decision Tree is the best model in classifying the company status since it gave the highest accuracy rate for both the training and testing samples. However, the findings of this study cannot be compared with the findings of previous studies because none of the previous studies specifically stated that they were conducted using Logistic Regression and Decision Tree Analysis except (Chen, 2011) their finding shows that Decision Tree classification approach acquires a better prediction accuracy than the Logistic Regression approach in a short run period.

5. CONCLUSION

This study develops a prediction model of financial distress companies in the manufacturing sector in Malaysia using logistic regression and decision tree. The result indicates that decision tree model is the best model since the classification accuracy rate is highest compared to logistic regression models for both the training and testing samples. The most predictive variable that had been found to be significant in the manufacturing sector is Total Debt per Total Asset followed by Sales per Current Assets and Acc Receivable per Sales. However, the performance of the two predictive models is not high enough. Overall these results may have important implications for companies. Some limitations arise in this study since the dataset is not large enough. For future studies, the researcher should include more dataset and explored different types of explanatory variables from other sources to classify a better result. Future research also may add different artificial intelligence techniques, such

as survival analysis and others could also be applied. Moreover, future studies should conduct on the financial distress companies in other individual industries in Malaysia such as electrical and electric industries.

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ANALYZING THE IMPACT OF ISLAMIC BASED RETAIL STORE ELEMENTS ON MUSLIM CONSUMER'S PATRONAGE BEHAVIOR

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Abstract: This paper attempts to analyze the characteristics of Islamic images on retail stores and its relationship on Muslim consumer patronage behavior. The objectives of this paper are to determine whether trustworthy pricing, conforming atmosphere, trustworthy product and ethical promotion will influence Muslim consumers re-patronage behavior. This study also reviewed literature discussing about the subject matter conceptually from the past researcher's works. Online and offline self-administered questionnaires were distributed to 300 respondents all over north part of Malaysia focusing on Muslim consumers. Data collected were analyzed using descriptive analysis to analyze the demographic profiles of the respondents, Cronbach's Alpha to test the reliability of the data and regression analysis to predict the strength of association between dependent and independent variables. The result shows that trustworthy pricing, conforming atmosphere, trustworthy product has positive relationship towards re-patronage behavior of Muslim consumer. Meanwhile, ethical promotion has negative low relationship with patronage behavior of Muslim consumers.

Keywords: Retail Mixes, Islamic Retailers, Marketing Mixes

1. INTRODUCTION
Retail trading includes a wide variety of merchandises and services that ranges from household items to food and accessories (Lim et al, 2003). According to 7th Malaysian Plan (1996), retail Malaysia are ranges from department stores, supermarkets and mini markets, specialty shops, convenience stores, provision stores, pharmacies, medical halls, direct sale, wet market stalls to pavement shops and petrol kiosk. The retail industry is enormous which with Malaysia was reported increased by 8.1% in 2011 and was expected to increase by 6% in quarter 3 of 2016. It shows that retail industry has been showing positive increment years by years. Recent trend where more retail stores starts to change their way towards Islamic retailers due to the fact of the increasing number of Muslim population which estimated by 1.7billion (Nor Shahrul Nizam&Norzaidi, 2012). In addition, Malaysia government has taken many initiatives by introducing "Halal Hub" and makes Malaysia as a centre of Halal product and services suppliers. For instance, MIHAS is hosted by the Ministry of International Trade and Industry (MITI) and is organized by the Malaysia External Trade Development Corporation (MATRADE). This event had been received participation from 539 companies from 29 countries and has been attracted 22,027 visitor from 75 countries and RM1.1 billion of sales were successfully generated (Ministry of International Trade & Industry (MITI), 2016). Many studies has been done in this field which the scope of studies about the financial and economy field. However, there has been insufficient research in retail industry that emphasize on Islamic values and principles (Raja Nerina et al, 2011). This study will address the elements of store images according to Islamic values and principles based on four marketing elements which are price, product, place and promotion. This study attempts to identify the relationship between independent variables (price, store ambience, merchandise and promotion) and dependent variable (patronage behaviour) with the assumption there is positive relationship between them.

2. LITERATURE REVIEW
2.1 Patronage Behavior
According to MohdFauzi&Muhamad (2011), patronage behaviour can be defined as the store choice of a consumer based on set of evaluative criteria and store loyalty to specific store. Meanwhile, Move (2000) defines patronage behaviour as decision process in which consumer decide where, how and what people shop are part of patronage behaviour and it start with identifying patronage motives, which influenced by retailer's attributes, consumer characteristics and choices (Haynes, 1994). Many

factors have been identified influencing consumer patronage behaviour of the customer. For instance, store image is one of the attributes that contribute on consumer patronage behaviour to the retail store (MohdFauzi& Muhammad, 2011).

2.2 Store Attributes Dimension
The main objective as retailers is to attract customers to visit and patronise their store and create re-patronage behaviour among consumers. Therefore, it is important for retailers to understand factors that will contribute to retail patronage behaviour (Hashim, Hussin, & Zainal, 2014). Several scholars mention in their studies the elements of store attributes. For instances, (Hashim et al, 2014) stated store attributes are the different elements of a store, including price, merchandise, facilities, assortments and service, which consumers evaluate and consider in their process of deciding which store to visit or patronise. Meanwhile, Zimmer & Golden (1988) said in their study; store attributes is the combination of tangible and intangible store or functional and psychological attributes. However, it is difficult to operationalize the concept to practice. It is important to project the right store attributes to the right target consumer. It is because store attributes are an important component of store choice and loyalty (Osman, 1993).The combination of 4 P's will be used in the study. They are; (a) price; (b) atmosphere; (c) merchandise and (d) promotion. These 4 P's will be tested to see the relationship with consumer's retail patronage behaviour.

2.3 Price
Price is one of the pertinent elements in shaping store attributes. In most situations, consumers will look at the price offers by the retailers. It becomes an important factor in consumer patronage behaviour to the retail store. There are stores charge higher price to indicate the quality level of their products and some of them may charge lower price to show the value for the money. For example, Daiso Japan who offers each of their products as low as RM5 to their customers. To practice shariah compliance pricing, retailers are prohibits in giving consumers a false impression that they are in fact getting a bargain in their purchase. This is banned under Islamic law that does not allow in getting something to easily without hard labor or receiving a profit without working for it. Damirchi&Shafai (2011) mentions to avoid change a price without altering the quality or quantity of the product because it is consider as cheating the easy-going customers and Islam also prohibits a false propaganda or publicity on the parts of marketers regarding the position of demand and supply through the media. In addition, Islam does not prohibits charging higher price but they allows some time to charge higher price as a result of natural scarcity of supply of a given commodity or setting price ceiling to curb opportunistic tendencies among merchants. According to al - Qur'an (83:26), Islam encouraged self-operating mechanism of price adjustments and healthy competition and it must meet several requirements. For instances, no corner market, no hoarding, no unjustified price manipulation and no restriction on trade.

2.4 Promotion
Any cover up of deceptive promotional behavior, all forms and shapes of false assertion, unfounded accusation, concoction and false testimony are not allowed (al Quran 43:19). It is unethical for the salesman or customer relation advisor to overpraise his products and attributes to them qualifies where they do not possess and giving false impression of any kind to promote or sell a product is strictly prohibited. Furthermore, false and misleading advertising, rejection of high-pressure manipulations, or misleading sales tactics and avoidance of sales promotions that use deceptions or manipulations must be avoid. Bank Muamalat has practiced Shariah compliance advertising where they avoid any costly promotional efforts and massive commercial ads by businesses. They also used Islamic terminologies in advertisements to reassure consumers of the Islamic integrity of products and services. Besides that, they use selected Quranic injunctions and words to enhance the mood of advertising communication to make it more appealing to Muslims (Haque, Ahmed &Jahan, 2010).

2.5 Store Ambience
Store ambience includes music, scent, color, and display layout of the store may affect the patronage behavior of Muslims. Consumer will choose retail store that have proper and product display which make them easy to find merchandise of their choice without any assistance (Baker et al, 2002). Lindquist (1972) states store cleanliness, appealing of the store and comfortable shopping in the store may create conducive atmosphere and it is important as it will influence customer emotion and may affect behavioral intention. Positive outcome and strong customer relationship may arise when retailers adopt Islamic teachings in their store. Islam teaches men and women should be separated in even at Allah's most revered and preferred place, the mosque. Therefore, retailers should take it as

one of the concerns by avoiding meeting and mixing of men and women as possible while achieving desired goals and objectives. For instances, using different cashier counters for men and women and it has been applied in Kota Bharu, Kelantan.

2.6 Merchandise

It is compulsory for every Muslims to consumer food that is Halal and of good quality with sufficient minerals and vitamins as needed. Two factors were identified as a push factor that will help to increase the quality of ones. They are Taqwa(God-fearing) and Syukur(Gratefulness) toward Allah SWT (2:172 Al-Baqarah). Halal means wholesomeness, not only good in quality but also shows purity, cleanliness, healthy and beneficial. Therefore, it is important for retailers to ensure the product or services offered must protect the environment and human safety. In addition, the product must be manufactured in appropriate manner and should not give any adverse consequences and harm to individual, community and also the planet. According to Anas et al (2010), each of retail products will have to go through a preliminary selection process. In stage one, product must be inspected for authorized halal certificate from approved religious bodies. Next, product labeling will then also be inspected for completeness of information as required by the government bodies. It must be check to make sure it is compliance with religious sensitivities such as logo for gambling, photos of forbidden animals, and exploitation of women for product promotion and symbols of terrorist countries. Furthermore, the shape or form of the product should not give an idea to the society's sensitivities as in taking the form of liquor bottles or woman's body. In essence, develop product must not shows any signs or shapes that is against Islamic teaching mentions in Hadith &Sunnah.

3. METHODOLOGY

Questionnaire consists of 29 items has been distributed to 300 respondents by using convenience sampling method and been analyzed using Statistical Package for Social Sciences (SPSS). Descriptive analysis to derive the frequencies and percentages in order to get the summary of the results, reliability analysis to test for both consistency and stability of the questionnaire and multiple linear regression analysis to identify and give an overview of the relationship between price, store environment, merchandise and promotion were done in the study.

4. RESULTS
4.1 Descriptive Analysis

Table 1: Description of the samples

	Frequency	Percent (%)
Gender Male Female	 145 155	 48.3 51.7
Age 18-24 25-34 35-44 45 and above	 142 97 26 35	 47.3 32.3 8.7 11.7
Monthly Household Income (RM) Below RM 3000 RM 3001 – RM 6000 RM 6001 – RM 9000 RM 9001 – RM 12000 RM 12001 – RM 15000	 163 61 33 32 11	 54.3 20.3 11.0 10.7 3.6
Frequencies visit to retail store Very Rare Rare Occasionally Often Very Often	 0 48 83 112 57	 0 16.0 27.7 37.3 19.0

Based on table 1 with the total respondents of 300, 48.3% were male and 51.7% were female. The highest number of respondents by age is 18-24 years old with the numbers of 142 or 47.3% followed by 25-34 years old with percentage of 32.2%. Below RM3000 of monthly household income were the majority with the percentage of 54.3% then followed by RM3001 to RM6000 with 20.3%. Most of the respondents went to the retail store often with the total percentage of 37.3% and the second highest was occasionally with 27.7% from the total respondents.

4.2 Reliability Analysis

Table 2: Cronbach's Alpha

Factor	Value	Item (N)
Price	.857	13
Promotion	.724	5
Store Ambience	.854	7
Merchandise	.741	5

Price and store ambience have the highest cronbach alpha which was more than 0.8. It indicates that price and store ambience were acceptable and good reliability. Even though promotion and merchandise were among the lowest but if the value is higher than 0.7 it is still acceptable and good.

4.3 Multiple Linear Regressions

Table 3: Coefficient of Multiple Linear Regressions Analysis

Model	Unstandardized Coefficients	
	B	Std. Error
Constant	1.713	.839
Price (P1)	.706	.021
Promotion (P2)	-.007	.060
Store Ambience (S)	.763	.021
Merchandise (M)	.270	.034

According to the table 3, equation model was developed as below.

Equation Model

$$Y = 1.713 + 0.706\ P1 - 0.007\ P2 + 0.763\ S + 0.270\ M$$

Based on the equation model above, Y represent the Islamic store image and it showed 1.713 is the expected mean value of Y when all X = 0. Three variables were found to have positive influence on the dependant variable. Price variable coefficient value was .706 which means if retailers increase the usage of Islamic pricing, Islamic store image will increase by 0.706. Meanwhile, promotion variable gave negative coefficient value. It depicts that promotion will contribute to the decrease of Islamic store image by -0.007. Meanwhile, store ambience and merchandise showed positive influence towards the Islamic store image with the coefficient value of +0.763 and +0.270 which means by the implementing the usage of Islamic teaching and practice in creating the store ambience and merchandise, customer's patronage behavior will increase as well. Furthermore, the strength of relationship between dependant and independent variable also can be determined through the equation. Referring to the equation above, it was found that store ambience has the strongest influence towards consumer's patronage behavior followed by price and merchandise offered in the store.

5. CONCLUSION

The purpose of this study was to analyze the elements of Islamic store image on consumer's patronage behavior to the retail store. Based on the findings, it was found that by implementing Islamic pricing strategy, store ambience and halal merchandise does influence the patronage behavior of the consumers. Islamic pricing strategy can be used by retailers are avoiding charging high price and unnecessary cost that creates burden on the shoulder of the consumers. The price charged must be disclosed to give an option to the consumers to choose the best product.

Furthermore, retailers must also provide clean and convenience store ambience to the consumer to avoid any unsafe environment while consumer do their shopping. Retailers must also create calm and friendly environment among employee's when delivering the services. Besides that, providing halal assurance on the merchandise by thoroughly examine the sources of each products offered before sell it to the consumers. Creating environment based on Islamic teaching will definitely give benefits not only to the Muslim consumers, non- muslim can enjoy the benefits of it.

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7. ACKNOWLEDGEMENT

COUNSELLING INTERVENTION IN MANAGING STRESS, ANXIETY AND DEPRESSION AMONG MUSLIM FLOOD VICTIM

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Abstract: In a large magnitude disaster, the number of vulnerable groups will be higher, thus, the needs for psychological health care are more urgent (North, 2010). Psychological treatment is one of the important element in a comprehensive system of mental health care to prevent further mental health problem and creating sound social support (Everly, Hamilton, Tyiska & Ellers, 2008). Counselling is another type of healthcare service that is not very popular in disaster management in Malaysia. Why the Malaysian victims often responded to counselling that way or have the negative assumption on counselling, needs to be understood. To have better view of the flood victim's understanding and awareness, several questions were asked regarding the matter. By identifying the state of flood victims' general awareness and understanding, only then the attitude and mind set on counselling can be changed and be effectively attended. Assessing the existing guidance on emergency planning for the mental health needs of people who are affected by flooding must be made as an integral consideration when dealing with disaster management (Stanke, Murray, Amlot, Jo Nurse & William, 2012). This survey study was conducted to measure the awareness and the need for counselling by Muslim flood victim on the management of three psychological condition namely stress, anxiety and depression. A total of 13 sample from the 2014 devastating flood has participated in answering the interview question in several flood prone area of the four state selected which are Selangor, Pahang, Terengganu and Kelantan. The interview data was qualitatively analysed using QSR NVIVO 10 and Atlas.ti software version 7 and later was triangulated with the quantitative data obtained and subject matter expert opinion of the supervisors.

Keywords: Counselling Awareness, Counselling Need, Flood Victim

1. Introduction

Flooding is stressful and it continues even after the flood have receded (Stanke, Murray, Amlot, Jo Nurse & William, 2012). On a general level, many studies have showed that there are serious mental health problem following flooding events (Crabtree, 2012). Ahern, Kovats, Wilkinson, Few and Matthies (2005) reported that among of the flood effects on mental health are the increase in depression, anxiety and psychological distress and most of it occur in the middle-income countries. Flood victims may also experience depression, anxieties, unspecific distress, cognitive distortion, panic and various health problem (Norris, 2005). Managing the psychological effects of flood victims are not easy due to the large proportions of the population and the size of the affected areas. In many cases, individual therapies, intervention and counselling have been proven to be useful in dealing with stress and anxiety encountered Maheshwari, Nidhi, Yadav, Ravinder, & Singh, Nirender Pal, 2010). Realizing this, psychological support in the form of motivation and counselling activities are now being incorporated in flood relief centres. Counselling is seen to be the best method to minimize victims from apparent psychological trauma, stress and anxiety due to flood disaster (Mohd Zulhafiz Said, Salfarina Abdul Gapor, Mohd Nazri Samian & Abd Malik Abd Aziz, 2013). Usually, some psychological responses such as stage of numbness, shock or denial are the symptoms that followed immediately after experiencing traumatic incidents (Shelby & Tredinnick, 2001).

Psychiatric illness can now be reliably diagnosed and treated with well-established methods, for the treatment such as counselling can actually help to restore individual's mental health (North, 2010). Psychological intervention such as counselling has been proven to be effective and useful to treat traumatic disaster victims but dealing with huge number of population demands intervention for group rehabilitation program (Maheshwari et al.,2010). Studies of counselling needs have weak association with objective disaster severity (McLaughlin et al. 2011). This weakness have led to the needs for mental health services becoming difficult (Kessler et al. 2012). Due to this condition there is urgent

need for needs assessment surveys to be conducted to gauge the severity of mental health conditions, particularly among disaster traumatic victims, as the most suitable intervention and the right population (Kessler et al., 2008). Counseling is seen as pertinent catalyst for these healing process, as Gladding (2005) puts it, that counselling is a systematic process, short-term, interpersonal, theory-based professional and guided by ethical standards that are concerned with assisting normal people to achieve their goals or functions more effectively. Given the flood disaster circumstamces, counselling is a process that enable to help people learn about themselves, their environment and ways to handle their roles and relationships (Hansen, Rossberg & Cramer 1994). Counselling could help to achieve inner healing but lack of psychological support by authorities will slow down the process (Merali, 2005).

2. Methods

For this particular study, a semi structured interview was used. The interview conducted was done in a face-to-face manner where the researcher interviews the sample, one participant at a time, for approximately fifteen to twenty minutes. This methods is effective when participants have different traits and characteristics that might add more information to the data (Chua, 2012). Thematic coding of interview transcription content was used to condensed data into themes for interpreting and understanding of social phenomena (Zhang & Wildemuth, 2009). Thematic coding involve three or more subject matter experts to read through the data at least twice to conduct initial exploratory analysis (Creswell, 2008). The subject matter experts then meet up to review and compare the data that has been coded. The trustworthiness of the data is increased through triangulation the data coded by the three subject matter expert (Schreiber & Asner-Self, 2011).

The interviewed samples are represented by 5 males and 8 females. All the interview were digitally recorded, then transcribed in verbatim. Transcribed interviews were coded to identify salient and recurring themes and categories across the interviews. Concepts were identified from the narrative data and classified into several categories. Numeric content analysis was done using NVIVO 10 and Atlas.ti. The content was measured by the percent of the content coverage throughout the whole interview. The interview contents were classified into several topics namely stress, anxiety, depression, counselling awareness and counselling needs. The data was analysed in three ways, firstly, the percentage coverage about the topic; secondly, is the correlation of nodes through word similarity; and finally, the correlation of nodes through coding similarity.

3. RESULT

From the demographic data gathered, a total of 161 (13.4%) flood victims admitted to have had experienced 'normal to moderate' level of stress, which are expected from the study sample. However, 378 (31.6%) of flood survivors admitted of experiencing 'severe stress' while 353 (29.6%) were reported to experience 'extremely severe stress'. In many studies, stress has been widely linked to cause psychopathology following a disaster especially when it is uncontrollable, unpredictable and overload of stressor (Nolen-Hoeksema, 1990).

Table 1: Psychological profile of 2014 flood victim summary

NO	PSYCHOLOGICAL CONDITION	NORMAL – MILD	MODERATE – SEVERE	EXTREMELY SEVERE
1	Stress	161	680	**353**
2	Anxiety	0	374	**820**
3	Depression	290	471	**433**

Spielberg and Diaz-Guerero (1976) differentiated fear and anxiety by saying fear is an emotion triggered by actual event that happened, anxiety, however, is produced by complex psychological process towards something that had not happen. For this particular studies, 265 (22%) of the studied sample experienced moderate level of anxiety which is common in disaster cases such as flooding. It is alarming to the knowledge of the researcher when 109 (9%) of the victims admitted of having experienced severe anxiety while 820 (68.6%) experienced extremely severe anxiety.

Depression is a condition when a person feels hopeless (Salhah, Amla, Zuria, Jamil & Saedah, 2011). Depression can cause the feeling of learned helplessness that was introduced by Abramson, et al. (1978). Almost 40% of the studied population (471, 39.4%) admitted to have mild to moderate level of depression. It is quite disturbing to see that 283 (23.7%) of the studied sample fell under the severe depression level while it was more alarming to the researcher when 433 (36.2%) of flood victims were under the extreme severe depression. Overall, more than a thousand or 92% from the total studied

population are reported to experience at least two extremely severe psychological conditions that needed serious psychological and mental health care from the professionals.

The correlation between the topics are also measured. For instance, psychological conditions are analysed to see the relationship with religious coping. It turned out that stress and anxiety have the same correlational strength (.78, $p:< 0.05$) whether in the application of religious coping to manage the psychological discomfort, but also when getting mental health care treatment such as counselling.

Table 2: Correlation between psychological conditions, religious coping and counselling need.

No	Psychological condition with religious coping	Jaccard' Correlation
1	Stress with anxiety	.78
2	**Psychological condition with counselling**	
3	Stress and anxiety	.78

Many of the female survivors mentioned about the need to be able to talk and let out their feelings and the need to discuss about their fears to someone close or trustworthy person. This sharing activity also serves as providing company to the victims, guidance and eliciting advice session. The informal social resources such as interpersonal networks of family, friends and neighbours are crucial in coping with emotional trauma (Ekanaye, Prince, Sumathipala, Siribaddana & Morgan. 2013). WHO has estimated that around 5 – 10 % from the entire population from disaster affected communities will be faced with serious mental health issues (Ekanaye et al. 2013). Survivors believed that overcoming any obstacles should come from within a person by emphasizing self-motivation and adopting positive outlook. The idea of hopefulness and motivation are used to buffer distress and traumatic memories (Ekanaye, et al. 2013). In the recent December 2014 flood, perception and awareness of counselling services are also gauged from the research participants. They were asked if they are aware of any guidance, counselling or psychological services that were made available for the flood victims in the flood relief shelters or in the disaster relief centres. Below are the summary of the awareness level and counselling need.

Table 3: Floods victim presumably counselling awareness and counselling need

NO	COUNSELING AWARENESS AND NEED	FREQUENCIES
1.	Flood shelter provide mental health care service?	No service : 230 Not sure : 404
2.	Should flood shelter provide counselling service to flood victim?	Agree : 330 Strongly agree : 94
3.	Perception of flood victim towards counselling need.	Strongly disagree: 98 Disagree: 102 Not sure: 286
4.	Flood victim who actually feel that they need counselling service.	Agree : 180 Strongly agree: 234

From the data gathered, it can be understood that counselling service and other mental health care services were not widely being offered in various flood shelters or disaster relief centres. The flood victims are also not aware about what are the services that are available in the relief centres. When they were asked if counselling service should be made available in the centre, only 330 were agreeable while 94 respondents strongly supports the idea. The rest remain uncertain. There are moderate opposition of the counselling need idea where 98 flood victims strongly thinks that they do not need counselling help. 102 research subjects also disagreed to the counselling service idea while 286 of the respondents remained uncertain of counselling benefits. This is contradictory with the psychological strain found in the interview where many of the respondents fall under the extreme severe stress, anxiety and depression level. This, however, supports the qualitative data where counselling awareness are still at minimum level with only 8.9% of interview coverage.

Table 4: Integrated theme identified throughout the interview data

Themes	Coding	Quotes	Correlated quotes
Psychological condition	Stress	31 quotes	Anxiety and depression 4 quotes
	Anxiety	27 quotes	Stress, depression, spiritual coping 8 quotes
	Depression	8 quotes	Anxiety and stress 3 quotes

Counselling	Counselling awareness	12 quotes	No correlates quotes
	Counselling needs	3 quotes	Spiritual coping 6 quotes

Figure 1: ATLAS.ti counselling need and awareness analysis
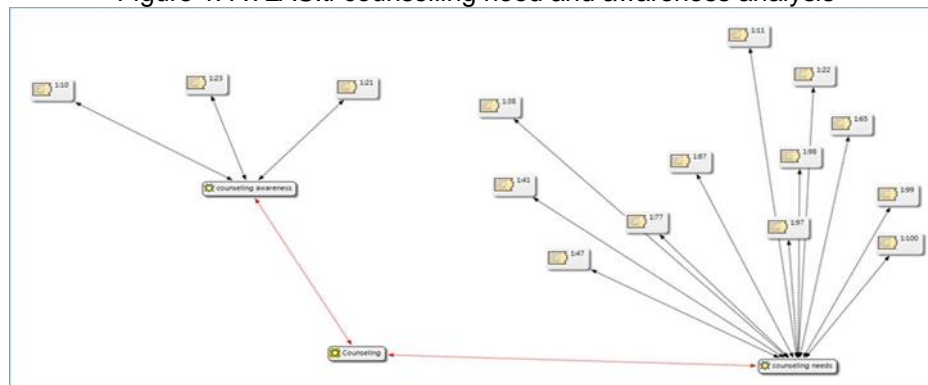
As for counselling need, stress and anxiety correlate highly at 0.78. Counselling need also correlates with six other quotes related to spiritual coping.

The qualitative analysis indicates overall good percentage of coverage of the entire interview data. For stress topic, four samples shared their thoughts with the total coverage of 6% to 9%. The five samples who have participated in sharing their thoughts about anxiety covers another 5% to 7% of the entire interview data. Two participants have actually shared about depression with a total percentage coverage of 10%. Psychological conditions have a high correlational relationship with counselling need at .78. The moderate disagreements of counselling services showed by the respondents may indicate that they are more concerned with rebuilding of the physical loss such as houses and source of income rather than focusing on immaterial losses like themselves. This disagreement also may point to the lack of knowledge and awareness of the respondents on the counselling services and benefits.

There are, however, several respondents who are actually aware of the service and the importance of counselling assistance. 180 respondents agreed that they really need counselling intervention after going through such traumatic experience. A larger respondents of 234 strongly agree that they also need counselling assistant. This coincides with interview data where 14% of the interviewees admitted that they needed counselling assistance. The result between those who agree and disagree is almost the same. Therefore, interview data on counselling needs and awareness will be used to determine the acceptance of respondents. From the interview data, psychological condition of stress and anxiety exhibited a moderate correlation of .68 when p<.05 with counselling need and counselling awareness.

Counselling is a start to an important source of positive coping for survivors (Leavell, Aten & Boan, 2012). The nature of the disaster also allows victims to be more open and expressive of their feelings and fears. The survivor also feels free from shame and self-blame compared to victims of violent act (Janoff-Bulman, 1992). The desire to communicate indicates the need for social support, identification and affiliation of the victim. Establishing communication that provides development of self, explore possibilities and initiate change is laden in counselling process (Mehaswari et al., 2010). Mental health services such as guidance and counselling are crucial in helping disaster victims manage their psychological condition (Sapora, Adi & Ahmad Rozelan, 2010). Social support such as counselling or networking is crucial in buffering the stressful effect of disaster (Caplan, 1970).

4.   Crisis counselling

Crisis theory has provide guidelines that in general disaster, which does not result in serious mental illness or severe psychiatric impairment for large percentages of the effected population (Shelby & Tredinnick, 2001). Providing counselling for huge number of people in a temporary shelter is not convenient because hundreds of these affected people may need to wait in line for hours (Shelby & Tredinnick, 2001). Crisis intervention has an objective of restoring victim's functioning to the state before their experience the disastrous event (Janosik, 1984). It emphasizes on engaging a person's own adaptive process in as many way as possible to restore and improve victim's functioning (Horowitz, Stinson & Fields, 1991). The crisis phase can make the victims to be more receptive towards counsellor's intervention and suggestion in developing new skills, this process, although brief, can be powerful and lasts longer in the survivors mind (Pynoos & Nader, 1988). Crisis intervention

and disaster relief process allowed some alterations in traditional health care boundaries where innovation and improvisation are deemed crucial when providing care (Camacho-McAdoo, 2010). Counselling needs and level of survivor self-efficacy are important but this will not be effective if their basic need was not being fulfilled. After they get access to proper food, water and shelter, only then counselling intervention can take place (Janosik, 1984). Crisis counselling are found to be most effective in dealing with clients who had just experiencing disaster impact, this should be carried out with the support of social networks and surrounding significant others (Gerrity & Flynn, 1997).

4.1. Counselling for flood victim from Islamic perspective

In Muslim's point of view, disaster including natural disaster such as flood is destined by Allah and no one can escape the fate if it has been destined so. Disaster, however, can break a person and at the same time may enable a person to grow stronger and wiser (Abdullah Mohamed, 2004). Muslim's way of giving response to panic and despair according to Shahid Athar (1989) are suggested in three ways;

1. Increase Dzhikr (remembrance of God). (13:27-28)
2.

وَيَقُولُ ٱلَّذِينَ كَفَرُوا۟ لَوْلَآ أُنزِلَ عَلَيْهِ ءَايَةٌ مِّن رَّبِّهِ ۗ قُلْ إِنَّ ٱللَّهَ يُضِلُّ مَن يَشَآءُ وَيَهْدِىٓ إِلَيْهِ مَنْ أَنَابَ (٢٧)
ٱلَّذِينَ ءَامَنُوا۟ وَتَطْمَئِنُّ قُلُوبُهُم بِذِكْرِ ٱللَّهِ ۗ أَلَا بِذِكْرِ ٱللَّهِ تَطْمَئِنُّ ٱلْقُلُوبُ (٢٨)

Those who disbelieve say: If only a portent were sent down upon him from his Lord! Say: Lo! Allah sendeth whom He will astray, and guideth unto Himself all who turn (unto Him), (27) Who have believed and whose hearts have rest in the remembrance of Allah. Verily in the remembrance of Allah do hearts find rest! (28)

Quranic recitation has been proven to contain medical effect on human health. The recitation and listening to the sound of Quranic recitation has a wholesome effect on the human mind and body. The effect includes the decrease in heart rate, blood pressure, muscle tension and reported an overall wellbeing improvement on a person be it Muslim or non (Shahid Athar, 1989).

3. Be constant in their prayers (2:153)

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُوا۟ ٱسْتَعِينُوا۟ بِٱلصَّبْرِ وَٱلصَّلَوٰةِ ۚ إِنَّ ٱللَّهَ مَعَ ٱلصَّٰبِرِينَ (١٥٣)

O ye who believe! Seek help in steadfastness and prayer. Lo! Allah is with the steadfast. (153)

4. Pray to God for forgiveness (71:10)

فَقُلْتُ ٱسْتَغْفِرُوا۟ رَبَّكُمْ إِنَّهُۥ كَانَ غَفَّارًا (١٠)

And I have said: Seek pardon of your Lord. Lo! He was ever Forgiving. (10)

In Islam, there is a call for every Muslim to call others towards good deeds. This call is known as hisbah which mean calling to direct what is good and forbidding what is bad and correcting the society (Siti Zulaikha, 2002). Every human has been blessed by Allah with aql (sound mind), spiritual and physical dimension of the body. This is an essential tool that will enable a person to learn, adapt, change and be flexible towards future challenges. Muslim counsellors are obligated to perform hisbah on the survivors through several techniques. These techniques are nasihah (advise), tazkirah (reminder), irshad (guidance), qudwah (role modeling) qiyadah (leadership), tawsiyah (sharing of messages) and islah (changes for betterment) (Siti Zulaikha, 2002). Through these methods, a person's weaknesses can be analysed sincerely and openly that will eventually lead to positive analyses of own strength and weaknesses or muhasabah (Abdullah Mohamed, 2004).

5. CONCLUSION

More emotional and psychological assistance are needed as social intervention to assist flood victims in dealing with their psychological issues. Better coping strategies and intervention needs to be incorporated in recovery strategy to ensure effective recovery of flood victims (Asma, Rahmatullah, Saima, Fauziah & Muhammad, 2016). The intervention that include faiths are evidently effective in treatment of depression (Shaista & Ghazala, 2014) and improving the quality of life (Lee, Czaja & Schulz, 2010). Religious beliefs and practices that supported proactive approach in dealing with problems are more likely to help overcoming depression (Uchendu, 2006).). In Islamic point of view, the teaching in the Quran helps clients to work through problems and used it to challenge their negative thinking and promotes positive thinking (Shaista & Ghazala, 2014). A person who considers oneself to be religious must align their behaviour in accordance to Islamic belief and practice. The

more acts of worship that a person performs, the stronger the good character will lasts (Rusnah Muhamad & Ab. Mumin, 2006). In order to achieve harmony within oneself, it is paramount for individual to balance between the level of soul which are nafs al-amarah (evil inciting soul), nafs-al-lawwamah (complaining soul) and nafs-al-mutmainnah (tranquil soul) (Husain, 2006). This means that the respondents prefer to deal with their stress and anxiety by rationalizing and self-talk that could be both positive and negative, rather than actively seeking for support and assistance from others. (Saedah, Salhah, Sharifah Mariam & Noratthiah, 2014). To sum up, a Muslim will face many challenges in his or her life that can compromise their physical and psychological health. As Allah has mentioned in the Quran that a person's faith will not be a complete until he is tested and how he / she responds to the test will indicate his level of piousness.

وَلَنَبْلُوَنَّكُم بِشَىْءٍ مِّنَ ٱلْخَوْفِ وَٱلْجُوعِ وَنَقْصٍ مِّنَ ٱلْأَمْوَٰلِ وَٱلْأَنفُسِ وَٱلثَّمَرَٰتِ ۗ وَبَشِّرِ ٱلصَّٰبِرِينَ (١٥٥)

And certainly, We shall test you with something of fear, hunger, loss of wealth, lives and fruits, but give glad tidings to As-Sâbirun (the patient),(Holly Quran 2:155)

Basic coping method that Islam can propose to its believers is to help them deal with trials and tribulation and have constants and firm faith in Allah SWT, be positive for every test that you have to go through and always strive to attain the pleasure of Allah.

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RELIGIOUS COPING USED IN MANAGING STRESS, ANXIETY AND DEPRESSION AMONG MUSLIM FLOOD VICTIM

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Abstract: This survey study was conducted to identified the influence of religious coping used by Muslim flood victim on the management of three psychological condition namely stress, anxiety and depression. A total of 1194 sample from the 2014 devastating flood has participated in answering the survey distributed in several flood prone area of the four state selected which are Selangor, Pahang, Terengganu and Kelantan. The study adopted a mix method approach, an approach where data was analysed both quantitatively and qualitatively. Exploratory and confirmatory factor analysis was used to establish both validity and reliability of the five instruments used in this study. Structural equation Model (SEM) was employ and a strong correlational relationship was gained from all the variable using SPSS AMOS software version 22. Using five inventories that has been adapted from Western and local researcher the study manage to gauge many vital information about the flood victim psychological conditions and the types of religious coping were used. More than 800 flood victim admit to experienced extreme anxiety while hundreds other reported to have experienced extreme stress, depression and / or combination of all three psychological condition. SEM AMOS analysis revealed that psychological condition are effected by religious coping with predictive value of more than 84% (0.84) with spiritual religious coping is more being applied compared to behavioural religious coping. Based from this report also an Islamic religious coping for Muslim flood victim was proposed.

Keywords: Religious coping, stress, anxiety, depression, flood victim

1. INTRODUCTION

Asia is known for its most flood-effected regions with almost 50% of flood fatalities cases were reported in 20th century (Doocy, Daniels, Murray & Kirsh, 2013). Southeast Asia is at high-risk in terms of flood related deaths because Asian floods often kill and affect more people because the populations substantially resided in wider areas with larger population (Doocy, et al., 2013). In 2010 United Nation (UN) has declared that Asian region has been hit by the worst humanitarian crises in the form of flood that have effected 89% (207 million) people. Oxfam (2005) reported that more than 97% of all natural disaster related death occurs in developing countries. From 1995 to 200, there have been thousands of natural and technological disaster reported to occur in Asia-Pacific region that claimed more than 700,000 of human lives (Ofrin & Salunke, 2006). Nevertheless, reports on mental health and psychosocial issues of the survivors remained low (Udomrtn, 2008).One of common natural disasters that have been part of Malaysian geographical dilemma are floods. In Malaysia, flood disasters usually happen due to both natural and man-made factors such as monsoon climate, unsupervised construction and infrastructure development and unusual increase of rainfalls in one particular time (Muhd Barzani Gasim, Salmiah Surif, Mazlina Mokhtar, Mohd Ekhwan Toriman, Sahibin Abd Rahim & Chong Huei Bee, 2010). Flood disaster is a situation where water have increased beyond the danger line and state of emergency is being declared by the authorities (Tuan Pah Rokiah Syed Hussain, Jamaluddin Md jani, Abd Rahim Mad Nor & Noorazuan Mad Hashim., 2008). Flood has also been declared by the World Meteorology Organization (WMO) as the third biggest natural disaster (Tuan Pah Rokiah et al., 2008). According to the survey by National Register of River Basins (2003) 29,800 km^2 of Malaysian dried land are affected by flood disaster which include approximately 4.82 million of national population (Tuan Pah Rokiah et al., 2008). This is adding to the hardships of low-income people in developing countries. From 1961 to 2006, Malaysia has recorded 23 times of extreme danger warning of water level (Tuan Pah et al, 2008).

During 2014/2015 flood disaster it is reported that in Kelantan alone, there has been ten cases of death related to flood with Pasir Mas having 6 cases of drowning, two in Tumpat and another two

were reported in Kota Bharu (e-banjir Portal, 2015). According to a statistical report by National Security Council (MKN) there were 276,742 people were effected and evacuated due to the floods. This tragedy has effected 73,999 family across eight states in Peninsular Malaysia alone. Out of this huge number, 61% or 170,498 victims are from Kelantan. Pahang came in second with 56, 507 (20%) people and followed by Terengganu with 32,781 (11.8%) people with five death cases reported (Unpublished report MKN, 2015). The total costs of the December 2014 floods was estimated to exceed RM 1 billion (Berita Harian, 3 Jan 2015). Whereas, another study found that the tragedy has effected almost 200,000 people and have caused huge destructions that had been estimated to cost around RM 2 billion losses (M. Nadasan, 2015).

1.1 Psychological Impact of Flood

Although flood is triggered by natural events, the hazards they presented are also affected by the social, economic, and political environments where people live (Mohd Zulhafiz Said, Salfarina Abdul Gapor, Mohd Nazri Samian & Abd Malik Abd Aziz, 2013). Low-income people suffer the most from flood disasters because they tend to live in flood-prone areas, are often not able to understand the hazards they are facing, and lack institutional supports to cope with the problem. Other than the problem being mentioned, flood also has showed to have negative impact on human mental health conditions as a result of exposure to trauma of losing material things and loss of loved one (McMichael, Campbell, Kovats, & Edwards, 2004). Psychological intervention is one of the crucial factors in the comprehensive chain of mental health in preventing mental illness and at the same time creating conducive social support (Everly, Hamilton, Tyiska & Ellers, 2008). The effects of flood disaster on the victim can be simplified by figure by Mc Michael et al. (2004) below:

Figure 1: Effect of flood on victim, Mc Michael, 2004
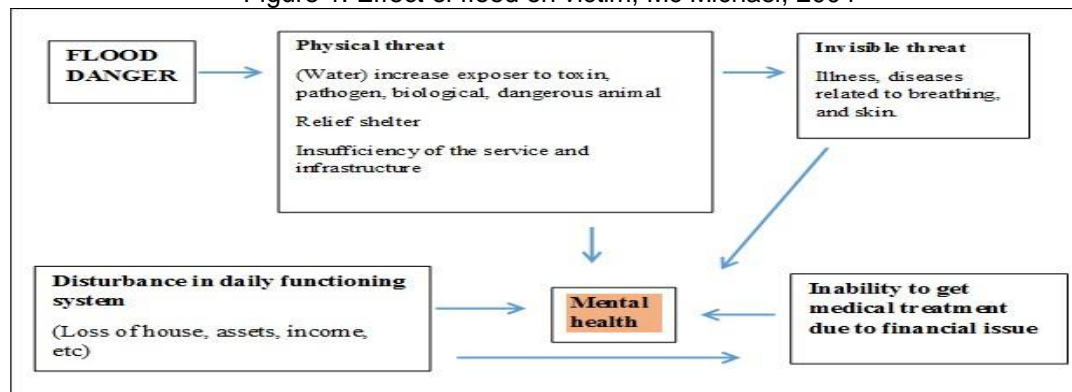
Flood is one of the many types of natural disaster that affects human lives. Often the focus of such disaster has been on physical losses. Other than that, the flood victims will also experience trauma due to the disaster. Winnicot (1958) asserted that trauma is pathogenic for children because it catastrophically destroyed the child's illusion of omnipotence and the illusion that his parents would protect him. Traumatic experiences often involve threat to life or safety, but any situation that leaves feeling overwhelmed and alone can be traumatic, even if it doesn't involve physical harm. It's not the objective facts that determine whether an event is traumatic, but the subjective emotional experiences of the event. The more frightened and helpless you feel, the more likely are to be traumatized (Somasundaram, D. (2007).

Typically, survivor's reactions to a catastrophic event are including of anger, hopelessness, panic questioning of core belief systems, confusion, withdrawal, sleep disturbance, fatigue and headache (Roberts & Ashley, Sr. 2008). Individuals who have experienced flood disaster are more likely to have serious medical problem such as skin rashes, asthma attack, gastroenteritis and respiratory infection that have been attributed to flood (Centre for Disease Control and Prevention, 1999). Various studies on disaster impacts have concluded that natural disaster can lead to the rise of mental illnesses by 5 % to 40 % (Canino et al., 1990). Researcher has confirmed that natural disaster not only can trigger a sudden mental condition but it also can be the cause of recurring mental disorders (Kessler et al., 2012).

The significant part of the mental illness caused by disaster was a complex combination of grief, personal losses and anxiety (Shear et al., 2011). Depression also has become a main concern and can escalate with the delay of the recovery efforts (Galea et al., 2007). The injury and death of loved ones due to flood can cause serious hurt and may last in a person's mind for infinite time. The

memory may develop into feeling of guilt for not doing enough, fear and eventually anxiety (Figley, 1985). Horowitz (1976) suggested that people can also be very angry and in denial after experiencing disaster. People tend to be denial in accepting the loss of loved ones and they also can express aggressive behaviour towards public officials, rescuer and maybe insurance company for taking longer time to respond.

Intense exposure to psychologically distressing events can caused disturbance in behaviour for example persistent intrusive memories about the traumatic event, persistent avoidance of stimuli linked to the trauma and persistent symptoms of increased arousal (APA, 1994). The survivors showed deteriorating psychological health as a result of trauma, fear, memory loss, feelings of insecurity and depressed even after two years since the tsunami happened (De Silva, 2006).Most of mental illness among disaster survivors are contributed by loss or injury of love ones, property damage, financial loss, relocation and other stressful life events (Norris et al., 2002). Women survivors are reported to have been talking out their problem, pain and trauma to someone trustworthy or close to them. This act as a practical way of obtaining company and advises (Ekanayake, Prince, Sumathipala, Siribaddana & Morgan, 2013).

Review of various study have formulated that there are several pertinent psychological effects following a disaster (Kolk, McFarlane & Hart, 1996). These are impairment of basic trust, lack of sense of responsibility, excessive interpersonal sensitivity, negative effect on identity, intrusive re-experiencing, autonomic hyperarousal, numbing of responsiveness, intense emotional reaction, learning difficulties, memory disturbance and dissociation, aggression against self and others and psychosomatic reaction.Two most frequently negative psychological outcomes are depression and anxiety (Kreitler, Peleg & Ehrenfeld, 2007). Psychological stress can happen when a person thinks that the surrounding demands have exceeded the person's adaptive abilities (Cohen, Kessler & Gordon, 1995). Studies have shown that psychological stress is linked to various disease-relevant biological process and progression of mental disease such as depression (Cohen, Janicki-Deverts & Miller, 2007). For this particular study, psychological conditions are meant to refer specifically to the stress, anxiety and depression that were been experienced by the Muslim flood victims during 2014/2014 flood disaster.

1.2 Stress

Selye (1976) mentioned that stress traditionally is built by multifaceted array of psychosomatic and interpersonal problem accumulated as response to everyday daily pressure. Many people were reported to have high stress level due to the fact that they have to fork out a lot of money to restore their home and getting back their life after all their belonging were destroyed in one flood disaster (Haryati, Sharifah Meryam & Norasyikin, 2011).

1.3 Anxiety

According to Diagnostic and Statistical Manual of Mental Illness (DSM IV), anxiety is a feeling that is illogical but the person who experienced it felt unable to control their worries. When the feelings of illogical fear become so overwhelmed, it may escalates and leads to anxiety disorder. The anxiety disorders represent a failure either to elect an adaptive response or to inhibit a maladaptive response given a situation (Johana & Najib, 2013). Anxiety can sometime be adaptive because it lead to problem solving thoughts when confronted with real or imaginary threat (Thayer & Lane, 2000).

1.4 Depression

Depression is a psychological effect that causes person to feel hopeless (Salhah, Amla, Zuria, Jamil & Saedah, 2011). A person can be cognitively helpless by displaying failure in behavioural functions, cognitively and emotionally (Maier & Seligman, 1976). The cognitive effect can cause decreased in in problem solving ability, feeling of frustrated and lowering person self-esteem. Emotional effect of learned helplessness is exhibited through depression and demoralization of trauma victim (Nor Shafrin & Rohany, 2010). Depression and anxiety are the two most commonly reported psychological disturbance to be observed on survivors of severe crises and disaster (Sapora, Adi & Ahmad Rozelan, 2010).

2. RELIGIOUS COPING

Pargament (1997) defined religion as a multidimensional construct including both institutional religious expressions, such as dogma and ritual, and personal religious expressions, such as feelings of spirituality, belief about the sacred and religious practice. Religious coping theory emphasizes on various ways that religion is utilized in people's lives whether positively or negatively. Muslims tend to opt for interpersonal, collective-oriented coping style. This in turn contributed to strong religious

identity among Muslim and help in shaping Islamic coping strategies against stress and other psychological distress (van der Vern, 2012).

Religious belief and practices are being supported by research as having coping abilities in battling illness and psychological concerns (Doka, 2011). Consistent findings have been established on how much religion is associated with spirituality belief, wellbeing and lower level of psychological distress (Bramm, Klinkenberg & Deeg, 2011). Religion involves beliefs, practices and rituals related to the transcendence that is known as God, Allah, HaShem, or higher power or Brahman, Buddha, Dao or ultimate truth / reality in Eastern traditions. Religion usually have specific beliefs about life after death and rules about conduct within a social group (Koenig, 2012). Many studies have concluded that religion improves health, facilitate coping and improve social belonging (Miler & Thoresen, 2003). Religion and spirituality have unique focus on the elements of the sacred, transcendence, ultimate truth, finitude and deep connectedness where lacking of any of these elements will make human development incomplete (Pargament, 2013).

The study is primarily focuses on the situation of dealing with stress, anxiety and depression by flood victims during flood disaster, focusing on Muslim flood victim in Malaysia. Stress management and intervention for disaster victims are important in preparing them to control stress, anxiety and depression for better health and surviving after the tragedy. The study also concerns on the application of religious practice and their principle as stress buffering mechanism. There are varieties of disaster coping strategies that can be used such as telling and sharing stories, community service, crisis support, outreach program and support group.

3. METHODS

The study adopts a quantitative survey method design where it explores and measures the level of stress, anxiety and depression of flood victims and the types of religious coping that they are adopting, through five (5) sets of inventories namely DASS (Lovibond & Lovibond, 2005), BRCOPE (Pargament, 2011), MRPI (Krauss, 2011), FSWB (Stimpson, 2005) and Religious ritual (RR) developed by the researcher. The sampling procedure suggested for this study is probability sampling method and simple random sampling (Babbie, 2013). In this study, research participant will be gathered from Muslim flood victims in four flood prone state of Peninsular Malaysia. The sample for this study are from the year 2014/2015 flood victims from four flood-prone states in Peninsular Malaysia namely Kelantan, Terengganu, Pahang and Selangor. A total of 1194 flood victims have participated in answering the survey.

4. RESULT

The sample in this study are comprised of 559 male respondents (46.8%) and 635 female respondents (53.2%). Majority of the flood victims are Muslim flood victims with a total 1140 (95%). The Malays recorded the highest number of racial ethnicity to be effected by the flood at 1125 (94.2%). The study have found some interesting facts where the population of the study is largely represented by young adults with 348 belonged in the 21 to 30 years age group. The second largest group is the adolescent who are under 20 years old (333). The adult and senior citizens having similar percentages of the population with 14.7 % and 14.7 % respectively. The largest earning group in this study is the RM1000-RM2500 income group with more than 31.8% (380 samples). More than half (632 respondents) of the studied population were unemployed. This was resulted due to the samples being housewives or still at schooling age.

Table 1: DASS psychological profile of flood victim

No	Psychological Condition	Stress	N	Anxiety	N	Depression	N
1	Normal – Mild	0-7	115	0-4	0	0-5	0
		8-9	46	5-6	0	6-7	290
2	Moderate – Severe	10-13	302	7-8	265	8-10	188
		14-17	378	9-10	109	11-14	283
3	Extremely Severe	**18+**	**353**	**11+**	**820**	**15+**	**433**

For this particular studies, 265 (22%) of the studied sample experienced moderate level of anxiety which is common in disaster cases such as flooding. It is alarming to the knowledge of the researcher when 109 (9%) of the victims admitted of having experienced severe anxiety while 820 (68.6%) experienced extremely severe anxiety. The most serious psychological condition measured by DASS

is depression. Depression is a condition when a person feels hopeless (Salhah, Amla, Zuria, Jamil & Saedah, 2011). Almost 40% of the studied population (471, 39.4%) admitted to have mild to moderate level of depression. It is quite disturbing to see that 283 (23.7%) of the studied sample fell under the severe depression level while it was more alarming to the researcher when 433 (36.2%) of flood victims were under the extreme severe depression. Overall, more than a thousand or 92% from the total studied population are reported to experience at least two extremely severe psychological conditions that needed serious psychological and mental health care from the professionals.

Overall, the study has identified several types of religious coping that have been used by the Muslim flood victims during the disaster. By examining the remaining items from the inventories, there are 17 negative religious coping methods gathered with 5 item from BRCOPE (e.g questioning Allah love / power, feeling abandoned by Allah) and 12 item from FSWB (e.g easily stressed out since flood occur, unable to focus on work and having nightmare after flood). There are 14 positive religious coping identified in this study. Spiritual coping is also found as the method adopted by the majority as indicated in the 20 items while behavioural coping was applied in 8 items. Structured equational model (SEM) is an analysis method designed to study quantitative data. SEM adopts model testing method to test the cause and effect relationship among a set of research variables (Chua, 2012). Following the confirmation of the measurement model validity, the structural model is specified by assigning relationships from one construct to another based on the conceptual framework.

Figure 2: Proposed structural model

-0.326 (-8.426) -0.113 (-3.643)
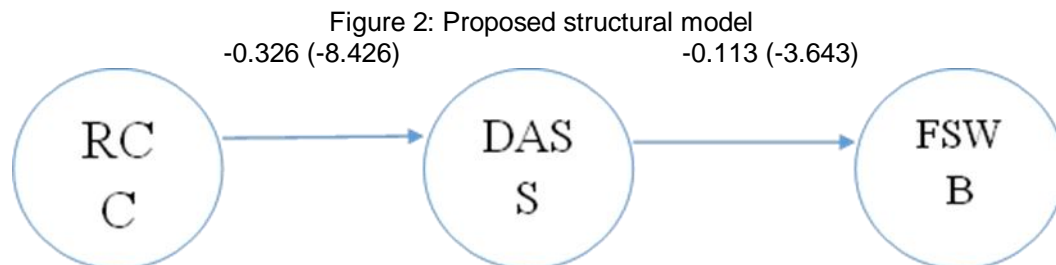
Notes: Figures are factor loadings followed by critical ratio value. The critical value indicates the significant level of factor loading. The minimum critical ratio value of 1.960 is required for the factor loading to be significant (Byrne 2010). *** $p < 0.001$.

The model showed a negative correlation (-0.326) between religious coping and psychological condition. This can be explained that the more a person perform religious coping behaviour the lesser the psychological condition that a person experience. The psychological condition also showed a negative correlation (-0.113) with spiritual wellbeing. This mean that when a person perform it religious coping strategy, the lesser the psychological stress that they experienced that will lead to a better and more satisfying spiritual wellbeing. Since the critical value (CV) for both religious coping (-8.426) and spiritual wellbeing (-3.643) exceeded the 1.960 minimum value it showed significant correlational relationship of the model construct.

When a person get involves with religion in their thinking and emotion, it will trigger their previous knowledge and experience about their religion. The religious knowledge and experience will assist the person in dealing with stress, anxiety and possible depression after traumatic incident in a better and calmer way. After feeling calmer, the brain will produce the happy chemical substance called endorphins that will increase human immunity system. Endorphin is known to decrease feelings of pain, whereas secretion of endorphins lead to feelings of euphoria, modulation of appetite, release of sex hormones, and enhancement of the immune response (Abdullah Mustamir, 2011).

5. CONCLUSION
5.1 Islamic religious coping
Some kind of coping mechanism is crucial in assisting flood victim in managing their stress, anxiety and depression when facing disaster (Salhah, Sapora, Husni & Zulkepli, 2015). In Islam, healing process can only take place when a person is devoting his/her faith in Allah SWT. Putting one faith completely in the hands of Allah is called as 'tawakkal' in Arabic. This act of devotion can give a powerful shield in one's mind and soul that works as a protection from any psychological disease (Salhah, Sapora, Husni & Zulkepli, 2015). Submitting oneself to Allah will gain blessings from the Almighty in the form of peaceful mind and soul (Husni, Lilie, Sapora & Khatijah, 2014). Religious ritual and behaviour such as performing 'solat' or prayer is known to be effective in treating anxiety because 'solat' purifies the heart and has calming effects on the soul. 'Solat" also teaches discipline, patience, promotes endurance, contentment and perseverance that are beneficial when facing life challenges (Emerick, 2004). Repentance praying and midnight prayer have been shown to be the most effective

coping strategy in overcoming stress, anxiety and depression as well as recovering self-esteem in a study performed upon adolescent raped victims (Salhah Abdullah, 2012). Flood victims also rethink about their bad condition positively by applying self-reflection and wishful thinking (Salhah, Sapora, Husni & Zulkepli, 2015). A study by Asma, Rahmatullah, Saima, Fauziah & Muhammad, (2016) on 2014's flood victim in Kuala Krai, Kelantan indicated that male victims have better coping behaviour than female by involving in a more active physical oriented tasks including planning. Both gender in this study agreed that social support that came in the form of humour received from family members, relatives and friends helped the flood victims to cope with the critical situation. Male victims are generally more accepting and vent out less compared to their counterparts. Both gender also agreed in this study, that turning towards religious activities, such as praying helped the victims by giving them peace of mind. This religious coping behaviour showed significantly positive correlation with several outcomes including better physical, social and emotional health (Asma, et al, 2016).

Spiritual religious coping showed more influenced on victim coping behaviour with a total of ten way of spiritual coping identified. Eight out of ten is negative coping. Behavioural religious coping showed eight coping strategies that is used by the flood victim in managing their psychological condition. All the behavioural religious coping or religious ritual is positive in nature. From the finding religious worldview cannot stand alone to create significant impact on victim psychological condition. To be effective coping strategies both worldview (spiritual religious coping) and behavioural religious coping or religious ritual must be performed together to create a long and lasting impact on flood victim behavioural and spiritual wellbeing.

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THE PERCEIVED PARENT CHILD RELATIONSHIP AND ITS IMPACT ON STUDY ANXIETY AMONG SCHOOL ADOLESCENTS

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Abstract: Although there has been an increasing amount of research conducted on study anxiety in adolescence, little is known about the relation of study anxiety and parent child relation. The present study was aimed at exploring the impact of parent-child relation on study anxiety of school children. For this purpose, an indigenous tool Study Anxiety Scale and Parent-Child Relationship Scale was administered on the sample of 419 school children; 201 boys; and 218 girls from 6 Government Schools of Lahore, Pakistan. The results suggest that perceived rejection and distant in parent-child relation cause higher study anxiety among school children. Results also depicted that the girls are higher in study anxiety than boys and boys perceived more parental rejection than girls. Results are discussed in a cultural context proposing a model showing possible links between different environmental influences and study anxiety.

Keywords: Study Anxiety, School, Parent-Child Relation, Adolescence, Academic Achievement, Pakistan

1. INTRODUCTION
Various researches evidenced that student's learning and academic achievements are influenced by certain factors such as past experiences, home circumstances, traits, learning methods and styles, motivation, and parenting styles (Barton, 2004; Diaz, 2003; Schmidt, Lytinen, Mark, & Cule, 1999). Family income was also found to have significant impact on study anxiety and academic achievement of students (Yousefi, Redzuan, Bte, Juhari, & Abu Talib, 2010).
In addition to these classroom environment (Johnson, 2006) and personality factors such as self-concept, perfectionism (Kobori, Yoshie, Kudo, & Ohtsuki, 2011), and poor self-management (Hashmat, Hashmat, Amanullah, & Aziz, 2008) are related to anxiety among students and low academic achievement (Bieling, Israeli, Smith, & Antony, 2003; Stoeber & Rambow, 2007).
Another factor that has been considered significantly important in the literature is of "anxiousness". A fair number of studies have found high association between study anxiety and academic achievement among students as anxiety has been known to have both facilitating and debilitating effects on academic achievement (El-Anzi, 2005; McCraty, 2007; McCraty, Dana, Mike, Pam, & Stephen, 2000).
In general, noteworthy evidences are found that linked parenting style and anxiousness in school age children and its impact on their academic performances (Auerbach, 2007; Cassity & Harris, 2000; Schmidt, 2000; Wiseman, 2009; Yen & Lan, 2010).

1.1 Study Anxiety
Study anxiety places a vast psychological strain by inducing feelings of insecurity as well
as physical and emotional disturbance representing the major cause for poor academic results (Turner et al.1993).
Different researchers demonstrated that high anxiety levels of high school students would have lower academic achievement and obtained lower marks in the examination (Hamzah, 2007; McCraty, 2007). According to the different studies about anxiety among students, the study anxiety is a situation specific condition of anxiety that is experienced during study process and impedes academic performance of a student.
A considerable attention has been given to study anxiety and its related factors in cross-cultural research (see Bodas, Ollendick, & Sovani, 2008; Zeidner, 1998), including cultural groups in both Eastern and Western countries.
Though study anxiety has been investigated in so many cultural groups including numerous Asian countries, these studies possess significant limitations. Cultural explanations have not been provided in most of these studies (Zeidner, 1998). The current study can surely be considered a good starting point to understand the nature of study anxiety in Pakistani culture.

Among observed studies in Pakistan (Nausheen & Richardson, 2010; Rana & Mahmood, 2010; Sarwar, 2004; Zaman, Atif, Shah, Ayub, & Farooq, 2010), Speilberger's test anxiety inventory (TAI) (1980) has been used to assess anxiety levels among students. Whereas, in the present study an indigenous study anxiety tool is developed for the target population to make the results cultural appropriated.

1.2 Parent-Child relation and Study Anxiety
In the current study, there is another variable that is being studied i.e. parent-child relationship. One of the aims of the present study is to explore the relationship between parent-child relationship and its relation with study anxiety among school children.

Various cross-cultural and intercultural studies have provided evidence of worldwide correlations between parenting styles and their impact on the child physical growth and cognitive development. Generally, parental rejection is consistently associated with increased level of anxiety in children (Kazarian, Moghnie, & Martin, 2010; Louis, Varela, & Moore, 2010; Rohner, Khaleque, & Cournoyer, 2009). Conversely, in some studies, parental overprotective attitude is related to the anxiety in children (Ginsburg, Siqueland, Masia-Warner, & Hedtke, 2004; Moore, Whaley, & Sigman, 2004; Wood, McLeod, Sigman, Hwang, & Chu, 2003). A strong relation has been found between parental acceptance and academic achievement among children in Middle East and Asian countries (Duriez, Soenens, & Vansteenkiste, 2007).

Further research found a positive correlation between parental pressure and inhibiting test anxiety (e.g., Besharat 2003; Peleg-Popko and Klingman 2002; Putwain et al. 2010).

1.3 Significance of the present study
To date, there are very few if any, research conducted in Pakistan that could provide an insight into school children's study anxiety and parent-child relationship. Therefore, the present study is aimed to explore the relationship between the study anxiety and parent-child relationship school children in Pakistan. It might provide an understanding of the factors influencing school children's academic performance and to perhaps serve as a basis for the improvement of academic programs. In addition, it might also provide help in designing management programs to develop healthy parent-child relationship.

2. METHOD
2.1 Sample.
The sample of 419 participants (201 boys; 218 girls) of grade 7th and grade 8th was collected from six Government schools of Lahore using multistage sampling technique. In the first stage stratified sampling technique was used and the sample was divided into two main strata according to the grades i.e. grade 7th and grade 8th. Then these strata were further divided into two sub-strata of boys and girls. Mean age for girls was found to be 12.13 (S.D.= 0.99) and for boys 13.12 (S.D.= 1.36). All the students who participated in the previous phase were not included in the sample of main study.

2.2 Measures
2.2.1 Demographic Questionnaire.
On the basis of literature review, the demographic variables of gender and class were included.

2.2.2 Study Anxiety Scale (SAS).
This scale was indigenously developed during the process of this research. It consisted of 28 items and with a rating scale of 0 - 3 (not at all, sometimes, often, always) indicating the degree to which the participants experience different dimensions of study anxiety.

2.2.3 Parent Child Relationship Scale (PCRS).
PCRS (Mahmood, Ijaz, & Saleem, 2010) was used to assess the perceived parenting styles of the school children. It consisted of 52 items encompassing 3 subscales: closeness, rejection and distant. Liker type rating scale was used in this study. PCRS was found to have acceptable level of psychometric properties with the overall concurrent validity of $r=0.508$ (***$p<0.001$), one week test retest reliability on 20% sample showing $r=0.712$ (***$p<0.001$) and the Cronbach's Alpha was found to be 0.8749.

2.3 Procedure.
Before collecting the data, permissions were sought from the administration of six Government schools, assuring about the confidentiality and privacy that the data would be used for research

purposes only. After obtaining permissions, students of grades 7th and 8th were approached in their classes. They were told about the time required during the whole process. They were briefed about the purpose and rationale of the study and verbal consent was taken from them. After that instructions were given to the participants and the administration was carried out in a group form. After administration, the participants were debriefed about the whole process. They were encouraged to ask questions, if they had any. They were also encouraged to discuss any of the issues regarding their academic or other problems, and they were helped accordingly.

3. RESULTS
3.1 Study Anxiety and Parent Child Relation
Hypothesis 1: Perceived closeness in parent child relationship will lead to lower level of study anxiety than perceived distant and rejection. Pearson product moment correlation was carried out to test the above hypothesis.

Table 1 : Inter Correlations of Factors and Total Score of SAS and Factors and Total Score of PCRS of School Children (N=419)

Factors	Closeness	Rejection	Distant	SAS total
Closeness	-	.04	.10*	-.08
Rejection	-	-	.38***	.32**
Distant	-	-	-	.31**
SAS total	-	-	-	-
M	20.01	8.51	8.65	30.26
SD	3.16	4.77	3.47	15.17

Note. *p<.05. **p<.01. ***p<.001.

Table 1 depicts a matrix of the correlation for the three factors of PCRS and SAS total score. Two factors of the PCRS i.e. Rejection and Distant have significant positive correlation with the total score on the study anxiety of the school children (**p<.01). Whereas, factor 1 i.e. closeness has negative but non significant correlation with the study anxiety. In other words, as rejected and distant parent child relationship increase, study anxiety also increases among school children. And as closeness in parent-child relation increases, study anxiety decreases among school children.

Table 2: Multiple Regression Table Predicting Perceived Rejection, Perceived Distant in Parent-Child Relationship with Study Anxiety in School Children (N=419)

Factors	B	SEB	B	t	p<
Closeness	-.53	.22	-.11	-2.42	.016*
Rejection	.75	.16	.24	4.82	.001***
Distant	1.02	.21	.23	4.76	.001***
R^2	.16				
ΔR^2	.15				

Note.*** p < .001.

Table 2 shows the multiple regression analysis of parent child relation and study anxiety. The value of R^2 is .16, which tells that rejected and distant parent child relation can account for 16 % of the variation in study anxiety. This means 84 % of the variation in study anxiety influenced by other factors than parenting. The p value shows that the relation between distant and rejection parenting are highly significant (p < .001). Thus, it can be concluded that closeness with parents is the negative predictor of study anxiety where as rejection and distant relations with parents are the positive predictors of study anxiety in school children.

3.2 Study Anxiety and Gender

Hypothesis 3: Girls will have higher Study anxiety than boys. t-test was carried out to test the above hypothesis.

Table 3: M , SD, t and p-values of Boys (n=201) and Girls (n=218) on Total Scores on SAS

Variables	M	SD	T	p<
Gender				
Girls	32.18	15.63	2.72	.007***
Boys	28.18	14.41		

Note. *** p < .001. df = 417.

Table 3 shows that the mean study anxiety among girls is 32.18, with a SD of 15.63. And the mean study anxiety among boys is 28.18, with a SD of 14.41. Therefore, girls have higher study anxiety than boys. The t value was found to be 2.72 which indicated that the difference was significant at the level of .001.

3.3 Parent Child Relation and Gender

Hypothesis 4: Boys will perceive more rejection in parent child relationship than girls. t test was carried out to test the above hypothesis.

Table 4: M, SD, t and p-values of Boys (n=201) and Girls (n=218) on Rejected Parent Child Relationship of PCRS.

Variable	Categories	M	SD	T	p<
Gender	Girls	7.41	4.10	-5.020	.001***
	Boys	9.69	4.58		

Note. ***p < .001. df = 417.

Table 4 shows that the means of girls on perceived parental rejection is 7.41 with the SD of 4.10. And the mean of boys on perceived parental rejection is 9.69 with the SD of 4.58. On average, boys experienced greater rejection in parent child relationship than girls. The t value was found to be 5.02 which indicated that the difference was significant at the level of .001.

4. DISCUSSION

The current study explored a distinctive, although not new construct, of study anxiety among school children. Aiming to understand the construct deeply, identifying the etiological factors and last but not the least, devising different management strategies to lessen its effect upon student's performance, researchers invested their decades. They were successful in categorizing several cognitive, behavioral and other psychological factors that play crucial role in the development of study anxiety among students (Zeidner, 1998).

Among other factors, role of parenting has been highlighted excessively in various studies on student's academic performance as well as in the development of anxiety with reference to Pakistani cultural context specifically. But, little knowledge is available that explains causes i.e., either cognitive or emotional that develops anxiety among students. Hence, the current study is needed to assess the phenomenon in its cultural context and investigate its relation with academic parenting styles.

To date, the work done in Pakistan on study anxiety was based upon western assessment tools. Therefore, in the present study indigenously developed scales were used to strike the manifestation of study anxiety and parent child relations Pakistani school children particularly. The representation of the study anxiety construct found in Pakistani culture contradicts with those exist in Western cultures with respect to its manifestation.

The role of parents is of considerable importance in any society. Theorists have suggested different parenting styles and parental acceptance and rejection and its influence on the lives of children (Yen & Lan, 2010). Overprotection of parents is found significantly in studies of Asian cultures.

The current study revealed though insignificant but negative relation between closeness in parent-child relation and study anxiety. This finding was of interest as it contradicts with previous work done

all over the world (see Aljasir, 2006; Alzahrani, 2009). It contradicts the assumption that close relation with parents improve the performance of the children academically. It assumes that closeness of parents with their children does not assure their high academic achievement. Furthermore, the factor of "closeness" in PCRS which is used for the assessment of parent-child relation in the current study, does not tap the educational concern of parents towards their children academics. Rather covers the emotional attachment of love, care and belongingness with children. The item content does not tap the specific training dimension of parenting. It might be the reason that closeness with respect to academics was not assessed appropriately and hence, it showed different results. There is a possibility that closeness with particular reference to academics may need to include degree of control and check and balance to ensure better academic performance. As it has been indicated in researches done with older group of students (Ijaz & Mahmood, 2007) that control is perceived positively and as a sign of concern and involvement.

Another significant relation is found between rejected and distant parent child relation and study anxiety. In literature, Bowlby's attachment theory (1969) categorized three attachment styles i.e., secure, avoidant, and ambivalent, whereas, Baumrind (1966) defined the three types of parenting styles as authoritative, authoritarian, and permissive in his theory. Both theories suggested that rejected, distant or insecure parent-child relation results in the development of anxiety and other emotional problems. It appears that parental aspirations for their child to attain the highest level of education impact their academic performance as evidenced by Wentzel (1997).

The current study also hypothesized that the influence of closeness in parent-child relation, in contrast to those children with either rejected or distant parent-child relation, would result in high academic achievement. But results are contradictory, no significant relation is found between closeness in parent-child relationship and academic achievement of school children. As discussed above, it appears that closeness in the PCRS does not assure and tap the parents' attitude towards the academic performance of their children. In contrast, rejected parent-child relationship was found to have significantly negative (**$p < .01$) relation with academic achievement. Which depicts that higher the rejection by parents, lower will be the academic achievement of a school child. The distant parent-child relation showed negative relation with academic achievement, although it was not significant. Which also depicts that both rejected and distant relation contribute in the poor academic performance of children. In collectivistic cultures like Pakistan, a high level of parental involvement and control in child's education is found (Verma, Sharma, & Larson, 2002) with high degree of demands and expectations to achieve higher grades. The parental involvement and concern might does not include parents' support in child's homework or school work in Pakistan.

One more hypothesis of the current study was that boys perceive more parental rejection than girls. Results evidenced that boys perceive more parental rejection and difference is significant in comparison to girls (***$p < .001$). Beyers and Goossens in 2008 support the consistent results that daughters experience more parental involvement in their academic work than do sons and have closer relation than boys. Brand, Gerber, Beck, et al. (2011), also support the current findings that boys perceive more negative i.e., distant and rejected parent child relation than do girls. One of the reasons of the present findings might be that due to the more controlling and attention of parents towards girls, they become closer and used to share their issues with them in comparison to boys.

Another factor contributing in study anxiety might be the gender of a student. The findings suggests that girls were significantly higher in both study anxiety and academic achievement than boys (***$p < .001$). In Pakistani society, overall academic burden was radically existed on both boys and girls. However, recently, more expectations have been attributed towards girls as they are getting higher grades and excelled in academics than boys since last decades (Chapell, et al., 2005). Society, including parents and teachers has raised their aspirations regarding academic performance from the girls. This increase in expectations might make girls more anxious as both have positive relation between them (Nausheen & Richardson, 2010).

Also, more general anxiety is found in girls in our culture than boys. Parents used to pay more attention and provide controlled environment while training the girls than boys. As a result of this fact, they become more anxious both in their academics and other tasks. Furthermore, several theories evidenced that girls are more emotional than boys and hence are more anxious in general. Therefore their higher level of study anxiety might occur as a result of trait anxiousness.

Another reason could be comparison between boys and girls in our culture, where boys are given preference over girls regardless of their academic ability. And girls have to outperform in order to show their abilities and importance in the society. Thus, strong competitions between boys and girls have been existed in our culture. Where sense of competition, on one side acts as a stimulator for girls, on the other side, it develops feelings of anxiousness as well. Results are consistent with

previous findings (Mousavi, Haghshenas, Alishahi, 2008) which suggested that female students get better grades in school than male students and attain higher levels of study anxiety than males.

With reference to Pakistani culture, girls are required to be perfect in every task they perform. In order to make them perfect in different skills, parents induced sense of perfectionism in them due to their authoritative and overcontroled behaviors. It was observed during administration that some girls are more concerned to write neatly and used to rub and re write their answers on the questionnaires given to them, rather than focusing on the accurate responses. It was one of the reasons that due to their perfectionist approach, they showed relatively greater anxiety than boys. Kobori, Yoshie, Kudo, and Ohtsuki (2011) also reported similar results that perfectionism resulted in greater anxiety among girls.

Future Directions

The results of the study also pointed towards several fruitful directions for future researches. The present study focused on the anxiousness related to elementary school children in their academics, therefore, with the aim of expanding and assessing this construct in our culture, it is essential to carry out studies using different population such as college and university students.

The findings of the current study points that study anxiety (i.e., worry and physiological arousal) is a major reason for decline in student's academic achievement. Thus, it can be improved by training or educating students about dealing stress situations in academic life, particularly in evaluative situations. Various workshops focusing on grooming students in skills such as stress management, study skills, dealing test or exam anxiety, effective time management and teacher-student relationship can be organized by school authorities. And for all these reasons school counselor or psychologist should be mandatory in every school of town.

School children should be taught those study skills that are beneficial for them in acquiring, retaining and reproducing learned information in evaluative situations in order to increase their study skills to acquire and reproduce learned information accurately. And it would be also helpful in reducing the impact of study anxiety on their performance. Researchers should work in classifying effective study skills and their relation with academic achievement in evaluative situations. Furthermore, it is possible to guide school children how to control their thinking process and avoid getting into task irrelevant thoughts while studying and allowing anxiety take over their actions. Substantial help can be provided by the teachers, parents and peers to keep students motivated to perform better and avoid anticipations regarding fears and performances.

Moreover, it is evidenced that parenting plays a key role in students' academic achievement and study anxiety. Thus, studies can be done in order to identify the parenting style appropriate in reducing study anxiety among school children and enhancing their academic performance.

Conclusion

Study anxiety has a strong negative impact on academic achievement of school children. Girls are higher in study anxiety than boys. Rejection and distant parent-child relation leads to lower academic performance of school children, whereas, closeness in parenting has negative relation with academic achievement. Furthermore, boys perceived more parental rejection than girls.

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PAKISTAN AS A MALE-DOMINANT COUNTRY, AN ANALYSIS OF MALE DISCOURSE TO HIGHLIGHT HEGEMONIC ATTITUDES OF MALES IN THIS SOCIETY

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Abstract: This study pertains to analyze males` discourse in Pakistan. We are living in a male-dominant society, where all the important decisions are being taken by the male members of family. Being head of the family, a male has rights to take any decision at his own. In most of the cases, women are the less privileged creature in Pakistan. This gives rise to double standards of morality in our society for males and females.

Data is collected through TV drama from a commonly seen Pakistani channel. Faircloigh`s three dimensional model of discourse has been applied on data. There are three stages in this model. First one deals with the linguistic analysis at the level of text or language only. Second level deals with the interpretation stage, and the third level is about explanation for the data to check the wider social impact of this discourse. The linguistics analysis elaborates the use of language in text: grammar, pronunciation, adjectives, presupposition, vocabulary etc. Interpretation stage deals with the analysis of linguistics features in terms of intertextuality, norms and ideology. Explanation stage deals with the discursive practices used in the text and the impact of those practices while keeping in view the wider social context.

This research is an application to unfold the hegemonic attitudes of males in our society, to find out the reasons of male-domination and the effects of this domination on the overall setting of our society.

Keyterms: Hegemony, Male Discourse, Double Standards Of Morality, Male-Domination, Language And Culture

1. INTRODUCTION

There are various cultures in Pakistan; diversity is found in social impressions about norms, laws, ethics, and Pakistan's multi-cultural status of women. In rural areas, the position of women is the most respectable place for families as mothers, but the level of respect depends on the social and financial situation of the family. In urban areas, strong women with money, educational standards, and influential men can increase social status in the world.

The present study is an analysis of Male-discourse that is being portrayed in Pakistani through media. How media is giving rise to the status of men in our society. How our messes are being influenced in Pakistan through TV dramas?

Media discourse plays a vital role in shaping and manufacturing our values, attitudes towards living styles, options, roles and decision making. Directors and producers use particular strategies to convey their thoughts. This paper is an attempt to look into the power relations, and status quo that are made and continued through media discourse. It is a study to find out the representation of males and females in Pakistani society, and how it gives rise to the patriarchal motions and male domination in this society. For this purpose, a commonly seen drama has been selected to analyze the different roles of men and women. The drama has been selected from Pakistani channel, URDU 1.

The analysis is based on the three-dimensional model of Critical Discourse Analysis by Fairclough. This analysis focuses on the production and reception of discourse rather than just finding out the textual properties. This approach also focuses on dominant ideology and inequality.

1.1 TV Drama selection

Selection of drama for the present study is based on the favorite current drama on air on television. Dramas play an important role in manufacturing the ideology of people. They develop values, beliefs and stereotypes of the people. Dramas are quite common in Pakistan to be enjoyed with family. People watch dramas so frequently, and most of them are addicted to the dramas serials that are on air at 8 pm. In Pakistan, this is a tradition that family members sit together and watch these drama serials. They do discuss it with each other; therefore, these dramas have a long lasting impact on peoples' ideology and beliefs. Ultimately, they give rise to the stereotypes in our society when it comes to men and women roles in dramas.

We cannot get rid from the addiction of watching dramas in our society. It is the commonly seen activity here. Messages spread through dramas have long lasting effects on people. They affect the relationships, our life styles, and our thinking patterns.

The present study has emphasized on the ideology and hegemony that is underpinned in TV drama which promote stereotypical roles of females and which leads to gender inequality. Furthermore, this study is an exploration of how stereotypical image of women is being projected in our society.

The most commonly seen drama is selected in order to explore how men and women are represented in TV dramas. This study is an exploration on the desired roles by the community for men and women, and the way media discourse promotes gender inequality in our society.

2. THEORATICAL UNDERPINING OF THE STUDY

For critically analyzing the dramas, it is essential to interpret the key concepts used in this paper.

2.1 Discourse

A text consists of linguistic items such as vocabulary, grammar, semantics and the sound system. It is a product of social event (Fairclough, 1989). The term discourse designated specific patterns on 'rules of distribution' (Foucault, 1972). Fairclough (1989) emphasizes that discourse is just a particular form of social practice, which in its center power and ideology influence and interact with one another. Discousre is language: spoken or written, in use with more socio-politically oriented meaning (Gee, 2005). Discourse allows us to explore what the object is aboit and a process of being different from other objects.

This study explores the microstructure; grammar, and vocabulary and macrostructures: social, power and hegemony behind discourse.

2.2 Critical Discourse Analysis (CDA)

CDA is a form of discourse that analyses the relationships between discourse, society, power and ideology. It highlights the interests of particular class enacted in the discourse.

According to Fairclough (1989):

CDA aims at demystifying texts shaped CDA aims at demystifying texts shaped ideologically by relations of power; it emphasizes on the opaque relationship between discourse and societal structure; and it does through open interpretation and explanation.

In a related vein, critical discourse analysts want to know what structures, strategies or other properties of text and communicative events play in the modes of reproduction (power, inequality, legitimacy of gender injustice). For this reason, CDA is committed to the analysis of social wrongs such as unequal access to power, privileges and symbolic resources.

In addition, it enables us to examine how gender inequality is discursively enacted and legitimately represented through advertisements. On the other hand, Wodak (1999) clarifies that the main aim of CDA is to unmask ideologically permeated and often obscured structures of power, political control and dominance.

3. THE RATIONALE OF THE STUDY

TV dramas play an important role in building up peoples` mentality and particularly their ideology. They are important because they shapeup how people assign roles to genders in society. Women have been portrayed in TV dramas as male-dominated society and the people want them to be submissive, beautiful and ideal in every aspect. In such a situation, it is important to see how inequality has been practiced through the language of media; particularly in TV dramas.

4. METHODOLOGY AND THEORETICAL FRAMEWORK

Fairclough`s approach has been used to analyze the TV dramas in this study. The rationale behind selecting this approach is that it focuses on the hidden practices beyond the text level.

4.1 Three-Dimensional Approach (Fairclough)

(Fairclough, 1998) proposes three dimensions for every discourse analysis; a spoken or written text, a discursive practice and a social practice. The first phase represents the linguistics properties of the text such as vocabulary, verbal texts, relational and credentials value of words. The second phase describes the context or situation where the discourse is produced and consumed in society.

The third stage mentions power behind discourse or the hegemony behind discourse and it effect on the wider social context.

Different kind of analysis is required for the each stage mentioned above. For the linguistic dimension a description of the text is required in order to examine linguistic features in the language of TV

dramas. For the second stage, interpretation of the text is required. This is to see the relationship between text and interaction or the context in which that text occurred. On the third stage, explanation of the text is needed. It focuses on the production of discourse and the ideologies hidden in every interaction.

5. ANALYSIS OF THE TV DRAMAS

This paper has focused to analyze media discourse at three levels: textual analysis, discursive analysis and hegemonic analysis of TV drama. The study has analyzed a famous drama on air on television in January-April 2017.

The analysis of linguistic categories determines the language features, more specifically, the selection of vocabulary. The choice of vocabulary represents ideologies. According to Fairclough (1989) one can analyse the discursive participants' choice of vocabulary in relation to their experiential, relational and expressive value of words, with these choices encoding assumption about power is manifested. The TV directors and producers represent the experience of social world by the experiential value of words.

5.1 Selection of Drama
1. Andaz-e-sittam

This is a story of a girl Ayat, who is a victim of Vamik`s cruel attitude. He kidnaps her, and has nikkah with her. This is a result of Ayat`s misbehave with Vamik in university. This study is an analysis of the double standards of value for men and women in Pakistani society. In the present study, the researcher has analysed some of the dialogues from the drama that show male hegemony and the double standards of morality for men and women in Pakistani Society. Translated version of the dialogues has been analysed.

> **Ayat`s Father:** Who will accept our daughter, Ayat? My daughter is at home. We are facing the consequences of what he had done with us. If we will have investigation, then the things will be worst. We cannot have the enmity with such kind of people for our whole life.
> Ayat`s father to his wife:
> You just behave like small kids sometimes.
> Ayat`s father to his son:
> They are very strong people. They just have kidnapped our daughter; tomorrow they can do anything else. In this entire situation, our reputation will be spoiled the most. Kidnap news will not be about that boy, it will be about our daughter. And you know a girl who gets kidnapped once, no one sees her with respect while even knowing that she is innocent. People ask a lot of questions, they talk about it in multiple ways.
> See: https://www.youtube.com/watch?v=m73vg41Ok_4

5.2 Lexical Analysis

Lexical analysis determines the linguistic properties more specifically, the selection of particular vocabulary. The way this vocabulary is used represents ideological framework. Fairclough (1989) describes the one can analyse the participants` choice of vocabulary in relation to their experiential, relational and expressive values of words, and these choices manifest power behind them. The TV dramas represent the experience of social world by the experiential value of the words, as the drama under analysis represents.

> Accept our daughter
> See: https://www.youtube.com/watch?v=m73vg41Ok_4

The above words signify the importance of honor and dignity associated with girls in our society. Once a girl is kidnapped, no one is ready to accept her regardless of her good character. It is assumed from women that they have to take care of their respect and honor, even if it is not in their control. This kind of statements makes our women submissive and coward. Fear of society, no matter how noble a girl is, once she is any such mishappening in her life, she will never get that grace again.

Acceptance is directly attached with women in our society. Acceptance by whom and why? Association of word the "accept" directly influences "daughter".

> We cannot have the enmity with such kind of people

Such usage of words influences our behaviors towards taking any action against the criminals in our society. He "such kind of people" shows the power of the criminals. This power is in terms of their wealth, status, and links in our society. This shows the hegemony of money and status over spoiling someone`s life. It also challenges the weak law policies in Pakistani society. Our law might not protect the common people, that is why they are afraid of not having any enmity with the ones who are powerful.

They just have <u>kidnapped our daughter</u>; tomorrow <u>they can do</u> anything else

In such kind of usage of words, kidnapping is just an ordinary thing. It comes out of the fear that they might do something else as well. "Can do" shows the power of those people in terms of their wealth and status in society. In other words, the crime that the powerful people have committed is hidden behind doing something else of greater importance.

It is important t examine that the story of these TV dramas becomes meaningful only in particular society. In patriarchal society like Pakistan, women rights are violated and people hide them behind powerful status of the opponents.

Ayat`s father to his wife:You just behave like <u>small kids</u> sometimes.

An adult woman is compared to a small kid, as she is considered foolish, immature and childish.

Strong people

This usage of words shows the power of the opponent part. It also states that law in not powerful in front of these people. This shows the hegemony of money and power as compare to law and law enforcing agencies.

<u>Kidnap news will not be about that boy</u>, it will be <u>about our daughter</u>

The usage of the word "kidnap news" excludes the men behind it. The word "news" says it is something of greater importance and might be a headline on TV channel and newspaper. But it is only awful for a girl.

And you know <u>a girl who gets kidnapped</u> once, <u>no one</u> sees her with respect.

The usage of the word kidnapped has negative meaning when associated with women in a society like Pakistan. It has agreat negative impact of girl`s reputation when she is kidnapped. The underlined word "no one" is associated with men in this society. A boy who kidnapped the innocent girl is powerful in male hegemony , and is exclusively added in male power in Pakistani society

5.3 Grammatical Analysis
According to Lazar (2000), power relations are a struggle over interests, which are exercised, reflected, processed and maintained through a variety of modalities, presuppositions and degrees of explicitness. This dimension emphasizes on the social actors presented in terms of experiential relational and expressive value of linguistic features. The very selection between grammatical features, choice of particular topics, registers and topicalization can be ideological.

5.3.1 Experiential Value of Linguistic Features
The experiential value of words represents happenings or relationships in the world (Fairclough, 1989). Three main processes are mentioned through experiential value of grammatical aspects: actions, events and attributions. These three processes also signify whether agent is implicitly or explicitly present. In addition to this, we can also analyse the topicalization of a sentence. In the drama "Andaz-e-sittam", it is mentioned:

Ayat`s father to his wife: You just behave like <u>small kids</u> sometimes.

This sentence denotes action process where an agent (husband) is depicted as having power than the wife, and an action of giving a title to a woman has been presented. It shows that women behave like kids, and they are immature and foolish. Who is giving them such attribute is a male. This shows the hegemony of males in our society. That is why women are not considered important for taking any

legal decision, even they themselves are the victim of any crime. They are excluded from such important matter just because of their childlike habits.

5.4 Social Practice Analysis

Drama stories become meaningful in a particular context. Meanings in stories are produced through the process of 'interpretation'. Interpretation takes place through complex relationship of what is represented in dramas, and what is in the people's mind. Fairclough (1989) terms the cognition of receiver's mind as member resources (MR). Thus MR refers to the historical knowledge which the directors and producers implies that the people have. That is the reason, the stories of domestic violence, and the portrayal of woman as obedient, docile and follower received naturally and unquestioningly by masses.

Dramas further promote such behaviors to teach complete slavery to women and distort the reality. In this way they are directing the mass audience, the state thus set a framework in which everyone else operates. This also denotes discursive practices which represent how to be submissive, kept quite and do not bother about your rights.

6. Conclusion

This kind of representation of women creates the stereotypes in our society. People treat women as immature and childish creature. They don't take their opinion for decision making. As in this drama, it was Ayat`s father who was taking all the decisions without considering his wife or daughter. He wanted to save his daughter from bad reputation. Therefore, he doesn't allow the law authorities to take any action against the person who did wrong with his daughter. The hidden motive behind it is just to keep his daughter`s repute wrapped up, so people don't get to know what happened with her. This kind of attitude actually leads us to the hegemonic males-attitude in Pakistani society. It develops and motivates the attitudes that violate the women rights in our society.

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APPENDIX

https://www.youtube.com/watch?v=m73vg41Ok_4

CODE-SWITCHING AMONG ESL LEARNERS: CATALYST OR HINDRANCE FOR COMMUICATION?

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Abstract: Code-switching is seen as a hindrance in some classrooms; however, it can sometimes be seen as a catalyst in some situations. Previous studies have shown that code-switching can result in incomplete mastery of one language. It hinders proper acquisition of a target language. On the other hand, there have been reports that show code-switching is useful for knowledge and content acquisition. Are learners using different categories of code-switching? How do the functions of code-switching differ? This quantitative research looks into the prevalence of code-switching among undergraduates. The instrument used is a questionnaire and it explores the categories and functions of code-switching as well as reasons for the use among undergraduates. Results of this study reveal students learning language code-switch more often than students studying engineering.

Keywords: undergraduates, target language, code-switching, catalyst, hindrance

1. INTRODUCTION.
1.1 Background of Study
According to Pollard (2002), code-switching may result of incomplete mastery of the target language; however, can still be considered as an essential part of the language acquisition process. It can also be viewed as an extension to language for bilingual speakers. Code-switching therefore is seen as a useful tool as well as obstacle in ESL teaching (Rios and Campos, 2013). Moore (2002) sees code-switching a s a shortcut for knowledge and content acquisition. Generally, the objective of this research is to find out how code-switching differ by course programmes. Specifically, the research focuses on the categories and functions of code-switching among diploma engineering and pre-degree (TESL) students.

1.2 Research Questions
This research is done to answer the following questions:
- (a) How do types of code-switching influence ESL speakers?
- (b) In what ways do reasons for code-switching influence ESL speakers?
- (c) How does the use of different types of code-switching differ across course programmes?
- (d) How do the reasons for code-switching differ across course programmes

2. REVIEW OF RELATED LITERATURE
2.1 Introduction
The discussion on code-switching will be centred around the different categories used in conversations as well as what function the code-switch have in social interaction. Students of different faculties or course programmes are known to need to code-switch for different reasons.

2.2 Theoretical Framework of the Study
Figure 1 below shows the theoretical framework of the study. When discussing about code-switch, the two main factors discussed are (a) types of code-switch used and (b) reasons for code-switching.
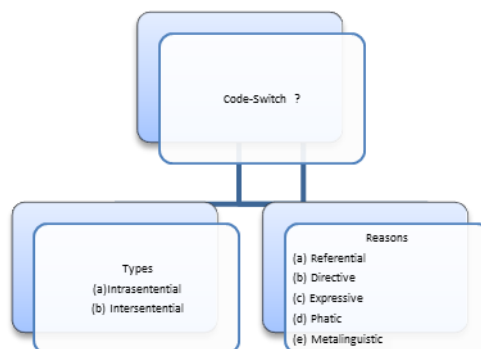
Figure 1: Theoretical Framework of the Study

2.3 Types of Code-Switching

Greer (2007) situations in which bilingual people alternate between languages, either between or within utterance. Milroy and Muysken (1995) looked at code-switching as a habit. They categorized it into three different types. The first type is inter-utterance (intersentential) and this type refers to language switching that occurs between utterances said by the same speaker. The second type is inter or intra-sentential code-switching and this takes place within a sentence. Embedded words, phrases and even sentences may be found across or switching sentences. The third type is suprasentential or unitary code-switching. And this occurs when speakers switch either a segment or a single or a single item of the utterance. A study by Youkhana (2010) reported that language learners often resort to their native language in a foreign language classroom. This is because the main aim of language classroom is to facilitate communication.

2.4 Reasons for Code-Switch

There are five known functions; referential, directive, expressive, phatic and metalinguistic. In the case of referential code-switch, the speaker use the mother tongue if he/she does not know the word in the target language and also when the word will change its meaning if he/she substitutes it with the word in the target language. In the case of directive code-switch, the speaker uses the native language when he/she wants the other person to join the discussion or even when he/she does not want the other person to join the discussion. The speaker is said to use expressive code-switch when he/she wants to emphasize his/her feelings, and the speaker is said to use phatic when he/she wants to highlight important points or ideas. Finally, the speaker may also use metalinguistic function.

3. METHODOLOGY

3.1 Research Design

This quantitative study looks at the use of code-switching during communication in ESL classroom. The population chosen is undergraduates in a higher institution of learning. The sample comprises of a 134 male and 53 female students studying diploma in engineering courses and also pre-degree TESL (teaching English as second language). The students were randomly selected from students who attended ESL classes. questionnaires were analyzed using SPSS.

3.2 Instrument, Data Collection and Analysis

A questionnaire was used as instrument in this study. The questionnaire has four sections. The first section is the demographic profile of the students, the second section is the categories of code-switching, and the third section looks at the functions of code-switching. Responses to the questionnaires were analyzed using SPSS

4. DISCUSSION OF FINDINGS

4.1 Introduction

The discussion of findings will be done by answering the four research questions given in the previous section.

4.2 Overall Types of Code-Switching

Research Question 1:How does function of code-switching influence ESL speakers?
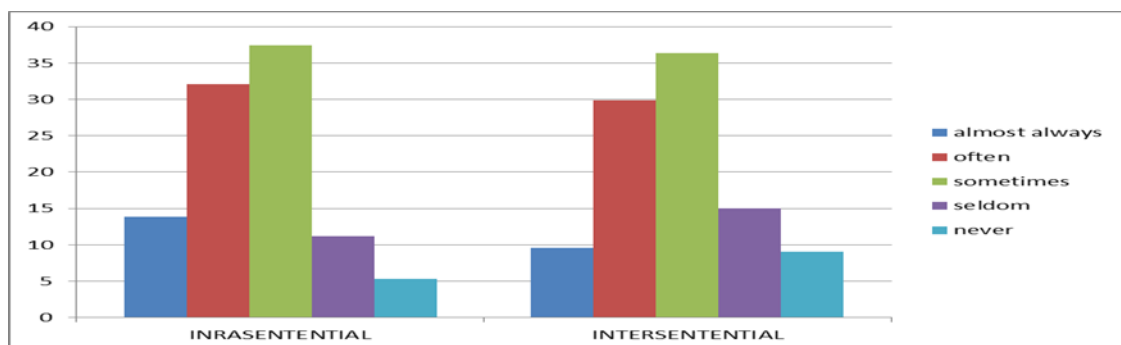
Figure 2: Chart for Overall Types of Code-Switch used

Figure 2 above shows the percentage for frequency of types of code-switch used. The findings reveal that learners used intrasentential(32.7%) more "often" than intersentential (29.9%) type of code-switch.

4.3 Overall Reasons for Code-Switch
Research Question 2: In what ways do reasons for code-switching influence ESL speakers?
Figure 3 below shows the overall reasons for code-switch. The findings reveal that the highest percentage for reasons are (a) Referential category–the speakers "do not know" and Referential-English word (45.1%) and also (b) Directive category –the speakers "want others to join the conversation" (33.7%).
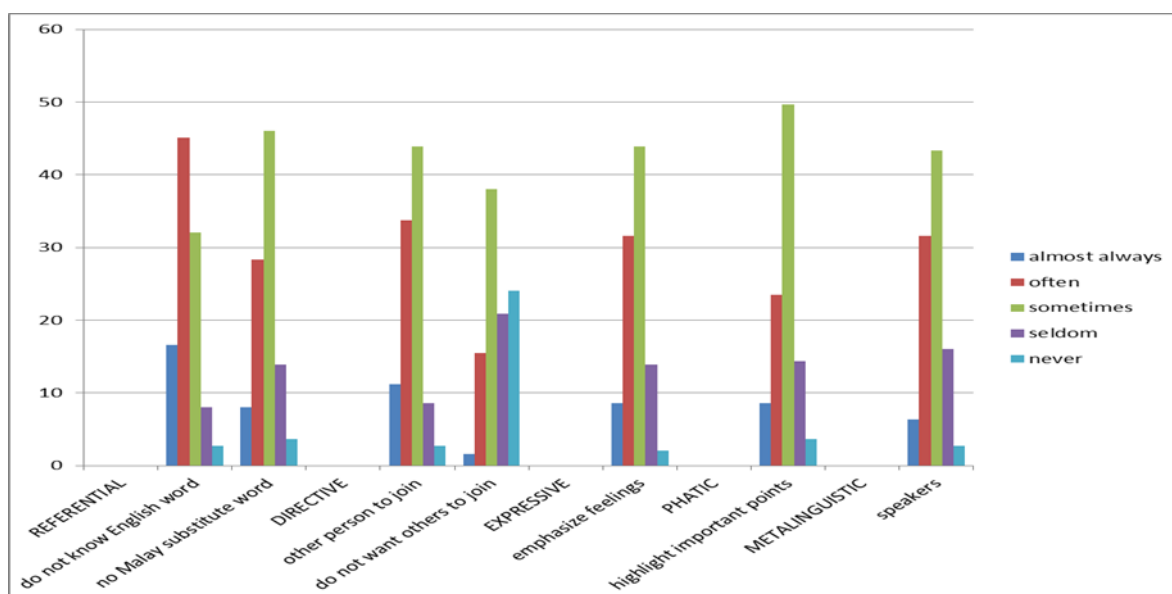
Figure 3: Overall Reasons for Code-Switch

4.4 Typess of Code-Switch across programmes
A one-way ANOVA between groups was performed to explore whether there is difference in types of code switching on students from different course programmes. The mean score of students from five different course programmes were compared and the faculties were namely Civil Engineering, Mechanical Engineering, Electrical Engineering, Chemical Engineering and pre-degree TESL. The mean statistic score by students' composition presented in Table 1. Students from pre-degree TESL showed the highest mean. This means pre-degree TESL students were reported to use both intrasentenial (using Malay language when they cannot find the English word in one sentence) and intersentenial(mix Malay and English language alternately from one sentence to another) code-switching more often than their engineering friends. This result is in accordance with the study by Youkhana (2010) to avoid communication problems.

Table 1: Mean statistic score across course programmes

	n	Mean	SD
Civil Engineering	82	4.30	4.15
Mechanical Engineering	41	3.98	3.70
Electrical Engineering	40	3.79	4.03
Chemical Engineering	25	3.78	3.97
Pre-Degree TESL	105	4.51	3.83
Total	293	4.23	4.32

The one way ANOVA result in Table 2 below indicates that there was a statistically significant difference at the $p < .05$ level in the mean categories of code switching for the five faculty , $F_{(4,288)} = 2.90$, $p = 0.022$. The effect size calculated using eta squared, was 0.04. This indicates that there is small difference in mean categories of code switching between groups. This means the use of the different categories of code-switch differ across course programmes.

Table 2: One-way ANOVA on typess of code-switching by course programmes

Source	Sum of square	df	Mean square	F	Sig.
Between groups	24.37	4	6.09	2.90	0.022
Within groups	605.62	288	2.10		
Total	629.99	292			

A Post-Hoc comparisons using Tukey HSD test was performed to determine the mean difference between the pairs. The mean score for students from Civil Engineering faculty (M=4.30; SD=4.15), Mechanical Engineering faculty (M=3.98; SD=3.70), Electrical Engineering faculty (M=3.79; SD=4.03), Chemical Engineering faculty (M=3.78; SD=3.97), and pre-dgeree TESL faculty (M=4.51; SD=3.83). The result as shown in Table 3 indicated that there is no significantly different on the categories of code switching for the five course programmes.

Table 3: Mean Values for Pairwise Comparison

	Civil Engineering	Mechanical Engineering	Electrical Engineering	Chemical Engineering	Pre-Degree TESL
Civil Engineering	0.00	0.32	0.51	0.52	0.22
Mechanical Engineering		0.00	0.19	0.20	0.54
Electrical Engineering			0.00	0.01	0.73
Chemical Engineering				0.00	0.73
Pre-Degree TESL					0.00

4.5 Reasonss for Code-Switch across Programmes
Research Question 4: How do the reasons for code-switching differ across course programmes?
A one-way ANOVA between groups was performed to explore whether there is different in function of code switching on students from different faculty. Students compared by five different faculties namely Civil Engineering, Mechanical Engineering, Electrical Engineering, Chemical Engineering and Pre-Degree TESL. The mean statistic score by students faculty composition presented in Table 4.

Table 4: Mean Statistic score by course programmes

	n	Mean	SD
Civil Engineering	82	17.76	4.15
Mechanical Engineering	41	16.56	3.71
Electrical Engineering	40	17.26	4.03
Chemical Engineering	25	17.18	3.97
Pre-Degree TESL	105	20.99	3.83
Total	293	18.64	4.32

The one way ANOVA result in Table 4 indicates that there was a statistically significant difference at the $p < .01$ level in the mean function of code switching for the five faculties , $F_{(4, 288)} = 15.29$, $p = 0.001$. The effect size calculated using eta squared, was 0.18. This indicates that there is large

difference in mean function of code switching between groups.

Table 5: One-Way ANOVA on reasons for code-switching by course programmes

Source	Sum of square	df	Mean square	F	Sig.
Between groups	952.85	4	238.21	15.29	0.001
Within groups	4486.96	288	15.58		
Total	5439.811	292			

A Post-Hoc comparisons using Tukey HSD test was performed to determine the mean difference between the pairs. The result from Table 3 indicated that only mean score for pre-degree TESL faculty (M=20.99; SD=3.83) was significantly different from the others four course programmes; Civil Engineering faculty (M=17.76; SD=4.15), Mechanical Engineering faculty (M=16.56; SD=3.71), Electrical Engineering faculty (M=17.26; SD=4.03), and Chemical Engineering faculty (M=17.18; SD=3.97). However, there is no significant difference on the other four course programmes on the function of code switching. The study by Rios and Campos (2013) revealed that students code-switch based on functions such as to convey content and knowledge, or even to communicate better in the given context.

Table 6: Mean of Different values for Pairwise Comparison

	Civil Engineering	Mechanical Engineering	Electrical Engineering	Chemical Engineering	Pre-Degree
Pre-Degree TESL					
Civil Engineering					
	0.00	1.20	0.50	0.58	3.24**
Mechanical Engineering		0.00	0.70	0.62	4.43**
Electrical Engineering			0.00	0.08	3.73**

5. CONCLUSION
5.1 Summary of Findings
In summary, students from pre-degree TESL programme showed the highest mean for both categories and function of code-switch. Compared to students from the engineering faculties, students for pre-degree TESL participate often in classroom communication. The nature of the course encourages social interaction and therefore; demands more communication. This situation would thus encourage the switch from mother tongue to target language and vice versa to ease communication and understanding among peers as well and instructors.

5.2 Pedagocigal Implications and recommendation for Future Research
Code-switching has encouraged more communication among pre-degree TESL students and did not seem to bother the engineering students who also reported to have code-switched in their daily classroom communication. Teachers should not discourage code-switch in some classroom activities as it gives more confidence to the shy students and it did not hinder communication in any way. As long as the content and knowledge is conveyed, code-switching is not to be totally discouraged in classroom interaction-especially if it only involves oral communication. Future research could focus on discourse analysis and analyze the code-switched conversations among learners. The result to provide a more in-depth study of how exactly code-switching is done among students of different disciplines.

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PROBLEMS OF MINORITY IN INDIA AND INDONESIA (COMPARATIVE STUDY OF MUSLIM MINORITIES IN ALLAHABAD INDIA AND BALI INDONESIA)

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Abstract: This research attempts to look at the problem mapping of Muslim minorities in Allahabad India and Bali Indonesia. Allahabad is a holy city of Hindu religion. It is a place where the rivers, Ganges, Yamuna and Sarasvati meet at a point. While Bali is an island and province of Indonesia, with most of Indonesia's Hindu live. Problem of Muslim minorities in the both was exciting to be researched and mapped further. How is the relationship between the majority and minority, relationship between minorities and the state, the problem of economic inequality, political inequality, and social inequality, tolerance and intolerance attitude of community. The approach method used in this research is historical and social approaches. It is used to view the relationship among moslem minorities, state and mayorities. Historical approach used to know clearly when and how the Islam emerges in India and Indonesia, also know the pattern of the spread of Islam in the early period. Historical approach also seeks to look at the history of conflict between minority and majority in India and Indonesia. While the social approach used to look at the phenomenon of conflict, the background of the conflict, the causes of conflict, economic inequality, political inequality, political interest that occur in the Muslim minority in Allahabad India and Bali Indonesia. The result of this research are as follows: first, Allahabad and Bali have population with Hinduism majority and Moslem minority. In Allahabad, Hinduism reached 95%, while in Bali reached 85%. Islam was a minority religion in Allahabad and Bali. Muslim population in Allahabad was around 4%, while in Bali was 13%. Second, there was tension between the minority and the majority in Allahabad and Bali. In Allahabad, It can be seen among Muslim minority and Hindu majority and government. While in Bali, it occurs only between the Muslim minority and Hindu majority. Third, despite appearing the tension and conflict, but it can be minimized by religious leaders, government and law respecting the differences and tolerance in religious life.

Keywords: Problem, Minority, Majority, Muslim, Allahabad, and Bali

1. Introduction

South Asia and Southeast Asia are regions most frequently called as the global epicenter of cultural diversity, i.e., the area with a level of highly cultural heterogeneity. In terms religiosity, despite the very large number of Muslims in this region, Muslims do not automatically live as the majority. In some countries, there are those who live among the minorities. [1]

If the borders of a nation are replaced with ethno-religious restrictions, there will be a form of a long, homogeneous arc which indicates the identity of Muslims in South Asia and Southeast Asia stretching from Pakistan, India, Bangladesh, Northwestern Myanmar, Southern Thailand, through the Malay Peninsula, Sumatra, Java, the coastal area of Borneo, to the Sulu Archipelago and most of Mindanao in the southern Philippines. [2]

Geopolitical realities show that the spread of Islam in South Asia and Southeast Asia have two patterns of development. First, Islam appears as the religion of the majority in some areas of Southeast Asia such as Pakistan, Bangladesh, Indonesia, Malaysia, and Brunei Darussalam. Second, Islam grows as a minority in an environment where the majority is the other religions such as in India, Thailand, the Philippines and Myanmar, Laos, Vietnam and Singapore. [3]

The relationship between Islam and the state in Muslim-majority countries look harmonious and has minimal conflicts. This is because Islam is accommodated in government and mingles into the cultural part of the country. [4] Unlike the situation in the Muslim minorities, such as Pattani in Thailand, Moro in the Philippines and Rohingya in Myanmar, Kashmir in India, the conflicts between the Muslim minority and the state have intensely been occurring. [5] This is because Islam is not accommodated in the government and Islamic values are 'less integrated with the country's culture.[6]

This study attempts to look at the problem mapping of Muslim minorities in Allahabad India and Bali Indonesia. Problem of Muslim minorities in the both was exciting to be researched and mapped further. How is the relationship between the majority and minority, relationship between minorities and the state, the problem of economic inequality, political inequality, and social inequality, tolerance and intolerance attitude of community. Problem of majority-minority in both places need to studied, compared, sought and explained. This study will also look at possible solutions to the problems faced by minority Muslims of Allahabad India and Bali Indonesia.

2. Literature Review

Several books and research have talked about Muslim minorities in India, some of them are The book by title The Twelver Shi'a as a Muslim Minority in India: Pulpit of Tears by Toby M Howarth. He expalined in his book about the minoriy identity of Muslim Shi'i in India. This book uses these mourning sermons as a window to understanding the identity of India's Shi'i in context of extraordinary cultural and religious plurality. This book includes; an aximination of the community's history and devotional life, and an investigation of the subject contained within these sermons which range from women's right to significant of fire walking and stories of miracoulus healing. [7]

The next book is the work of Remy Delage entitled Muslim Castes in India. Delage reviews the apparent reappropriation of a specifically Hindu institution by the Muslims of South Asia. He examines how this particular system of stratification by status works, and how South Asian Islam has built up a body of sources that legitimize the Muslim social order, before looking at the way in which it has given rise to a number of struggles over classification. Finally, he completes the introduction to Muslim castes by presenting the debates that centre on the future inclusion of Muslims in the reservation system (quotas) used by the Indian government. [8]

The next book is the work of Rakesh Basant and Abusaleh Shariff entitled Handbook of Muslims in India. Empirical and Policy Perspective. The Handbook analyzes the status of the Muslims in India by looking at the discussion initiated by the 2006 report of the Prime Minister's High Level Committee on the Status of Muslims in India, headed by Justice Rajinder Sachar. The Sachar Committee Report used large-scale empirical data to analyze the socio-economic conditions of the Indian Muslims, thus highlighting the heterogeneity within the community. This books takes the debate initiated by the Report further, bringing together the most recent empirical work on equity-related concerns with a focus on human development parameters, in a comprehensive and thematic manner. [9]

The next book is the work Edited by Laurent Gayer and Christophe Jaffrelot entitled Muslim in Indian Cities: Trajectories of Marginalisation. This book supplements an ethnographic approach to Muslims in eleven Indian cities with a quantitative methodology in order to give a first- hand account of this untold story. This book holds up a mirror to some of the running sores that run counter to the country's idea of itself. It reminds us that even as India's economy reaches for the stars, the consequences of some of the congenital defects in its body politic still run deep. The analyses in this volume are well-researched, offer new insights and provide a complex, and often disturbing, accounts of the state of Muslim communities across metropolitan India. [10]

The nexs book is a work of Ali Kehtani entitled Minoritas Muslim di Dunia Dewasa Ini (Muslim Minorities in the Modern World). This book talks about Muslim minorities in various places in the world, such as the Muslim minorities in several countries in Asia, Europe, America, and Africa. Kehtani also talks on the Muslim minorities in India. However, because this book deals with the Muslim minority in the world, the discussion about India gets then a less share. He only alludes to glance and in outline only, without displaying the detailed problems faced by the minority groups. [11]

The next work is The Transmission of Islamic Reformism to Indoesia: Networks of Middle Eastern and Malay-Indonesian 'Ulama' in the Seventeenth and Eighteenth Centuries, published in Indonesian language under the title Jaringan Ulama Timur Tengah dan Kepulauan Nusantara Abad XVII & XVIII: Akar Pembaruan Islam Indonesia. This research by Azra has particular strategic value to address a variety of important issues, particularly in the study of intellectual development and the dynamic development of the Muslim world, especially in the Malay-Indonesian. This study is the first comprehensive study of the global network of scholars, along with their intellectual trend in the 17th and 18th century. The study is also a discussion about the role of the religious scholars ('ulama) network in the transmission of renewal ideas to Indonesia, and once an initial tracking of early updated sources in the history of Islam in Indonesia or the Malay-Indonesian. [12]

Based on these books above, the research of Muslim minority in Allahabad India and Bali Indonesia was not found, moreover trying to compare both; Hindus in Allahabad and Hindus in Bali, Muslims in Allahabad and Muslims in Bali, relationships between Muslim minorities and majority Hindus in Allahabad and Bali, relationships between Muslim minority and the state in Allahabad and Bali, and social problems, economical problems, and political problems in Allahabad and Bali.

3. Theoretical Background

The term 'conflict' is etymologically derived from the Latin 'con' which means joint and 'fligere' which means a clash. In general, the term social conflict contains a series of phenomena of conflicts and disputes between individuals from the class conflicts to the international conflicts and wars. [13]

Coser defines social conflict as a struggle against the value and recognition of scarce statuses. Conflict means strife, discord and disagreement while social conflict is the conflict among members of the community which is comprehensive in life. Conflict is the process of achieving interests by way of weakening the opposition, regardless of the prevailing norms and values. [14]

In another sense, conflict is a social process that takes place with the involvement of the people or groups who challenge each other with threats of violence. [15]

According to Lawang, conflict is defined as a struggle to obtain scarce things such as values, status, power, and so forth where they set conflict not only to gain interests but also to conquer the competitors. Conflict can be interpreted as a clash of powers and interests between one group and another in the process of the struggle for relatively limited social resources (economy, politics, social and culture). [16]

In short, conflict is strife, discord and clashes that occur among members or the public with the aim to achieve something that is desired by way of challenging each other with threats of violence. Social conflict is one form of social interaction between one party and another in a community characterized by mutual threatening, abusive, as well as destroying each other.

Social conflict is in fact a process of convergence of two or more parties that have the relatively same importance to the things that are limited.

In its extreme form, conflict is held not just to sustain life and existence, but also aimed to the degree of annihilation of the existence of another person or group that is seen as opponents or rivals.

By its nature, conflict can be divided into destructive conflict and constructive conflict. First, destructive conflict is the conflict that arises because of resentment, hatred and revenge of a person or group against others. In this conflict occur physical clashes resulting in loss of life and property such as the conflict in Poso, Ambon, Kupang, Sambas, and so forth. Second, constructive conflict is the conflict that is both functional; this conflict arises because of the disagreement of the groups in the face of a problem. This conflict will produce a consensus of the various opinions and make improvements, for example, differences of opinion within an organization. [17]

Based on the position of the perpetrator, conflict is divided into three. First is vertical conflict, which is the conflict among components within a single society that has a hierarchical structure, such as the conflict between superiors and subordinates in an office. Second is horizontal conflict, which is the conflict between individuals or groups that have the relatively same position, for example, the conflict between mass organizations. Third is conflict diagonal, which is the conflict because of the injustice in allocation of resources throughout the organization; thus, it results in extreme clashes, such as the conflict in Aceh. [18]

Ralf Dahrendorf said that conflict can be divided into four types. First is the conflict in social roles, or commonly referred to role conflict. Role conflict is a condition in which individuals face opposite expectations of the various roles they have. Second is the conflict between social groups. Third is the conflict between organized and disorganized groups. Fourth is the conflict between national units, such as between political parties, between countries or international organizations. [19]

The root causes of conflict according to sociologists is the presence of social, economic, and politic relations based on struggles over resources ownership, social status and power where their availability is very limited with uneven division in society. Inequities in the distribution of social assets within the community are considered as a form of gaps. This gives rise to certain parties to struggle for the acquisition of assets or some certain parties struggle to add to their assets when they think that the assets they already have are not enough or only relatively small in quantity. On the other hand, the parties that have obtained the distribution of social assets are trying to maintain and can also add to them. Those parties that tend to maintain and add to their own assets is called 'status quo' and those who are trying to get the assets are called 'status need'. [20]

4. Design, Research Methodology and Data Sourse

The used approach in this research is historical and social approaches. It is used to view the relationship among moslem minorities, state and mayorities. Historical approach used to know clearly when and how the Islam emerges in India and Indonesia, also know the pattern of the spread of Islam in the early period. Historical approach also seeks to look at the history of conflict between minority and majority in India and Indonesia. While the social approach used to look at the phenomenon of conflict, the background of the conflict, the causes of conflict, economic inequality, political inequality, political interest that occur in the Muslim minority in Allahabad India and Bali Indonesia.

The research data contains relationship between Muslim minority and Hindu Majority, relationship between Muslim minority and goverment, the history of Muslim minority, the history of the conflict, the causes of conflict, reconciliation has been built, the faced problems by minorities and their solutions. Further data of this research were taken from Allahabad India and Bali Indonesia. Data Muslim minorities in Allahabad India was taken in the Fatehpur, Kaushambi Phulpur, Koraon, Meja, Sadar, Soraon, Handia, Bara Karchana, and Sangam. While data of Muslim minority in Bali was taken in cities of Bali province, such as Jembrana, Bulelang, Gianyar, klungkung and Tabanan.

Data Sources of this study was twofold; primary sources and secondary sources. The primary source of data is in form of written and oral literature, including the relationship between Muslim minority and Hindu Majority, relationship between Muslim minority and goverment, the history of Muslim minority, the history of the conflict, the causes of conflict, reconciliation has been built, the faced problems by minorities and their solutions from Muslim Allahabad and Bali. These data can be found in manuscripts, agreements, treaties and oral sources of the Muslim minority there. While secondary source comes from two sources, namely books, study, previous research on Muslim minority in Allahabad India and Bali Indonesia.

This study uses at least three ways to collect the data. (a). Observation, namely the data collection done by observing the objects under study and analyze them structurally. [21] The reseacher observed to the Muslim minority in Allahabad India and Bali Indonesia one month in each places. In India, researchers settled in Allahabad and some places around Allahabad, such as Sangam; meeting point of three holy rivers, Ganges, Yamuna and the mythical river of Sarasvati. Furthermore, searching data in Bali will be concentrated in Jembrana, Bulelang, Gianyar, klungkung and Tabanan. (b). Interviews, namely interviewing informants using the interview guides that have been prepared in advance. Some asked questions include: how the relationship between Muslims minority and Hindu majority, how the relationship between Muslims and the government, how the government's attitude toward Moslem minorities, what does the government give the political and social rights Moslem minorities, what steps that have been taken by the government in reducing the tensions between minority and majority. (c). Documentation is the form of notes and important record of the history of Islam, the history of the conflict, the causes of conflict, reconciliation has been built, the faced problems by minorities and their solutions.

5. Research Findings and Discussions

Allahabad is a holy city of Hindu and Buddhist religion, also known as Prayag. It is a place where the rivers, Ganges, Yamuna and the mythical Sarasvati meet at a point known as Sangam. [22] While Bali is an island and province of Indonesia. With a population of 3,890,757 in the 2010 census, and 4,225,000 as of January 2014, the island is home to most of Indonesia's Hindu. According to the 2010 Census, 83.5% of Bali's population adhered to Balinese Hinduism, followed by 13.4% Muslim, Christianity at 2.5%, and Buddhism 0.5%.[23]

The problems of minorities, who are relatively lesser in numerical strength than the majority community, have been gaining too much importance in the politics of many nations in the world. Both the developed and developing countries are also caught in the problems associated with the minorities. In many third world nations, nowadays, racial tensions, communal violence and ethnic clashes make headlines almost daily. Among the countries having problems of minorities are India and Indonesia. [24]

Talking about majority and minority, some of the main problems faced by Moslem minorities in India including Allahabad are as follows: first, problem of Identity. Because of the differences in socio-cultural practices, history and backgrounds, minorities have to grapple with the issue of identity everywhere which give rise to the problem of adjustment with the majority community. Second, problem of Security. Different identity and their small number relative to the rest of the society develops feeling of insecurity about their life, assets and well-being. This sense of insecurity may get accentuated at times when relations between the majority and the minority communities in a society are strained or not much cordial. Third, problem relating to equity. The minority moslem in a society may remain deprived of the benefit of opportunities of development as a result of discrimination. Because of the difference in identity, the minority community develops the perception of the sense of inequity. [25]

The Muslims in India constitute the largest religious minority in the country. Though a minority in its numerical strength, it is as big as to make it the second biggest Muslim population in the world, next to Indonesia. The Muslims constituted 13.4 per cent of the Indian population according to the 2011 census, and form an important segment in the social fabric of the country. But economically, Muslims are the most backward community with the lowest employment rate. [26]

So far as the problems of Muslims are concerned, which is the largest minority community in Allahabad, they fall into three categories; first, problems those are common to all poor people. Second, Problems those are common to all minorities. Third, Problems those are specific to Muslims only. [27]

While Indonesia is the world's most populous Muslim country and its third largest democracy. The government officially recognises only six religions: Islam, Protestantism, Roman Catholicism, Hinduism, Buddhism, and Confucianism. Indonesia is the world's most populous Muslim majority country, at 87.2% in 2010. In 2010, Christians made up almost 10% of the population (7% of the total

population was Protestant, 2.9% Roman Catholic), 2% were Hindu, and 0.9% were Buddhist or other. Most Indonesian Hindus are Balinese, and most Buddhists in modern-day Indonesia are ethnic Chinese. [28] Hindus comprise two per cent of Indonesia's population and form close to a 90 per cent majority on the island of Bali. The Hindu faith is however, far from limited to Bali.

Problem of minority in Indonesia including Bali mapped in some aspects; Firstly, tension between religion minorities and religion majority. Secondly, tension between ethnic minorities and ethnic majority. Thirdly, tension between minority sects and majority sects in religion, such as Shiite and Ahmadiyah.

There are some interesting things from Allahabad and Bali to be assessed: first, Allahabad and Bali have population with Hinduism majority. In Allahabad, Hinduism reached 95%,[29] while in Bali reached 85%.[30] Second, Islam was a minority religion in Allahabad and Bali. Muslim population in Allahabad was around 4%, while in Bali was 13%. Third, Allahabad was a holy city for Hindus, but had a past history of Islam, while Bali was central city of Hindu in Indonesia with also history of Islam. [31]

Further, some sociologists describe the many factors that lead to conflicts between minority and majority such as in Allahabad and Bali. First, the establishment of differences and beliefs of individuals has led to conflicts between individuals. In conflicts like this come clashes of establishment, and each side is trying to destroy its opponent. Destroying here is not always interpreted as the physical destruction, but it can also be interpreted in the form of symbolic annihilation or eliminating thoughts that is not approved. In social reality, none of the individuals has the same characters so that differences in opinions, goals, and desires affect the incidence of social conflict. [32]

Second, it is cultural differences. Cultural differences will not only lead to conflicts between individuals, but can also between groups. Patterns of different cultures will cause different patterns of personality and behavior among a broad audience groups. In addition, cultural differences will lead to ethnocentric attitude that is an attitude that is shown to another group that the group is the best. If each of the groups that exist in social life equally has that attitude, this attitude will lead to inter-cultural conflict. Third, it is differences of interests. Pursuing the goal of different interests, groups will compete and dispute to fight opportunity and means.

Differences in belief, culture, interests, and so forth often occur in situations of social change. Thus, social changes indirectly can also be seen as a cause of (increased) social conflicts. Rapid social changes in the community will result in changes in the systems of values prevailing in society. In the end, changing values in society will lead to differences in public belief. [33]

6. Conclusion

The result of this research are as follows: first, Allahabad and Bali have population with Hinduism majority and Moslem minority. In Allahabad, Hinduism reached 95%, while in Bali reached 85%. Islam was a minority religion in Allahabad and Bali. Muslim population in Allahabad was around 4%, while in Bali was 13%. Second, there was tension between the minority and the majority in Allahabad and Bali. In Allahabad, It can be seen among Muslim minority and Hindu majority and government. While in Bali, it occurs only between the Muslim minority and Hindu majority. Third, despite appearing the tension and conflict, but it can be minimized by religious leaders, government and law respecting the differences and tolerance in religious life.

7. References

[1] Eric Tagliacozzo, ed., Southeast Asia and the Middle East: Islam, Movement and the Longue Duree. (Singapore: NUS Press, 2009).

[2] Southeast Asian Muslims come from many ethnic groups, speaking different languages such as Bahasa Indonesia, Malay, Javanese, Maranao, Maguindanao, Tausug, Thai, Chinese and Burmese. Unlike the Middle East, where relations between Muslims, Jews and Christians operate along theological lines, the relations between Islam, Buddhism and Christianity in Southeast Asia operate around ethnic identity. Here an Indonesian and a Malay are Muslim; a Thai/Laotian/Cambodian is a Buddhist; a Filipino is a Christian; and a Chinese is a Taoist/Confucianist or a Christian. Ethnoreligious identities also determine the social relations between religious majority and minority in each country. Thematic Encyclopedia of the Islamic World, Volume 5: Islam di Asia Tenggara, (Jakarta: Ichtiar Baru Van Hoeve, 2002), pp. 457

[3] If seen more clearly on the mapping of the distribution of Muslims in Southeast Asia, we will then find almost all the strength points of Muslims in Southeast Asia have a very strategic geopolitical value. The position of the Sultanate of Arakan in the Bay of Bengal coastline is very important in the trade lanes of the world until this day. The position of the Sultanate of Pattani is located in the

Isthmus of Kra, a narrow land bridge that connects the Malay Peninsula with mainland Asia, which is also the nearest access to the South China Sea. In addition, the location of the Sulu archipelago and Mindanao is no less strategic. See. Saifullah, Sejarah Dan Kebudayaan Islam Di Asia Tenggara, (Yogyakarta: Pustaka Pelajar, 2010).

[4] Judging from cultural theory, there is acculturation between Islam and local culture in the region or the country; they shall be hand in hand. In Indonesia, for example, the values of Islam are already represented in Pancasila and have been fused with the local culture of Indonesia, such as Lebaran homecoming, silaturahmi (visiting relatives and friends), celebration of the Birth of the Prophet and so forth.

[5] Islam in Southeast Asia has a long history. Some of the major countries in the region, such as Malaysia, Indonesia, and Brunei are the countries with a Muslim majority. Even, the Muslim population in Southeast Asia outnumbers the population in the Middle East region. However, Southeast Asia still leaves some Islamic groups as minorities, such as Pattani in Thailand, Moro in the Philippines and the Rohingya in Myanmar. See. Saiful Mujani (edt), Pembangunan dan Kebangkitan Islam di Asia Tenggara, (Jakarta: LP3ES, 1993), 54.

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[19] Robert H. Lauer, Perspektif Tentang Perubahan Sosial, (Jakarta: PT. Rineka Cipta, 2001), 102. Meanwhile, according to Soerjono Soekanto, social conflict is divided into five types: First, personal conflict or contradiction, namely the conflict between two individuals or more due to different views and so on. Second, conflict or racial discord, that is conflict arising from differences of race. Third, conflict or contradiction between the social classes, that is, the conflict that occurs due to differences in the interests between social classes. Fourth, political conflict or opposition, namely the conflict due to the political interests or goals of a person or group. Fifth, international conflict, that is, the conflict that occurs because of different needs that this then affects the sovereignty of the state. See. Soerjono Soekanto, Sosiologi Suatu Pengantar,(Jakarta: Rajawali Pers, 1992), pp. 86.

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[26] The Indian socio-economic fabric is very complex because it is much affected by caste, religion and all the more regional/linguistic differentials. At the same time, the Indian economic, social and political institutions which are persisting since centuries have a historical basis also. These factors have given a unique character to Indian society. It has become a conglomeration of various layers and segments divided and sub-divided. See. https://en.wikipedia.org/wiki/India, accessed 15 Sept 2016, at 1. PM; Abantika Ghosh and Vijaita Singh. "Census: Hindu share dips below 80%, Muslim share grows but slower". Indian Express. Retrieved 2015-01-27.

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[30] Data from Badan Pusat Statistik (BPS) at 2010.

[31] Behind some similarities both places, there was little difference; though became majority, Hinduism in Bali, in the context of the Indonesian state was a minority. While Islam as minority in Bali, actually was the majority within the population of Indonesia. Unlike the Hinduism in Allahabad was the majority in the district and country of India. Islam in Allahabad was a minority in the district and the state.

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TRANSFER OF TRAINING AS A MEDIATOR BETWEEN TRAINING SIMULATION AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR

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Abstract: Transfer of training refers to the degree to which trainees regularly apply the knowledge, skill, behaviour and attitudes learned from training to their workplace. The purpose of this study is to explore the relationship of the transfer of training between training simulation and organizational citizenship behaviour. A sample of this study was 425 respondents from Malaysia Civil Defence Force (APM) who have attending Disaster Preparedness Training at training center of APM in Bangi, Malaysia.The data was analyzed using structural equation modelling (SEM) approach. The findings reveal that the transfer of training as mediator between training simulation and organizational citizenship behaviour. Therefore, the implication of this study shows that transfer of training were essential and has positive impact in growing an employee performance in organization.

Keywords: Training Simulation, Transfer of Training, Organizational Citizenship Behaviour, Training, Knowledge, Skills

1. INTRODUCTION

Employee training and development processes is to enhance the ability of employees in effectively managed job tasks for achieved organization objectives. Training is a way to overcome organizational problems such as turnover, individual attitudes and departmental problems. The outcome of a training provides a positive contribution to an organization's productivity performance claimed by the employer [1]. The successful training method and organization should be accomplished [2]. The goal of any training must be clearly stated. If the goal is to improve specific skills in rescuing victims in flood disaster, the training needs to be targeted to those skilled areas and consisted of simulation training. It can help the employees to enhance their skills and performances. If the workers are able to transfer their skill and knowledge successfully to the workplace, it can give positive impact on the organization citizenship behaviour (OCB). OCB is one of the importance elements that can increase the overall organizational effectiveness. Opportunities of development, training, and employee's empowerment practices in the organization are important variables which have positive significant impact to increase OCB. There is a lack of studies to look into the relationship between training simulation and organizational citizenship behaviour, particularly in Malaysia. Therefore, the main objective of this study is to examine the transfer of training as a mediator between training simulation and organizational citizenship behavior (OCB) at the Disaster Preparedness Training in Malaysia Civil Defense Force (APM).

2. LITERATURE REVIEW

2.1. Transfer of Training

Transfer of training is one of the ways for the employees to improve their skills, attitudes, knowledge and to get new knowledge from the training to be applied to the workplace. The value for transfer of training also must be clear to the individuals and the organization. It can make the individuals to focus on the objectives of the training. There are various number of studies in supporting the relationship between learning and transfer of training among the employees and in the organizations [3] [4] [5] [6]. These studies found that employees who gained new knowledge, skills and attitudes positively applied the learned knowledge, skills and attitudes on the job, following their training.

2.2. Training Simulation

Training programs such as disaster simulation and disaster exercise have proven to be effective and can rapidly deliver core elements of disaster and improve the knowledge level and ability of disaster response [7]. The design of a training improvement programme is the main focus [8] [9]. Various training methods are provided to the trainees such as videos, case studies, tutorials, discussion groups, demonstrations, presentations, handouts and role-plays [10]. Some recent studies have indicated that these have reduced the transfer of knowledge because the world is now more inclined

towards technology. Learning in the classroom are different situations with real-life conditions [8]. One of the more effective methods is simulation. Simulation is a learning situation like real ones [11]. It is one of the alternatives in addition to the lecture and web based learning. Simulation can help trainees to be better equipped in the face of disaster and by knowing how to handle the situation in the event of a real disaster.

2.3. Organizational Citizenship Behaviour

OCB is a pro-social organizational behavior that enhances overall performance of employees and increases organizational efficiency [12]. It is important for organization to understand situations the positive behaviors, such as punctuality, using time effectively, cooperation with peers, performing extra duties without complaint, volunteering and helping others, conserving resources, sharing ideas, and positively representing the organization [13]. Besides, work-life policies also influence to OCB because employee achieve balancing between work and life. OCB can be resulted in neutral from an individual and can be encouraged by program and training [14].

2.4. Conceptual Framework and Hypotheses Development

The basic research model in this study is exhibited in **Fig.1.**
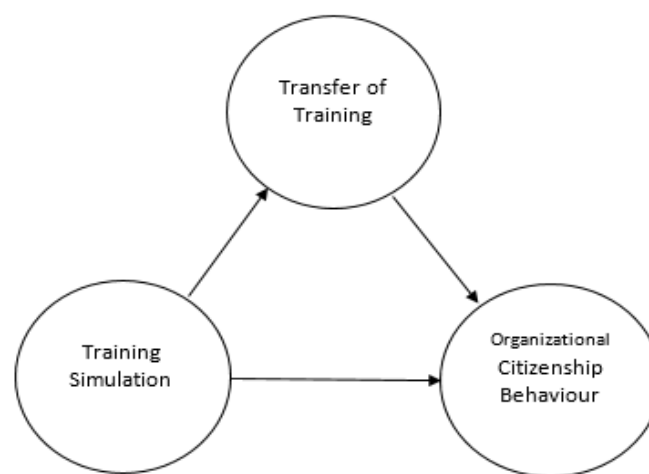
Fig.1. Conceptual Framework

To meet the research objectives and based on the conceptual framework presented above, four hypotheses are constructed as follows:
H1: Training Simulation (TSi) is positively related to Transfer of Training (TOfT)
H2: Transfer of Training (TOfT) is positively related to Organizational Citizenship Behaviour (OCBe)
H3: Training Simulation (TSi) is positively related to Organizational Citizenship Behaviour (OCBe)
H4: There is a mediating relationship through Transfer of Training (TOfT) between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe)

3. RESEARCH METHODOLOGY

The population of this study consisted of 425 employees at Malaysia Civil Defense Force (APM) who participated in disaster preparedness training activities organized by the Malaysia Academy Training of Civil Force (ALPHA) at Bangi, Selangor in 2015. The employees of APM consisted from all states in Malaysia. The purposive sampling technique was used for this study.

3.1. Measures

Three measures have been used in this study to test the proposed hypotheses. These include measures of training simulation, transfer of training and organizational citizenship behavior. The three survey measures were assessed using multiple-item scales, based on reliable and valid measures previously used and reported in the literature.

3.1.1 Transfer of Training (TOfT)
Transfer of training is measured using six items developed by Xiao, 1996.

3.1.2 Organizational Citizenship Behaviour (OCBe)
Organizational Citizenship Behaviour is measured by a Suzy Fox and Paul E Spector, 2011. There are two dimensions of organizational citizenship behaviour proposed by the original scale: OCB (O-organization) and OCB (P-Personal).

3.1.3 Training Simulation (TSi)
Training simulation is measured using instrument developed by the researchers based on an article "Effectiveness of Intermediate-fidelity simulation training technology in undergraduate nursing education" by Alinier G et al., 2006.

4. FINDINGS AND DISCUSSION
4.1. Demographic Profiles
The sample comprised 425 employees. 83.76 per cent (N = 356) of the employees were male and 16.24 per cent (N = 69) were female. In terms of age, 12.47 per cent (N = 53) were below 20 age, 58.59 per cent (N = 249) were between 21 and 30, 28.94 per cent (N = 123) were between 31 and 40. Education qualifications that 27.05 per cent (N = 115) of the employees were SPM, while the 28.71 per cent (N = 122) had Diploma or certificate level qualifications, majority 44.24 per cent (N=188) had degree holder. The majority of the employees were single (71.06 per cent, N = 302), while the 28.94 per cent (N= 123) were single. In terms of year of experience, 75.53 per cent (N = 321) of the employee sample have worked experience below 5 years, 24.47 per cent (N = 104) worked experience between 5 and 10 years.

4.2. The Reliability and Validity of Analyses
Table 1 shows the goodness of data for this study. The Kaiser-Meyer-Olkin Test (KMO) which is a measure of sampling adequacy was conducted for each variable and the results indicated that it was acceptable. The statistical results showed that (1) all research variables exceeded the acceptable standard of Kaiser-Meyer Olkin's value of 0.50, [15] and were significant in Bartlett's test of sphericity, (2) all research variables had eigenvalue larger than 1, (3) the items for each research variable exceeded factor loadings of 0.40 [16] and (4) all research variables exceeded the acceptable standard of reliability analysis of 0.70 [17]. The value of factor analysis for all items representing each research variable was 0.6 and more, indicating the items met the acceptable standard of validity analysis.

Table 1: Goodness of Data

Variable	Item	Factor Loadings	KMO	Bartlett Test of Sphericity	Eigenvalue	Cronbach Alpha
Transfer of Training	6	0.657 – 0.828	0.837	1011.479 P = 0.000	3.421	0.843
Training Simulation	10	0.795 – 0.853	.954	3501.859 P = 0.000	6.932	0.951
Organizational Citizenship Behaviour	2 dimension	0.962	.500	547.079 P = 0.000	1.852	0.919

4.3. Assessing Mediating Relationship
The mediating or intervening variable is the arbitrator that strings the relationship as a minimum with two constructs [18]. In this study, Transfer of training (TOfT) acted as a mediator between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe) is assessed. The selection of the mediator is built through three relationships: firstly, the direct effect of the independent variable in the direction of the dependent variable; secondly, measuring the indirect effects of independent variable towards the dependent variable, and finally, it should be figured out whether there is a positive impact in the mediating and dependent variable. Consequently, as in the **Fig. 2**, shows a model of Transfer of training (TOfT) as a mediator between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe).
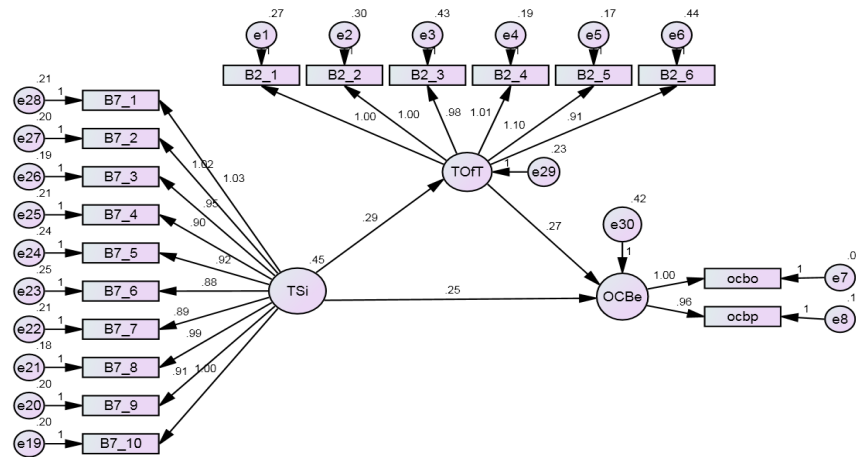
Fig.2. Transfer of Training (TOfT) as mediator between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe)

The first path coefficient Training Simulation (TSi) → Transfer of Training (TOfT) as shown in Table 2 proved acceptable result that can be judged via Critical Ratio (C.R.) and significance level (P). As C.R. is greater than 1.96 and P is significant, thus, it can be shown that the regression weight for Training Simulation (TSi) in the prediction of Transfer of Training (TOfT) which is significantly different from zero at the 0.001 level (two-tailed). Besides, the second path coefficient Transfer of Training (TOfT) → Organizational Citizenship Behaviour (OCBe) also confirms an adequate result that can be determined using Critical Ratio (C.R.) and significance level (P). Since the C.R. is greater than 1.96 and P are significant, as a result, it can be indicated that the regression weight for Transfer of Training (TOfT) in the prediction of Organizational Citizenship Behaviour (OCBe) is considerably different from zero at the 0.001 level (two-tailed). Hence, there is a true mediating relationship exists between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe) when Transfer of Training (TOfT) is treated as a mediator.

Table 2: Transfer of Training (TOfT) as a mediator between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe) (Maximum Likelihood Estimate)

Variable		Variable	Estimate	S.E.	C.R.	P	Result
TOfT	<---	TSi	0.293	0.043	6.866	***	Significant
OCBe	<---	TOfT	0.267	0.075	3.552	***	Significant
OCBe	<---	TSi	0.253	0.055	4.606	***	Significant

Furthermore, the third path coefficient (Training Simulation (TSi) → Organizational Citizenship Behaviour (OCBe) indicated acceptable result that can be proved using Critical Ration (C.R.) and significance level (P) values. In this circumstance, the C.R. value is greater than 1.96 and P is significant Therefore, there is direct relationship between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe), which is a sign of partial mediating relationship while there is a factual intervening relationship exists between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe) when Transfer of Training (TOfT) plays a mediating role.

4.4 Hypotheses Testing
However, total four hypotheses, including mediating relationship, have been answered by goodness-of-fit indices, showing the Training Simulation (TSi) influence Transfer of Training (TOfT) and Transfer of Training (TOfT) influence Organizational Citizenship Behaviour (OCBe). Moreover, Table 3 summarizes the findings on the hypotheses in this research framework.

Table 3: Goodness of Data

H(x)	Hypothesis	Finding
H1	Training Simulation (TSi) is positively related to Transfer of Training (TOfT)	Supported
H2	Transfer of Training is positively (TOfT) related to Organizational Citizenship Behaviour (OCBe)	Supported
H3	Training Simulation (TSi) is positively related to Organizational Citizenship Behaviour (OCBe)	Supported
H4	There is a mediating relationship through Transfer of Training (TOFt) between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe)	Supported

5. CONCLUSION

This study is an attempt to assess the Transfer of Training (TOfT) as mediator between Training Simulation (TSi) and Organizational Citizenship Behaviour (OCBe) in Malaysia Civil Defense Force (APM). Prior to conducting Structural Equation Modelling (SEM), the reliability analysis is checked via Cronbach"s alpha coefficient of the three extracted factors for the purpose of ensuring the internal consistency. Next, the mediating relationship is performed using SEM to indicate the appropriateness of the measurement instruments. The results indicated that Training Simulation (TSi) is positively related to the Transfer of Training (TOfT), and directly related to the Organizational Citizenship Behaviour (OCBe). Apart from this, the Transfer of Training (TOfT) is found assertively allied to the Organizational Citizenship Behaviour (OCBe) while Transfer of Training (TOfT) plays the mediating roles in the Training Simulation (TSi) towards Organizational Citizenship Behaviour (OCBe) in Malaysia. The current study adds value to the current level of knowledge in the existing literature.

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THE INFLUENCE OF WORK ENGAGEMENT TO TRANSFER OF TRAINING AMONG MALAYSIA CIVIL DEFENCE FORCE WORKERS

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Abstract: The purpose of this study was to determine the work engagement influence transfer of training. A sample of this study was 425 respondents from Malaysia Civil Defence Force (APM) who have attending Disaster Preparedness Training at training center of APM in Bangi, Malaysia.The data was analyzed using structural equation modelling (SEM) approach. The findings reveal that the work engagement positive relationship influence transfer of training among workers's APM.

Keywords: Work Engagement, Transfer of Training, Training, Knowledge, Skills, Disaster preparedness

1. INTRODUCTION

Transfer of training as the effective and continuing application of the knowledge and skills gained in training by trainees to the jobs [1]. The process of transferring new knowledge, skills and attitude for effective work performance must to be applied in the workplace or at the location of the occurrence of the disaster [2]. Work environment is one of the factor influence transfer of training. According Baldwin (1988) [3], there four factor under work environment which influence transfer of training and there are transfer climate, support, opportunity to perform and follow-up. Based on previous study by [4] [5] advocates that supervisor's support has a significant in influence an improvement on the training transfer. They found that when employees got support from supervisors they had more chances, clear direction and sufficient time to learn how to make use of the training. It is shown that the supervisor played important roles to ensure that the employees apply their knowledge, skills, and ability in the job. There is a lack of study in the relationship between work engagement and transfer of training, particularly in Malaysia. Therefore, the main objective of this study is to determine the relationship between work engagement and transfer of training at Disaster Preparedness Training in Malaysia Civil Defense Force, Malaysia.

2. LITERATURE REVIEW

2.1 Work Engagement

Work engagement is positively related with criteria of job that might be as resources such as social support form co-workers and supervisor, performance feedback, coaching, job autonomy, task variety, and training facilities [6]. As supervisory support influences work engagement, it would be worthwhile for the organization to provide more training for supervisors to encourage a greater range of support to employees. Moreover, effective programmes may promote and develop strong social support networks among supervisors and employees. This will enable the supervisors to provide greater support in terms of showing concern for employee's needs, providing help and information, and providing positive feedback. Appropriate amounts of supervisory support to employees will enable them to become more engaged in their work [7].

2.2 Transfer of Training

Training transfer refers to the consistent application of knowledge, skills and attitudes that have been gained during training in the workplace [8]. There are many definitions of training transfer, it was generally agreed and always being used by others researchers as the degree to which the outcomes gained from training in term of knowledge, skill and abilities are effectively applied to the job and maintain over time after the training session [3]. Training transfer involves the trained skills and conducts from the training environment to the work environment, as well as the sustainment of trained skills and conducts or the length of time that trained substantial is used on the job pursue a training program [3].

2.3 The relationship work engagement and transfer of training

Training transfer is one of the important elements in the training effectiveness criteria to improve organization performance. The most powerful influence in the work environment is to create a conducive climate at the workplace and to ensure both supervisor support and peer support [9] [10]. Social support is one of the strong relationships in the transfer of training. The three types of social support are: supervisor support, co-worker support and organizational support [11]. Results of past research found co-worker support is most positive in the transfer of training [10]. In addition to this, the organization should continue to actively provide full, continuous encouragement and motivation to the employee so that the process of the transfer of training works more effectively [12] [13]. Without encouragement from the supervisor, employees become less enthusiastic in performing their duties and lack to transfer training into the workplace. In the supervisor's support context, supervisor's support has issues regarding the time and the type of support required.

2.4. Conceptual Framework and Hypotheses Development

The basic research model in this study is exhibited in **Fig.1.**
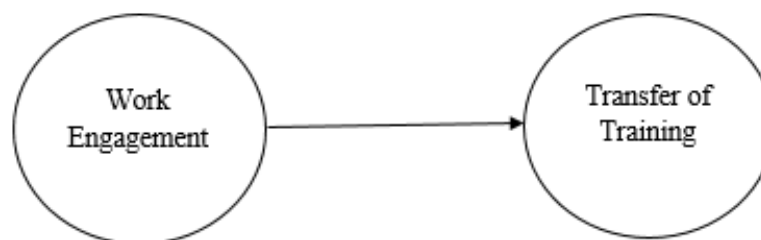
Fig.1. Conceptual Framework

To meet the research objectives and based on the conceptual framework presented above, the hypotheses is constructed as follows:
H1: Work Engagement (WEn) is positively related to Transfer of Training (TOfT)

3. RESEARCH METHODOLOGY

This research was quantitative in nature. The respondents of this study were 425 workers at the Disaster Preparedness Training Unit, Malaysia Civil Defense Department, Bangi, and Selangor. The questionnaire consisted of closed-ended questions in Malay language and contain three sections (1, 2 and 3). Section 1 collected the demographic data of the respondents covering gender, age, working experience and educational level. Section 2 probed the respondents' level of transfer of training in the workplace. Lastly, Section 3 focused on work engagement. In this study, the purposive random technique has been used to select the sample of this study. According to Sekaran & Bougie [14], to focus on specific target, this technique was the best and it has been applied by previous transfer of training studies [15] [16].

3.1. Measures

Work Engagement

Work Engagement is measured by seventeen items developed by Schaufeli and Bakker (2003) [6]. There are three dimensions of work engagement proposed by the original scale: vigor, dedication and absorption. The Cronbach's Alpha of the resulting scale in our sample is (α = 0.949), indicating a high degree of internal consistency of this measure.

Transfer of Training

Transfer of training is measured using six items developed by Xiao [17]. The six items are applicable to measure transfer of training in the context of Asian countries. This instrument has also been used in previous studies and yielded reliability of 0.83 in the study by Scaduto et. al [18]. The transfer of training items in this study were measured using six-item Likert scales (1), strongly disagree to (5), strongly agree. Cronbach's Alpha of the resulting scale in our sample is (α = 0.843) as reported in Table 2 It illustrates the reliability of this measure.

4. DATA ANALYSIS AND RESULT

4.1 Demographic Background of Respondents

The sample comprised 425 employees. 83.76 per cent (N = 356) of the employees were male and 16.24 per cent (N = 69) were female. In terms of age, 12.47 per cent (N = 53) were below 20 age,

58.59 per cent (N = 249) were between 21 and 30, 28.94 per cent (N = 123) were between 31 and 40. Education qualifications that 27.05 per cent (N = 115) of the employees were SPM, while the 28.71 per cent (N = 122) had Diploma or certificate level qualifications, majority 44.24 per cent (N=188) had degree holder. The majority of the employees were single (71.06 per cent, N = 302), while the 28.94 per cent (N= 123) were single. In terms of year of experience, 75.53 per cent (N = 321) of the employee sample have worked experience below 5 years, 24.47 per cent (N = 104) worked experience between 5 and 10 years. The demographic data of employees reveal that the majority of them who attended the training are less 3 time in attending training (50.82%) and between 3 to 5 times in attending training (49.18%).

4.2 The Reliability and Validity Analyses

Table 2 shows the goodness of data for this study. The Exploratory Factor Analysis using the extraction method of Principal Component with Varimax (Variation Maximization) Rotation was performed on the 17 items measuring work engagement construct and 6 items measuring transfer of training. The results in table 2 indicate that the Bartletts' Test of Sphericity is significant (P-Value < 0.05). Furthermore, the measure of sampling adequacy by Kaiser-Meyer-Olkin (KMO) is excellent since value was 0.949 (work engagement) and 0.843 (transfer of training) exceeded the required value of 0.6 [19]. Based on the computed Eigenvalue greater than 1.0. The eigenvalues is 2.723 (work engagement) and 3.421 (transfer of training). Finally the study needs to compute the value of Cronbach's Alpha for every dimension or component to assess the Internal Reliability of the respective dimension or component in measuring the latent construct. The internal reliability or sometimes called internal consistency indicates how strong the respective items are holding to each other in measuring the same construct. The value of Cronbach's Alpha should be greater than 0.7 for the items to achieve the Internal Reliability.

Table 2 Goodness of data of the study

Variable	Item	Factor Loading	KMO	Barlett Test of Sphericity	Eigenvalue	Cronbach Alpha
Work Engagement	17	0.950 – 0.956	0.775	1247.436 P = 0.000	2.723	0.949
Transfer of Training	6	0.657- 0.828	0.837	1011.479 p = 0.000	3.421	0.843

As in Table 3, the significant value is .000 (which is less than .05), showed that there was a strong correlation between the transfer of training and work engagement.

Table 3 Correlation between transfer of training and work engagement

Independent Variable	Mean	Std. Deviation	Sig. (p)
Work Engagement	3.60	0.777	0.000
Transfer of Training	4.06	0.743	0.000

Work engagement has given a big impact to the employees in the process of transferring the knowledge, abilities and skills. Some of the employees have lack of training or were not interested to apply the knowledge and skill to the workplace after attending the training. Training and development had the strongest positive effects on work engagement. Hence, when the employees highly perceived that their organizations had provided them with extensive training program to enable them to do their jobs better and when they were satisfied with the training opportunities given to them, they will reciprocate with positive work performance behaviors.

4.3 Hypothesis Testing

Amos version 21 and SPSS version 20 was utilized to conduct the data analysis. A Two-stage approach was utilized to minimize the changes to avoid any interaction between the structural and the measurement models [20]. First, the measurement model for each construct was independently

tested for validity and reliability. Construct validity for this study was met with each indicator variables arrived at a minimum value of 0.5 for standardized regression weight [20]. For reliability testing, the Cronbach's alpha value was above 0.70, which indicated the existence of internal consistency [20] while composite reliability is a measure of the overall reliability of a collection of heterogeneous [21] also met the value of 0.70 [22]. The standardized loadings are larger than 0.5, all average variance extract (AVE) value exceed 0.5, Composite reliability and Cronbach's alpha value exceeded 0.70. Thus, the scale has a good convergent validity [23], discriminant validity requirement been well fulfilled [24] and all Cronbach's [25].
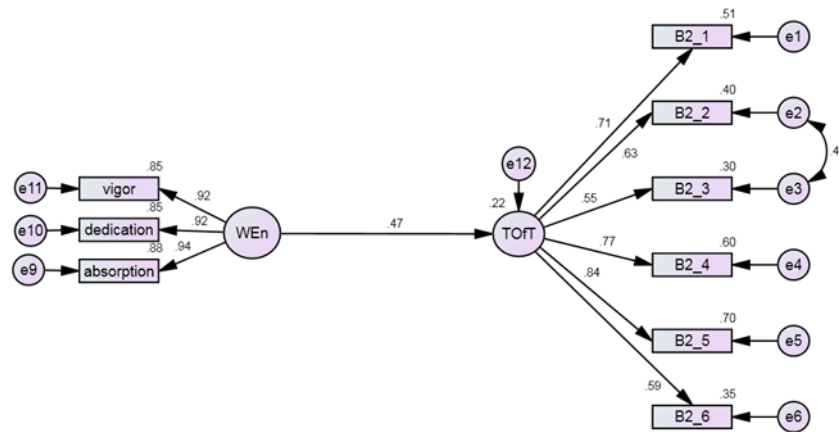
Fig.1. The relationship between work engagement and transfer of training

The second stage of the two-stage approach involved examining the structural model to test the research hypotheses. The result of factor loading of work engagement and transfer of training were found to be good fit. Table 4 summarized the goodness-of-fit index, it was revealed that the models met the level of goodness-of-fit for this study.

Table 4 Fitness Indexes indicate the fitness of the construct

Fitness Category	Benchmark	GDF	Model Index value	Comments
Absolute fit	<.08	RMSEA	0.048	The required level is required
Incremental fit	>.9	CFI	0.990	The required level is required
Parsimonious fit	<3	Chisq/df	1.959	The required level is required

5. CONCLUSIONS

In conclusion, the study shows that there was a strong correlation between the transfer of training and work engagement. This implies that most of the trainees are able to apply the knowledge and skills gained from the training to the workplace if they are satisfied with the organization that has fulfilled what they have been promised. Employees are highly satisfied with the organization that has given them extensive training programs for them to add values in their skills and knowledge in the workplace.

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EMPLOYEE RETENTION AS A MEDIATOR OF THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND OCB AT THE PUBLIC SECTOR ORGANISATION IN MALAYSIA

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Abstract: This study examines the impact of transformational leadership behaviours on organisational citizenship behaviours, and the potential mediating role played by employee retention. Transformational leadership arouse an idealistic, optimistic outlook on the future, communicates high expectations, focuses followers' attention on an abstract, long-term vision, facilitates change, and encourages new working ways. Transformational leadership can be very profitable for managers to practice the transformational approach in the workplace because transformational leadership were more effective leaders with better work outcomes. The sample for this research comprised 532 from various department of a public organisation in Wilayah Persekutuan Putrajaya, Malaysia. Researchers showed that employee retention partial mediated between transformational leadership and organisational citizenship behaviours. The results demonstrate that the effects of the transformational leadership on citizenship behaviours are direct, whereas they are mediated by employee retention. The findings implications for future research on transformational leader behaviours and organisational citizenship behaviour are then discussed.

Keywords: Transformational leadership, leadership, employee retention, and organisational citizenship behaviour.

1. INTRODUCTION
Transformational leadership is a process that changes and transforms people. It is concerned with emotions, values, ethics, standards, and long-term goals. It includes assessing followers' motives, satisfying their needs, and treating them as full human beings [8]. Transformational leadership theory has evolved to describe four dimensions of leadership behaviour: idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration [1]. Erkutlu (2004) also refers transformational leadership to the leader moving the follower beyond immediate self-interests through those four dimensions. Transformational leadership can be very profitable for managers to practice the transformational approach in the workplace because transformational leadership were more effective leaders with better work outcomes. The positive impact of transformational leadership can encourage the employee retention in the organisation as in research conducted in the state of South African Training industry indicated that management style was the most prominent retention factor in South Africa [7]. Employee retention (ER) is a process in which the employees are encouraged to remain with the organisation for the maximum period of time or until the completion of the project. Even though ER has now become a tough task, it is beneficial for the organisation as well as the employee. This study is conducted to examine the relationship between the transformational leadership among public employee in public sector in Malaysia and organisation citizenship behaviour.

2. THE RELATIONSHIP BETWEEN VARIABLES
2.1 Transformational leadership and Employee Retention
The impact of transformational leadership on an employee provides constructive feedback to their followers, convince followers to put in extra effort and encourage followers to think creatively about complex problems [1]. As a result, followers tend to behave in ways that facilitate higher levels of in-role performance [11]. In addition, transformational leaders persuade followers to forgo personal interest for the sake of the collective. When followers equate their own success with that of their organisation and identify with the organisation's values and goals, they become more willing to cooperate in order to make a positive contribution to the work context [14]. Other than that, they may

experience less psychological strain at work, [10], positively correlated with subordinate satisfaction, commitment and performance [4].

The positive impact of transformational leadership can encourage an employee retention in the organisation as in research conducted in the state of South African Training industry indicated that management style was the most prominent retention factor in South Africa [7]. Sherman et al. (2006) found in their research that majority of the employees in organisations surveyed planned to remain with their organisations at least for the next five years because of the prevailing culture of management care. Chew (2004) observed that leadership behaviour has a positive influence on organisational commitment and turnover intention. Muindi (2011) established that leadership style, specifically the lack of involvement in decision-making and inadequate communication were some of the issues that caused dissatisfaction of academic staff University of Nairobi.

2.2 Transformational leadership and OCB

OCB is behaviour, widely discretionary, and occasionally included in formal job descriptions, that backing task performance by improving a social and psychological work environment. Transformational leaders generally motivate followers through getting them to internalise and prioritise a larger collective cause over individual interests. A positive relationship between transformational leadership and OCB is predicted. A positive relationship between transformational leadership and OCB is also has been supported empirically by Podsakoff et al. (1990).

2.3 Employee retention and OCB

OCB in aggregate contributes to organisational effectiveness by enhancing the social and psychological environment that supports task performance. It can also increase the efficiency of the organisation through its linkage with an efficiency of operation, customer satisfaction, financial performance and growth in revenues [9].

OCB dimensions improve organisational capacity to attract and retain best employees. Retention has a direct and casual relationship with employee's needs and motivation [5;13]. Employees with this dimension help each other in the organisation which leads to a healthy interpersonal relationship among employees. Hence OCB will lead employee retention.

Therefore, a positive impact of OCB it can encourage employee retention in the organisation it is due to the results in a healthy work environment and positive work climate. Employees with this type of working environment rarely wish to leave the organisation. It also creates a positive working environment where employees rarely complain about the inconveniences faced by them and reduce work-related conflicts of other employees. All these extra role behaviours of employees make the workplace the best place to work for and help in employee retention.

3. METHODS

This study will apply the quantitative research design. The population of this study will be the public sector employee or government servant in Malaysia. The total number of the sample used was 523 from various department of a public organisation in Wilayah Persekutuan Putrajaya, Malaysia. The data of this study were collected through questionnaire. The questionnaire developed based on establishing measurement in the literature. A formal letter submitted to seek a permission from the management of the Ministry Department. After getting the permission, the questionnaire was distributed to the sample of this study through the Head of Department. Head of Department is an appropriate person who can distribute the questionnaire to every department in a particular organisation. There will be a high possibility in term of return rate due to the Head of Department can encourage the employees to complete the questionnaire in a given time. The questions related to transformational leadership, employee retention, and organisation citizenship behaviour. Transformational leadership variable fully trusted on The Global Transformational Leadership Scale (GTL; validated by Carless et al., 2000) with eight items. The second variable is employee retention extract from Minjoon Jun, Shaohan Cai & Hojung Shin, 2006. The last variable is OCB the questions are from Podsakoff and MacKenzie (1994). OCB is measuring helping behaviours (six items), civic virtue (three items) and sportsmanship (four items). The respondent need to answer all questions based on Five Likert Scale from 1(Strongly Disagree) to 5 (Strongly Agree).

The methodologies recommended by Hair et al. (1998), Bontis (1998), and Khong and Richardson (2003) were used, in order to formulate an appropriate statistical procedure. From these methodologies, relationships between transformational leadership and OCB will be established. The recommended methodologies, in sequential order, are: (1) Reliability analysis. (2) Factor analysis. (3) Structural equation modelling (SEM).

4. **RESULTS AND DISCUSSION**

This section presents the empirical findings by using the statistical analyses of the data collected for the study. The following section describes reliability analysis, factor analysis and assessing the mediating relationship.

4.1 Reliability Analysis

Reliability analysis is a measurement of the overall consistency of the items that are used to define a scale. According to Hair *et al*. (2010), reliability is an "assessment of the degree of consistency between multiple measurements of the variables". In other words, it points to the extent to which a scale, given that it is repeated multiple times, generates consistent results. In this study, it is measured using Cronbach alpha as an indicator of internal consistency among the variable items with the cut-off value of 0.7 being appropriate for SEM.

Table1: Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Employee retention (ER)	0.815	4
Transformational leadership (TL)	0.940	7
OCB	0.860	11

The values of Cronbach Alpha in the above Table 1 signify that all the scales exhibit adequate internal consistency, ranging from a minimum of 0.815 for Employee retention (ER) to a maximum of 0.940 for Transformational leadership (TL). The other factor OCB also achieved a very satisfying reliability of 0.860 in both cases. Moreover, it is conceivable that the overall consistency of the items seems adequate for the supplementary analyses.

4.2 Factor Analysis

Prior to conducting Structure Equation Modelling (SEM) to assess the mediating effect, Exploratory Factor Analysis (EFA) is performed to scrutinise the underlying dimensions of Employee retention (ER), Transformational leadership (TL) and OCB. This is done in order to derive the benefits of data reduction from a larger set of items resulting into those that are representative of a particular variable. In this study, the analyses are done after checking the suitability of the data for this purpose. Two measures are checked: Bartlett test of sphericity (to be significant at $p < 0.05$) and Kaiser-Meyer-Olin (KMO), the value of which is to be 0.5 or above.

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis [15]. Factor extraction is carried out through Principal Component Analysis (PCA) and varimax rotation. After necessary rotation, three factors representing this variable emerge. The KMO value of 0.815 and Barlett"s test of Sphericity ($p = 0.000$) indicate the appropriateness of such analysis, which is assuredly significant in statistical viewpoint. However, Table 1 demonstrates the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA), Bartlett"s Test of Sphericity, Approximate Chi-Square, Degree of Freedom (df) and Significance (Sig.) altogether.

As it is mentioned earlier, PCA with varimax rotation was performed on the collected data. Three latent factors were extracted with Eigen values greater than one (1.787); explaining 59.551% of the total variance. Following the guideline provided by the scholars (Nunnally & Berstein, 1994; Byrne, 2010; Hair et al., 2010, Kline, 2011), all three factors were renamed as Employee retention (ER), Transformational leadership (TL) and OCB under the circumstances.

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.633
Bartlett's Test of Sphericity	Approx. Chi-Square	234.318
	df	3
	Sig.	.000

4.3 Assessing Mediating Relationship

The mediating or intervening variable is the arbitrator that strings the relationship as a minimum with two constructs (Hair et al., 2010). In this study, the mediating relationship ER as a mediator between

TL and OCB is assessed. The selection of the mediator is built through three relationships: firstly, the direct effect of the independent variable in the direction of the dependent variable; secondly, measuring the indirect effects of independent variable towards the dependent variable, and finally, it should be figured out whether there is a positive impact in the mediating and dependent variable. Consequently, as in Figure 1, shows a model of Employee Retention (ER) as a mediator between Transformational Leadership (TL) and OCB.
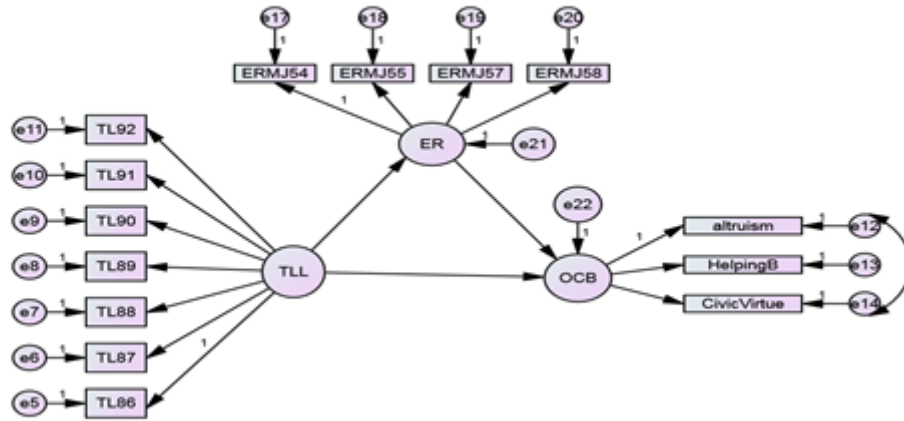
Figure 1: Employee Retention (ER) as mediator between Transformational Leadership (TL) and OCB

Table 3: Employee Retention (ER) as mediator between Transformational Leadership (TL) and OCB (Maximum Likelihood Estimate)

Variable		Variable	Estimate	S.E.	C.R.	P	Result
ER	<--	TLL	0.266	0.038	7.045	***	Supported
OCB	<--	TLL	0.134	0.031	4.356	***	Supported
OCB	<--	ER	0.416	0.052	8.025	***	Supported

The first path coefficient (Transformational leadership $\rightarrow$ Employee Retention) shows in Table, an acceptable result that can be judged via Critical Ratio (C.R.) and significance level (P). As C.R. is greater than 1.96 and P is significant, thus, it can be exemplified that the regression weight for Transformational leadership (TL) in the prophecy of Employee Retention (ER) which is significantly different from zero at the 0.001 level (two-tailed). Besides, the second path coefficient (Transformational leadership (TL) $\rightarrow$ OCB) also confirms an adequate result that can be determined using Critical Ratio (C.R.) and significance level (P). Since the C.R. is greater than 1.96 and P are significant, as a result, it can be signified that the regression weight for Employee Retention (ER) in the prediction of OCB is considerably different from zero at the 0.05 level (two-tailed). Hence, there is a true mediating relationship exists between Transformational leadership (TL) and OCB when Employee Retention (ER) is treated as a mediator.

Furthermore, the third path coefficient (Employee Retention (ER) $\rightarrow$ OCB) does show the acceptable result that can be proved using Critical Ration (C.R.) and significance level (P) values. Therefore, there is the indirect relationship between Employee Retention (ER) and OCB, which is a sign of partially mediating relationship while there is a factual intervening relationship exists between Transformational leadership (TL) and OCB when Employee Retention (ER) plays a mediating role.

5. CONCLUSIONS

Supported his study is an attempt to assess the Employee Retention (ER) as the mediator between Transformational leadership (TL) and OCB in public organisation in Malaysia. Prior to conducting Structural Equation Modelling (SEM), Exploratory Factor Analysis (EFA) is performed to scrutinise the underlying dimensions of Employee Retention (ER), Transformational leadership (TL) and OCB. The reliability analysis is checked via Cronbach"s alpha coefficient of the three extracted factors for the purpose of ensuring the internal consistency. Next, the mediating relationship is performed using SEM

to indicate the appropriateness of the measurement instruments. The results indicate that, although Employee Retention (ER) is positively related to the Transformational leadership (TL) in public organisation in Malaysia, it is not directly related to the OCB. Apart from this, the Transformational leadership (TL) is found assertively allied to the OCB while Transformational leadership (TL) plays the mediating roles in the Employee Retention towards OCB in Malaysia. The current study adds value to the current level of knowledge in the existing literature.

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THE RELATIONSHIP BETWEEN PEER SUPPORT AND EMPLOYEE RETENTION IN THE PUBLIC SECTOR ORGANISATION IN MALAYSIA

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Abstract: This study sought to shed light on the relationship between peer support and employee retention. A total of 523 public employees in Putrajaya completed questionnaires: a background questionnaire, peer support (emotional and instrumental support) and employee retention. The results showed that peer support was correlated with employee retention. Public organisation employees felt peer support has greater reciprocity because peers share equal status (emotional and instrumental).

Keywords: Peer support, emotional support, instrumental support, and employee retention.

1. INTRODUCTION
Peer support is one of the social support components, which is related to emotional concern, instrumental aid, information, or appraisal [6]. Peer support also influences job attitudes for example turnover intentions and job performance [8]. It also contributes range of functions such as mentoring, information exchange, and social support. There is a proof social support is importance and become of great importance. This support should come from both colleagues and superiors. Good relationships are an important link to tie the employee to the organisation [18] [25]. Peer support also is known as co-worker support. In the literature many researchers using co-worker support. In this research, peer support will be practice as a terminology that shows a colleague in a workplace. This study will focus on coworker support and employee retention in the Malaysian Public Sector. Peer support is important in this context because it may reimburse for less favourable aspects of employment and because of public employees, especially value friendships through work.

2. LITERATURE REVIEW
2.1 Peer Support
The importance of social support in the workplace has proven to be of great importance. This support should come from both colleagues and superiors. Good relationships are an important link to tie the employee to the organisation [18] [23]. Peer support also is known as co-worker support. In the literature many researchers using co-worker support. In this research, peer support will be practice as a terminology that shows a colleague in a workplace.
Previous research has provided evidence that peer support is important in shaping intentions to leave. Ng and Sorensen (2008) in their meta-analysis provided evidence that peer support was negatively related to turnover intentions. In addition, Chiaburu and Harrison (2008) demonstrated in their meta-analysis that peer support and related constructs were negatively related to turnover, and Griffeth, Hom, and Gaertner (2000) in their meta-analysis demonstrated that peer satisfaction was a key predictor. Feeley, Moon, Kozey, and Slowe (2010)'s meta-analysis also demonstrated that peer support was significantly related to turnover intentions and actual turnover, although the relationship between peer support and actual turnover was modest.
As Hodson (1997) convincingly argued, the social relations of the workplace may make a key contribution to employees' job satisfaction, productivity and well-being. Peer support refers to peers assisting one another in their tasks when needed by sharing knowledge and expertise as well as providing encouragement and support [28]. Despite this, there is overwhelming evidence that peer support has many positive effects in the workplace [3].

2.2 Relationship Between Peer Support and Employee Retention
Moreover, many studies classify factors such as work environment and coworker relationships as the most influential factors affecting job satisfaction [10] [24]. The exchange from the job satisfaction is the employee retention in the organisation. Mossholder et al. argued that as individuals develop more

extensive, high-quality relationships, their attachment to the organisation increases and they become more embedded in the organisation.

Beehr et al. (2000) articulated that peer support can reverse instrumental support or emotional support. Instrumental support is task-focused, while emotional support is person-focused [4]. Instrumental support is task-focused with the aim of getting work accomplished or resolving work-related issues. Compared to emotional support is person-focused, as a basic in friendship and personal concern [4]. By testing peer support in an employment context it enhances our theoretical understanding of the employee retention and provides guidance for applied practice.

When the peer support has a positive impact on the employee retention, it shows good relationships which can help employees identify work challenges and enable them to be devoted to details that affect service quality, enhance service quality stability, and improve job satisfaction [2] [11]. Moreover, study result show peer support relationships have a positive effect on job satisfaction, and the coefficient value is 0.16, reaching the 1% significance level [18]. More balanced peer support relationships can increase more job satisfaction (Erdogan and Enders, 2007). Therefore, positive peer support will create more satisfaction leading the employee to the retention in the organisation. Lastly, the positive impact from peer support can encourage an employee to retain in the organisation due to a recent study among nurses in Jordanian hospitals indicated that peer support enhanced job performance [1]

2.3 Theoretical Framework and Hypotheses Development

Figure 1: Theoretical framework

The hypothesis development as the framework is
H1: The peer support will be positively related to the employee retention.

3. METHOD AND MEASUREMENT

The population of this study will be the public sector employee or government servant in Putrajaya, Malaysia. As at 2012 almost all of Malaysia's governmental ministries had relocated to Putrajaya. Therefore Putrajaya is one center to the ministry department such as the ministry of education, the ministry of tourism and culture, the ministry of foreign affairs, the ministry of health, minister of human resources, the ministry of transport, the ministry of energy, communications and multimedia and much more. This study will focus on government servant based in Putrajaya since the population of public employees in 2015 is 1,268 758 people with based statistic Department of Malaysia, 2016. The sample data in this study is 523 from various department of a public organisation. The data of this study was collected through questionnaire. The questionnaire was developed based on establishing measurement in the literature. The questions are related to the peer support and employee retention. Peer support source adapted from [26]. Consist six items for instrumental support, and eight items for emotional support. Meanwhile, employee retention adapted from Minjoon Jun, Shaohan Cai & Hojung Shin, (2006) with five items. Five Likert scale used in the questions to measure the variable from strongly disagree (1) to strongly agree (5).

4. RESULTS AND DISCUSSION
4.2 The Reliability and Validity Analyses

Reliability Analysis measured using Cronbach alpha as an indicator of internal consistency among the variable items with the cut-off value of 0.7 being appropriate for SEM.

Table1: Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Peer Support-Instrumental Support	0.873	6
Peer Support-Emotional Support	0.842	6
Employee retention (ER)	0.815	4

The values of Cronbach Alpha in the above Table 1 signify that all the scales exhibit adequate internal consistency, ranging from a minimum of 0.815 for Employee retention (ER) to a maximum of 0.873 for Peer Support-Instrumental Support. The other dimension for Peer Support-Emotional Support also achieved a very satisfying reliability of 0.842 in both cases. Moreover, it is conceivable that the overall consistency of the items seems adequate for the supplementary analyses.

Table 2 Goodness of data of the study

Variable	Item	Factor Loading	KMO	Bartlett's Test of Sphericity	Eigen values
Peer Support-Instrumental	6	.725-.845	0.881	1429.284 p = 0.000	3.677
Peer Support-Emotional	6	.606-.804	0.879	1128.546 p = 0.000	3.397
Employee retention	4	.726-.847	0.780	722.545 p = 0.000	2.581

The Exploratory Factor Analysis using the extraction method of Principal Component with Varimax (Variation Maximization) Rotation was performed on the 6 items measuring peer support instrumental and six items for peer support emotional construct and four items measuring employee retention.
Two measures are checked for Bartlett test of sphericity (to be significant at $p < 0.05$) and Kaiser-Meyer-Olin (KMO), the value of which is to be 0.5 or above. The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis [27]. The KMO value of peer support-instrumental (0.881), peer support-emotional (0.879) and employee retention (0.780).
Besides, Barlett"s test of Sphericity (p = 0.000) indicate the appropriateness of such analysis, which is assuredly significant in statistical viewpoint. However, Table 2 demonstrates the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA), Bartlett"s Test of Sphericity, Approximate Chi-Square, Degree of Freedom (df) and Significance (Sig.) altogether.
As it is mentioned earlier, PCA with varimax rotation was performed on the collected data. Two latent factors were extracted with Eigenvalues greater than one support-instrumental (3.677), peer support-emotional (3.397) and employee retention (2.581) of the total variance. Alternatively, Table 2 exhibits that the factor loadings are support-instrumental (.725-.845), peer support-emotional (.606-.804) and employee retention (.726-.847). Following the guideline provided by the scholars [22] [16], [17]), all three factors were renamed as Peer support (PS) and Employee retention (ER) under the circumstances.

Table 3: Correlation between peer support and employee retention

Independent Variable	Mean	Std. Deviation	Sig (p)
PS	3.7067	.51549	0.00
ER	3.5010	.62533	0.00

Table 3 show the significant value is .000, it is justified there was a strong correlation between the peer support and employee retention which is less than .05.

4.3 Hypothesis Testing
Amos version 21 and SPSS version 20 was utilised to conduct the data analysis. A Two-stage approach was utilised to minimise the changes to avoid any interaction between the structural and the measurement models [16]. First, the measurement model for each construct was independently tested for validity and reliability. Construct validity for this study was met with each indicator variables arrived at a minimum value of 0.5 for standardised regression weight [16]. For reliability testing, the Cronbach's alpha value was above 0.70, which indicated the existence of internal consistency [16] while composite reliability is a measure of the overall reliability of a collection of heterogeneous [13] also met the value of 0.70 [23]. The standardised loadings are larger than 0.5, all average variance extract (AVE) value exceed 0.5, Composite reliability and Cronbach's alpha value exceeded 0.70. Thus, the scale has a good convergent validity [14], discriminant validity requirement been well fulfilled [17] and all Cronbach's [22].
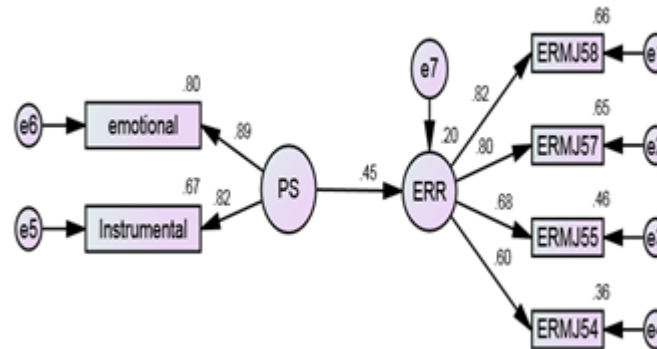
Fig.2. The structural model linking peer support to employee retention

The second stage of the two-stage approach involved examining the structural model to test the research hypotheses. The result of factor loading of peer support and employee retention result to be a good fit. Table 4 summarised the goodness-of-fit index and revealed that the models met the level of goodness-of-fit for this study.

Table 4: Fitness Indexes indicate the fitness of the construct

Fitness Categories	Benchmark	GDF	Model Index Value	Comments
Absolute Fit	<.08	RMSEA	.073	The required level is achieved
Incremental Fit	>.90	CFI	.982	The required level is achieved
Parsimonious fit	<3.0	Chisq/df	3.772	The required level is achieved

5. CONCLUSIONS

This research has contributed to the turnover literature by demonstrating that peer support does have a significant impact on turnover. Overall, the findings from this study highlight the importance of considering the specific content of peer support along with the context in which the peer support on employee retention relationships is examined.

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FACTORS AFFECTING TO HIGHER MAINTENANCE COST OF STRATA RESIDENTIAL BUILDINGS

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Abstract: The massive residential developments resulted from the increasing demand of housing as more number of household formation had led to the scarcity of land for the horizontal development in major prime areas in Malaysia. The spatial fixity of land characteristic had caused hasty development of strata residential buildings to meet those demands. Apart from the increasing demand of high-rise residential buildings, a notable changing landscape of buyers' preferences regarding owning a house also becoming an attention. It is found that, the trends to have a quality living in the sense of not only having a house, but with a complete value-added housing facilities and lifestyle. Those facilities provided were taken care by the housing management in terms of operation, maintenance and management. Most of the previous literatures indicate that the strata residential buildings management practices in Malaysia were still lacking. There are still major complaints and issues of ineffective property management and maintenance through the mass media. This paper aims to identify the contributing factors to high maintenance cost of strata residential buildings through literature reviews and classify those factors into four major categories namely building characteristic, maintenance factors, tenant factors and policy factors. The methodology applies to this research is by using quantitative method as 240 questionnaires had been distributed accordingly to the relevant respondents through cluster sampling techniques. The population of this research only focus to the medium cost housing schemes vested under the administration of a Local Authority in Klang Valley. It is a hope that this paper will create a better understanding among the relevant individuals on the importance of paying the service charge as well as to educate the relevant parties not to only increase the service charge but creating alternatives to reduce the cost of maintenance through a good and effective property management practices.

Keywords: Maintenance Cost, Service Charge, Management Committee, Common Properties, Tenant Factors, Contributing Factors

1. INTRODUCTION

Living in strata residential properties is now becoming trends and common life style in major high density cities in Malaysia. A number of 5.39 Million of Malaysian population are living in strata housing schemes which representing 19% of the total population comprising of 15,621 of development areas. The demand of high-rise residential Building especially in Klang Valley were influenced by the demand of urban out skirt areas such as Kajang, Bangi, Klang Rawang and Sungai Buloh for the past few years (Abd-Wahab et. al, 2015), which Selangor representing the highest high-rise residential buildings stock contributor among Malaysian states. This scenario also happened to foreign countries with high density population especially Singapore and Hong Kong. Previous study had shown on are few factors contributed to the strata living trends which were:

- Housing price for strata residential building were still affordable compared to landed dwellings
- Present lifestyle of the people in the city
- High-rise residential provides pleasure, convenience, integrated lifestyle, dining option, access to public transports, leisure and distance to workplace
- Various development concepts and unique features were introduced into market by developers to attract buyers
- Increment number of population indicating higher demands towards of owning a house or at least renting

Apart from that, there are several issues associated with strata living. The frequent issues are, reluctance of owners to pay for maintenance fees (Tawil et. al, 2012), and some other issues on sound management and maintenance practices especially on the financial issue, budgeting, transparency and many more.

2. STRATA RESIDENTIAL BUILDING MAINTENANCE

Strata development involves the subdivision of land of building under the provision of Strata Title Act 1985. The parcel owners are responsible to the management and maintenance of common properties. The history of strata living had been started in the early 1970s. The practice management and maintenance of strata residential building in Malaysia can be divided into two stages which were pre-issuance and post-issuance of Strata Title. Basically, the pre-issuance stage of Strata Title governed by Housing Development (Control and Licensing Act which will be borne by developers. Management Corporation (MC) will be established upon the issuance of strata title as provided in the provision of Strata Title Act 1985, where to manage and maintaining the facilities and common area in strata buildings. However, with the commencement of Strata Management Act 2015 comes into effect, the Management Corporation is now under those Act executed by 1st June 2015. The parcel owners are liable to pay for service charge and sinking fund, attending the Annual General Meeting (AGM), voting for committee and obeying to housing rules. On the other hand, the MC were liable to provide sound maintenance and management practice as provided in the Act.

2.1 Building Maintenance Costs

The building maintenance had been a national issue as on the February 11th, 2003, The Prime Minister Department has given an instruction under a 'circular' highlighting that building maintenance must be executed properly and efficiently. Malaysian Government also instructed all the agencies to carried out maintenance at the early stage of to reduce the maintenance costs (Mohd-Noor et. al, 2011). Building maintenance costs are the most crucial part in managing strata residential buildings as to ensure the buildings will keep performing accordingly to their design functions. According to (El-Haram & Horner, 2002) the maintenance costs are associated with day-to-day repair, preventive and improvement tasks. In managing the building maintenance costs, there are two major parts to be considered which are directs cost and indirect costs. Direct costs are related to maintenance resources which are material, labour, tools whilst indirect cost are related to the costs of operation and management of the building such as management and administrative staffs and overhead costs to execute the effective management practice. (El-Haram & Horner, 2002) also formulate the maintenance cost into:

$$M_C = DM_C + IM_C, \text{ where}$$

$$DM_C = C_l + C_m + C_e \quad C_l \text{ (cost of labour)}, C_m \text{ (cost of materials)}, C_e \text{ (cost of equipment)}$$

$$IM_C = C_a + C_o + C_p \quad C_a \text{ (administrative costs)}, C_o \text{ (cost of overhead)}, C_p \text{ (penalty)}$$

Where Mc = Management Cost, DMC =Direct Management Cost and IMC= Indirect Management Cost

In addition, a study on the classification of maintenance fund carried out by (Tawil et. el, 2012), had breakdown maintenance fund into five major class which are administration and management fund (e.g. administration cost, staff cost, building insurance, property tax and penalty charges), fund for maintaining basic and support facilities (e.g. cleaning services, repair and maintenance of basic facilities, lift maintenance, hardware and tools, and inspection fees), fund for maintaining exclusive facilities (e.g. periodic maintenance of swimming pool and pest control, security fees and CCTV maintenance's), sinking fund (e.g. cost of repainting and replacement of capital assets) and utility fund (e.g. electricity and water services bills) which later will reflect the maintenance costs of managing a strata residential building. However, the current management and maintenance practice in Malaysia is still not considered clear and systematic which lead to over-budget on maintenance costs and remedial works (Zakaria & Hamzah, 2007). Unfortunately, to overcome the financial problem in relation to maintenance costs, they keep on rising the service charge upon the owners, without finding the solution and alternatives to reduce the costs yet not compromising a sound management and maintenance practice.

2.2 Factors Affecting Maintenance Cost

Over the years, the property management and construction industries concern on the three primary aspects in developing a building which are the design of the building and the management after the handing over, second concern is on the cost of constructing a building whilst the third concern mainly focused on the economics of property management. According to (Dunk, 2004), the economics of property management refers to the cost of building operations over the building life span in terms of

operation, maintenance, repair, replacement and disposal costs. The study academic literature on research of the factors affecting maintenance costs are summarized as in Table 1. The maintenance costs are comprising of four major classification namely building characteristics, maintenance factors, tenant factors, and policy factors. All those factors can be classified into three primary factors which are economic, social and policy factors. This can be supported by a research done by (Noor, Aizuddin & Eves 2011) which discuss on the economics of property management financial related components in managing a building. Figure 1 show the relationship between maintenance costs and service charges and roles of housing management and residents in maintaining and managing of strata residential building.
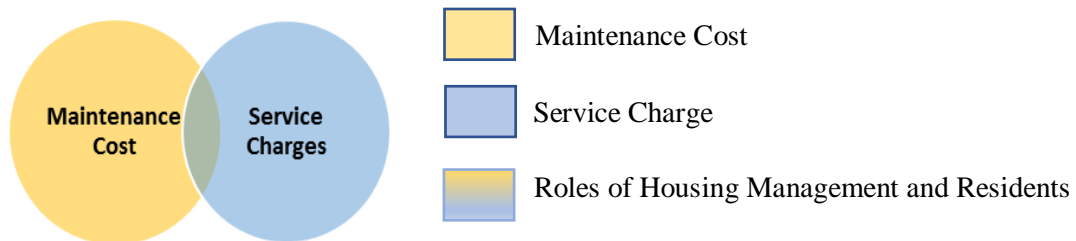
Figure 1: Roles of Housing Management and Residents
Source: Fieldwork (2016)

2.3 Summary of Literature Reviews on Factors Affecting Maintenance Cost

Table 1: Factors Affecting Maintenance Cost

Sources	(Au-Yong et al., 2014)	(Talib et. al., 2014)	(Ali et al., 2010)	(Shah Ali, 2009)	(Dunk, 2004)	(El-Haram & Horner, 2002)	(Olubodun & Mole, 1999)	(Al-Hammad et. al, 1997)	(Assaf et. al, 1996)	MAIN CHARACTERISTICS
Year Published	2014	2014	2010	2009	2004	2002	1999	1997	1996	
Factors Affecting Maintenance Cost and Operation										
Building age		/	/	/			/			Building Characteristics
Building height/area and size			/							
Type of structure			/							
Building services			/							
Building materials			/							
Building design and defects		/			/		/	/	/	
Existing building condition				/						
Poor workmanship			/			/				Maintenance Factors
Poor quality of building materials			/	/	/	/				
Poor maintenance management		/	/			/				
Budget constraints		/	/			/				
Failure to execute maintenance at the right time		/	/	/		/				
Poor budgetary control			/			/				
Energy cost						/				
Poor or lack of training			/	/		/				
Accelerated maintenance works						/				

Factor										Category
Poor failure reporting procedures						/				
Intradepartmental boundaries		/				/				
Poor management decision										
Construction factors						/	/			
Skilled manager	/									
Monitoring equipment and technique	/									
Collection of data and information	/									
Frequency of monitoring and inspection	/									
Expectation of tenants			/	/		/				Tenant Factors
Vandalism and vandalism of third party			/			/	/			
Delay and failure in reporting problems			/			/				
Accessibility to the property			/			/				
Right to buy policy			/			/				Policy Factors
New health and safety regulation			/			/				
Changing standards							/			
Total Number of Contributing Factors	**4**	**7**	**18**	**5**	**2**	**18**	**5**	**1**	**1**	

Source: Fieldwork (2016)

3. RESEARCH METHODOLOGY

For the purpose of this research, 240 structured set of questionnaires had been distributed to the competence and incompetence respondents living and working in high and medium apartments vested under Kajang Municipal Council authority by using random sampling technique. 200 of questionnaires were returned representing 83% of response rate which can be considered satisfactory.

3.1 Survey Instruments

The questionnaire comprises of three sections namely Section A for Demographic Profiles of respondents, Section B purposely to identify the most significant factors affecting maintenance costs and Section C for any suggestion to be arise from the both of incompetence and competence respondents towards solving the issues in regards of maintenance and management of strata residential buildings. The description of the survey form is as represented in Table 2.

Table 2

Sections	Question No.	Description	Type of scale
Section A Demographic Profiles	1-5	Proxy, Education level, Length of employment, Duration of stay	Closed ended question
Section B Factors Affecting Maintenance Cost	6-29	Opinion on service charge amount, understanding towards acts and regulations, factors affecting maintenance cost (building characteristics, maintenance, tenant and policy factors)	Likert- Scale 1- strongly agree 2-agree 3-neutral 4-disagree 5-strongly disagree
Section C Suggestions	30	Opinion and suggestions of the respondents towards good management and maintenance practice	Open ended

Source: Fieldwork (2016)

4.0 RESULT AND FINDINGS

The results from the factors affecting maintenance cost for strata residential buildings survey had

revealed the following results and findings:

4.1 Demographic Profiles

The questionnaires have been distributed equally to both competence and non-competence individuals. The competence individuals are the person who are directly involved in the technical parts of maintenance and management of strata residential buildings, whilst on the other hand, the incompetence individuals are the person who have less knowledge and indirectly involve in technical parts of housing management practice yet have the rights to enjoy the building facilities and the owners also need to pay for service charges. Most of the competence respondents have more than 10 years working experience in building maintenance. On the other hand, 65% of the respondents are staying more than 5 years in their residence. The service charge was bear by the owners. However, most of the tenants also understand on the service charges imposed towards of providing good facilities to the building occupants. Table 3 indicates on the frequency of the respondents in this research.

Table 3

Proxy	Frequency	Percentage	Cumulative Frequency
Competence			
Building Manager	24	12%	24
Building Supervisor	23	11.5%	47
Maintenance Officer	27	13.5%	74
JMB/MC	26	13%	100
Incompetence			
Owner	64	32%	164
Tenant	36	18%	200
Total	**200**	**100%**	**200**

Source: Fieldwork (2016)

4.2 Opinion on Service Charges and Maintenance Costs

Figure 2 shows that 60% of the competence individuals agreed that the current costs bear by maintenance and management house are high, 10% indicating of very high maintenance costs. Whilst, Figure 3 shows the clear view of the residents on the amount of the service charges towards the facilities provided by the maintenance and management house to them. 56% of the respondents agreed that the amount of service charge was reasonable and 26% agreed that their amount of service charge was high. However, majority of the respondents agreed that the amount of service charge was still worth paying. The results show how the maintenance costs will affect the amount of service charge will be imposed to the building owners.
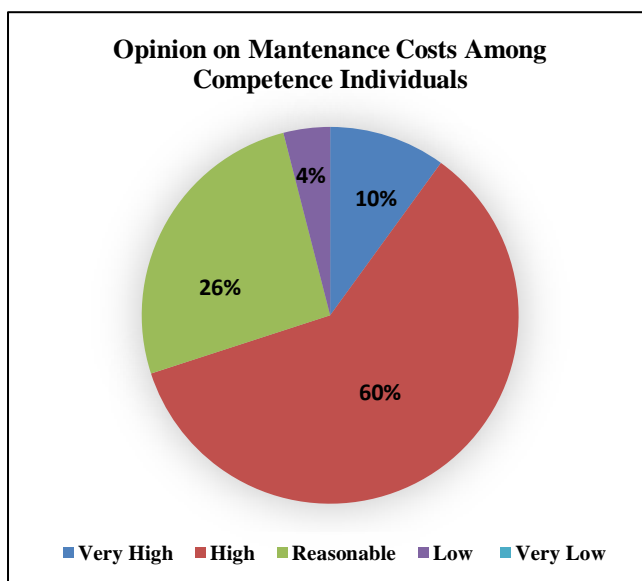
Figure 2
Source: Fieldwork (2016)
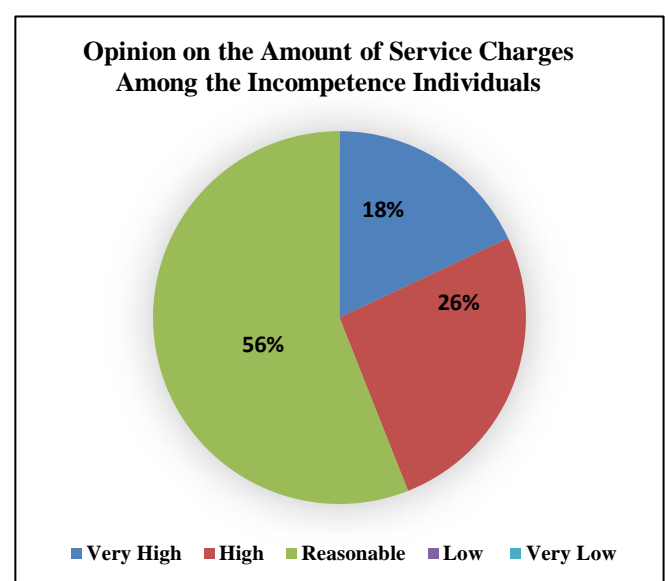
Figure 3
Source: Fieldwork (2016)

4.3 The Significant Factors Affecting Maintenance Cost

The maintenance costs are always being the major issues discussed in most of strata residential buildings in Malaysia. Maintenance and management expenses are representing almost one-third or one half of the total components of housing costs, depending on the housing type whether it is a flat, apartment or condominium (Rydell, 1970). More facilities were associated with higher maintenance costs. Therefore, to reduce the maintenance costs is not to carried out any maintenance task in the opinion of El-Haram & Horner (2002). To ensure the less maintenance costs, a good housing practice is a must. Table 4 shows the *ρ - values* of the proxy and length of employment among the competence respondents towards the factors affecting maintenance costs which had been divided into four main variables.

Table 4: Cross Tabulations of Proxy and Length of Employment*Factors Affecting Maintenance Costs

MAIN VARIABLES	FACTORS AFFECTING MAINTENANCE COSTS	PROXY	LENGTH OF EMPLOYMENT	SIGNIFICANCE	TOTAL
BUILDING CHARACTERISTIC	Building Age	0.729	0.418	Not Significant	-
	Building Height and Area	**0.000**	0.418	Significant	1
	Type of Building Structure	**0.001**	**0.000**	Significant	2
	Building Services	**0.000**	0.309	Significant	1
	Building Materials	0.714	0.747	Not Significant	-
MAINTENANCE FACTORS	Poor Workmanship	**0.000**	0.212	Significant	1
	Poor Quality of Materials	**0.060**	**0.001**	Significant	2
	Management Efficiency	0.187	**0.001**	Significant	1
	Budget Allocation	**0.010**	0.325	Significant	1
	Delay to Execute Maintenance at the Right Time	0.267	0.343	Not Significant	-
	Budget Control	0.349	**0.000**	Significant	1
	Lack of Training among the Maintenance and Management Staff	0.576	**0.001**	Significant	1
TENANT FACTORS	Expectation of Tenants and Lifestyle	0.333	0.234	Not Significant	-
	The Use of Building	0.491	**0.000**	Significant	-
	Vandalism by Tenants	**0.001**	0.706	Significant	1
	Delay in Reporting Problems	0.553	0.819	Not Significant	-
	Inability to Gain Access of the Property	0.792	0.712	Not Significant	-

	Third Party Vandalism	0.678	**0.000**	Significant	1
POLICY FACTORS	Changing of Regulation by the Management	**0.001**	0.688	Significant	1
	Safety and Health Regulation	0.258	0.150	Not Significant	-
TOTAL		**8**	**7**	**15**	

Source: Fieldwork (2016),
Legend: *ρ - values* ≦ *0.1 = significant*

From the analysis, factors affecting maintenance costs concluded as tabulated in Table 5. 13 out of 20 factors are significant with the proxy and employment of the respondents. The most significant factors are maintenance as 6 out of 7 factors affecting maintenance cost were significant. Building characteristics also been the critical factors contributing to the higher costs of housing maintenance, whilst tenant factors also being indicated as significant factor. Previous study conducted by El-Haram & Horner (2002) and Ali et. al (2009) found that tenant factors are the major factors contributing to higher costs of building operation and maintenance. Buildings are durable if the buildings are properly maintained may last for a longer period, 50-60 years is a realistic figure (Ali et al., 2010). According to a study conducted by (Mac-Barango & Kakulu, 2011) shows a strong relationship between maintenance cost and building age. There was an increasing trend of maintenance costs by age of the building. Building maintenance is an essential activity that to maintain the value of the building (Al-Khatam, 2003) and (Lateef Olanrewaju et. al, 2011) as well as to retain the investment value, presenting a good appearance of building and generating income for the building owners (Seeley, 1987). The respondents in this study also opined that the reluctance of the tenants to put the responsible in taking care of the building lead to so many problems in maintaining the building. It is in the event, even a minor event of the tenants not to put on dry cloths after using the swimming pool and then straightly take ride on a lift will cause damage to lift motor and lead to high costs of maintenance. In a study conducted by (Haniza Fakhrudin et. el, 2011) all the activities of residents in strata living community can have significance impact on the satisfaction and enjoyment of others. Apart of being demanding on more facilities, the residents become less tolerant and compromising the other residents' satisfaction and enjoyment (Douglas, 1996). Last but not the least is policy factors. The enforcement of GST in April 2015 can be considered as one of the contributing factors to the higher maintenance costs. According to the provision as stated in Good and Service Tax Act (2014) MCs and JMBs are deemed to carrying out business regardless of whether it is for pecuniary profit or not (Noor et al., 2011). Although the services of housing management are now being exempted from GST, but it still applicable to the supply of services rendered by their outsourcing maintenance and management. The higher the maintenance costs, the higher the service charge will be imposed on.

Table 5

MAIN VARIABLES	FACTORS AFFECTING MAINTENANCE COSTS	SIGNIFICANCE
Building Characteristic	Building Height and Area	Significant
	Type of Building Structure	Significant
	Building Services	Significant
Maintenance Factors	Poor Workmanship	Significant
	Poor Quality of Materials	Significant
	Management Efficiency	Significant
	Budget Allocation	Significant
	Budget Control	Significant
	Lack of Training among the Maintenance and Management Staff	Significant
Tenant Factors	The Use of Building	Significant
	Vandalism by Tenants	Significant
	Third Party Vandalism	Significant

Policy Factors	Changing of Regulation by the Management	Significant

Source: Fieldwork (2016)

5. CONCLUSION

Strata living community really need a good relation from the stakeholders either from residents and housing management. The Management Corporation, Joint Management Bodies or even the managing agents must take a serious step to ensure that the common facilities and the building itself were properly managed and maintained as accordingly to their design standard. On the other hand, the parcel owners can contribute through a good trends of service charge payment. Several suggestions from the studies are plotted as follows:

- Introducing own housing rules in regards of maintenance and management in addition to the existing rules and regulation which are focusing to the specific housing management problems
- Strict enforcement to the parcel owners to pay service charge promptly to avoid any budget disruption
- Use the good quality of building and maintenance materials to prolong its' life cycle
- Enlighten the outcomes of previous budget reviews and maintenance data
- Establishing priorities in maintenance and management works (the critical among critical)
- Encourage both owners and tenants to get involved in any activities carried out by the MC or JMB

The effects of higher maintenance costs were higher outstanding service charges, reducing the capital value appreciation, over-budgeting and to the extent of health and safety issues.

6. ACKNOWLEDGEMENT

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THE IMPACT OF FINANCIAL CRISIS ON MALAYSIA HOUSING FINANCE

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Abstract: The Asian Financial Crisis in 1997 and Global Financial Crisis in 2008 had brought significant effects in the Asian countries including Malaysia. The financial crisis affected the Malaysia housing market, as well as the housing finance. The purpose of this paper is to analyse the relationship between economy and housing finance variable during both financial crisis. By adopting cointegration test and Granger causality test to determine the dynamic relationship between the macroeconomic and housing finance variable. The cointegration result shows that there is a long-run relationship between the macroeconomic variable with primary mortgage market during the Asian financial crisis but there is no cointegration between the secondary mortgage markets with the macroeconomic variable during the Asian financial crisis. Meanwhile, during the Global financial crisis showed adverse result where only secondary mortgage market is cointegrated with the macroeconomic variable. The Granger Causality test showed that during the Asian financial crisis there are no causality between the macroeconomic variable and housing finance system variable meanwhile during the Global financial crisis, there were bidirectional causality from both macroeconomic variable to primary mortgage market. As a conclusion, there is presence of relationship between the variable which change in one variable will affect the other variable in the long run during both financial crisis.

Keywords: Asian Financial Crisis, Granger Causality, Cointegration, Global Financial Crisis and Housing Finance

1.0 INTRODUCTION

Housing finance is defined as a system of money and credit that enables all types of housing to be built, improved, bought, rented, maintained and repaired (Garnett, 2005). Housing finance system is different between each country based on the country direction, policy and lending guideline implemented in each country. The role of housing finance in Malaysia is to provide financing property development for the developers, as well as provide end financing to the homebuyers to buy a house. Excessive credit growth can be one of the indicators to financial instability and crisis. During the Asian financial crisis, the factor trigger the crisis and its consequences are related to the bank credits (Kaminsky and Reinhart, 1996, Borio and Lowe, 2002; Borio and Lowe, 2004). The years due to the Asian crisis had been seen by excessive credit growth and the growth rates of GDP are much lower than the credit growth rates (Corsetti et al., 1999; Goldstein, 1998; Kamin, 1999).The implication on ringgit deprivation to the banking system was higher charge of interest rates. Because of this, the non-performing loan ratio had doubled from 4.1% in 1997 to 9.0% in 1998 (Bank Negara, 1998).

The Global Financial Crisis in 2008 that was triggered from sub-prime housing market through mortgage default effect in the United States had negatively affected the global economy. Malaysia was affected by the global financial crisis, which could be observed from the Gross Domestic Product (GDP) ratio through weak external demand that contributed to the factors burdening the economy towards the end of year 2008. The effect of the Global Financial Crisis had slowed down the GDP growth rate, which recorded a tremendous decrease from 4.8% to 0.1% in 2008.

Previous research had focused on the relationship between macroeconomic, financial and bank credit variables. They findings showed that there is a relationship between bank lending with macroeconomic variables (for example real GDP and interest rate), asset prices (for instance house and stock prices), or investigated its relationship to macroeconomic uncertainty. Mansor and Mohamed (2012) studied the relationship between bank credit, macroeconomic variable and financial uncertainty in Malaysia. By using the vector autoregressions (VARs) approach to test the cointegration and causality, they finding showed that real domestic output have a positive and long-run relationship with bank credit and stock price. For short-run dynamic analysis, they found that interest rate shock gives a negative response to real output, real bank credits, and stock prices

2.0 LITERATURE REVIEW
2.1 Asian Financial Crisis

The Asian Financial Crisis that hit regional countries in July 1997 had given a big impact to the Asian economy and social impact to the country's residents. Most of the developing countries like Indonesia, Hong Kong, Korea and Malaysia had suffered from the crisis and left a huge negative effect to the country's economy growth. The crisis was started when Thai baht was floated, which caused depreciation in the country's real output, the decrease of the value of the country's currency and high rate of unemployment. Among Asian countries that were affected, Indonesia showed the most declines in GDP, which was 13.7% during the crisis. Meanwhile other countries like Malaysia, Thailand and Korea showed decline in GDP growth more than 5%. Before the financial crisis, Asian countries had a strong economy growth and experienced credit boom in 1990s, where banks extended credit to the private sector higher than the real GDP growth. Banks had also extended credit to the real estate and equities sectors during the economic boom. The credit institution had extended 20% to 40% of the total loan to the real estate sector. The over credit extension to the real estate and equity markets had given a warning signal that there was an imbalance in the total bank loan extended to these two sectors. Weak financial system was the main factor that contributed to the Asian Financial Crisis (Goldstein, 1998). Therefore, the lesson from the regional crisis showed that there are two factors that can protect the country during the crisis, which are a strong banking system, as well as strong macroeconomic policies.

Even though the country had faced the crisis in 1997, the demand for the property remain high which reflect from the total loan by bank to the broad property sector increased 32.5% or RM29.6 billion to RM102.6 billion in 1997. Out of the total number of housing loan in year 1997, the total of housing loan sold to Cagamas were half of it which is 52.4%. The total number of housing loan sold to Cagamas increase to 41.2% when compared with the previous year. The total number of housing loan sold to Cagamas increase RM 13.3 billion to RM 14.6 billion in Q4 1997 due to the liquidity problem faced by the financial institution. In March 1997, BNM had issued guidelines to limit lending on property loan. By the end of December, it showed that lending to the property loan had decrease from 14 % (Q2 1997) to 13.1% (Q4 1997).

The major contribution in extending the loan to housing sector was the commercial bank. The demand for property remained strong in early 1997, where the total number of approved housing loan by the housing credit institution had increased from 13.9% to 29.7% in 1997. The total approved loan declined to 49.4% in 1998, where the financial crisis had slowed down the demand in the property sector. The high unemployment rate and high interest rate charge by the bank during the period had contributed to the decline in the approved housing loan during the crisis. However, the total approved loan increased significantly to 106.9% after the crisis, where all the measures and incentive to boost the economy were introduced during the recovery period.

2.2 Global Financial Crisis

The Global Financial Crisis had given a big impact on the world's economy and was recorded as the major downturn since recession in 1930. The crisis that originated from the sub-prime housing market through mortgage defaults effect in the United States had negatively affected the global economy. According to the study by Georson Lehman Group, there are four stages as the crisis started. However, the study by Mishkin (2010) showed that there are two stages in the crisis. The first stage is defined as a sub-prime mortgage crisis commenced on 7th August 2007 when the French bank hold redemption of shares in some of its money market funds. This was followed by the second stage that affected the Lehman Brothers, the fourth largest investment bank in the United States after a huge loss in the subprime mortgage.

The most powerful policy responses by the United States towards the crisis were the policies that were applied to the financial and banking system. The crisis began to recover after the effective measure implemented by the government, and the recovery period started to show in the first half of 2009. One of the success factors in the recovery was the United States treasury requirement, which had been announced in February 2009. The Supervisory Capital Assessment Program (SCAP) involved 19 major banking institutions in the US. The program was similar to a stress test on the banking institution to ensure they had adequate capital to withstand the crisis.

In Malaysia there is strong loan growth for purchase of residential house starting from September 2006. Loan disbursement for purchase of residential property had grown positively by 12.5% in 2007. The measure and initiative taken by the government had contributed to this positive growth and boosted the residential property sector. In March 2007, the government had announced the exemption of real property gain tax, when then increased the number of application for property financing. For property investors, this exemption had benefited them the most. Apart from that, there

was an initiative of 50% exemption of stamp duty on the purchase of house below than RM250 000, which had increased the affordability to purchase a house for the house buyer. Another initiative was the house buyer could withdraw monthly from their EPF Account II for the repayment of housing loans starting from January 2008 onwards. All these measures and initiatives had increased the housing loan application at 43.8% in 2007 compared to -7.2% in 2006. Meanwhile, the housing loan approval had increased by 27.3% compared to -11.5% in 2006.

The performance of housing finance was mixed during 2008. The first half of the year had showed a strong growth of the loan application and loan approval for the purchase of residential houses by 43.9% and 43.1% respectively. However, the growth of residential property financing started to decline in the second half of the year, where the effect of the Global Financial Crisis had started to give an impact on Malaysian economy. The increase in inflation that was caused by the increase in global commodity price had affected the consumer purchasing power and decreased the demand for home financing. The loan application and loan approval declined by 12.2% and 7.3% respectively by the second half of 2008. On the supply side, the annual growth for bridging finance by the developer had shown a negative growth in the second half of the year. The application of bridging finance had declined by -30.0%, and a further decreased of loan approval by -19.8%. The property developers reacted carefully to the decrease of property demand by reducing the number of launches of new development, which had decreased the loan application and approval for the bridging finance. Apart from that, the increase in construction cost, followed by the liberation in the price of cement and steel, had affected the property developer as well (BNM, 2008).

The average base lending rate was capped at 6.72% monthly since January 2008. The reduction in OPR rate by Bank Negara at the end of 2008 had resulted in lower average base lending rate by the financial institution to the borrowers. Banks competed among each other to offer the best rate to customer in order to get more loan application from the customer. Even though the country faced reduction in the GDP, but the non-performing loan was low as the total loan of NPL fell from 4.4% in the Q1 of 2008 to 2.2% in the Q4 of 2008. Learning the lesson from the Asian Financial Crisis, the Central Bank had taken the same conservative measures in order to reduce the percentage of NPL. Apart from that, commercial banks also monitored the rescheduling and repayment of the loan tightly during the crisis. Therefore, the non-performing loans based on 3 months arrears classification dropped from 11.5% in 2003 to 2.2% in 2008. The impact of the crisis on the Malaysian financial system was modest as the sub-prime mortgage stock did not enter directly or indirectly through collateral.

3.0 DATA AND METHODOLOGY
3.0 Data
In order to analyze the impact of financial crisis on housing finance, set of macroeconomic variable and housing finance variable will be used to test the relationship between all the variable. Macroeconomic variable will be presented by Gross Domestic Product (GDP) and Base Lending Rate (BLR) meanwhile total housing loan by primary mortgage market (PMM) and total housing loan by secondary mortgage market (PMM) will represent the housing finance variable. The study analyzes quarterly data covering the period from January 1997 to December 2009. To assess the impact of the financial crisis on both housing finance submarket, the data are divided into two sub-periods, representing the financial crisis that happened during the period. Study by Bakri *et al* (2012) had defined three sample periods for their researches which are the Asian Financial Crisis period (1996-1999), the Non-Crisis Period (2000-2006), and the Global Crisis Period (2007-2009). For this research, the Asian Financial Crisis will cover period from Jan 1997 to September 1999 while the Global Financial crisis period will cover starts from July 2007 to September 2009. All data are gathered mainly from Bank Negara Malaysia's Annual Report and Monthly Statistical Bulletin.

3.1 Data transformation
The problem of heteroscedasticity in presenting a model can be solved by transforming the independent and dependent variables into the log form. By transforming the variable into the log form, this can result in the reduction of the heteroscedasticity because the scale of the variable is being compressed. The natural logarithm basis is $\log_e(A) = \ln(A)$ (Koop 2008). The transformation of data into natural logarithm is the appropriate approach in dealing with the non-stationary variable in the time series.The macroeconomic variable and the housing finance variable were transformed into the natural logarithm. The natural logarithm basis is $\log_e(A) = \ln(A)$. All variables had been transformed into natural logarithm except for the Base Lending Rate (BLR). Table 1 shows the transformed logarithm of data and the new symbol to represent the data after transformation.

Table 1 Transformation of variables

Variable	Sub-group	Data	Transformed variable	Symbol after transformation
GDP	Macroeconomic variable	Gross Domestic Product (million)	Nat.log of GDP	LGDP
BLR	Macroeconomic variable	Average base lending rate by commercial bank (%)	-	BLR
PM	Primary mortgage market	Total housing loan by commercial bank	Nat.log of PM	LPM
SM	Secondary mortgage market	Total housing loan sold to Cagamas	Nat.log of SM	LSM

3.2 Unit root test

Several studies have shown that differencing non stationary time series before estimation does not adequately account for the long-run relationship. The assumptions on stationary simply means every series, mean, variance and covariance does not change over time. By that there is clear consensus where there is a need to examine the stochastic property of series used in the analysis before applying formal test for cointegration and causation. To eliminate the possibility of spurious regression, the unit root test is performed on the variable.The integration of the variable shows how many times they have been differenced to be stationary. Integrated of order one I(1) indicate that such variable have been differenced once in order to achieve stationary. Similar to I(2), it is integrated at the second order which indicates that such variable have been differenced twice in order to achieve stationary. The unit root test chosen was the Augmented Dickey and Fuller (ADF) tests. To find the optimum lag for each variable, the Akakike Information Criterion (AIC) and the Schwarz Information Criteria (SIC) were selected. If the variables are all stationary at the same level, then the cointegration test will be applied to examine their long-run relationship

4.0 RESULT AND DISCUSSION
4.1 Descriptive study

Table 4.1 : Descriptive study of variable

Period		ΔGDP	ΔPM	ΔSM	ΔBLR
AFC	Mean	10.87175	10.85984	7.683465	7.420625
	Maximum	10.86264	10.85033	9.237449	6.765000
	Minimum	11.07245	11.73796	9.592073	12.21000
	Std. Dev	10.71233	9.893877	5.007965	5.980000
	Skewness	0.101602	0.573902	1.966646	1.723734
	Kurtosis	0.164691	-0.110492	-0.301958	1.381460
	Jarque-Bera	2.232988	1.650499	1.157829	3.743466
GFC	Mean	11.81386	12.19280	6.294320	6.330313
	Maximum	11.78800	12.16966	6.304444	6.530000
	Minimum	12.18786	12.62243	7.061077	6.720000
	Std. Dev	11.58614	11.77269	4.173002	5.510000
	Skewness	0.153566	0.239480	0.557691	0.406563
	Kurtosis	0.991105	0.188734	-1.454055	-0.797015
	Jarque-Bera	3.450696	1.943859	7.609869	2.359067

Table 4.1 summary the descriptive data of variable for the Asian financial crisis period and Global Financial crisis period. For the average changes of the variable, all variable showed a positive average changes during both crisis period. During the AFC period, the average change in primary mortgage market is lower than the average change in GDP. However during the GFC period the average changes in primary mortgage market is higher than the average change in GDP. It shows that the primary mortgage market is more robust in the GFC period compared during the AFC period. By comparing the standard deviation, the primary mortgage market showed greater volatility during the GFC with standard deviation 11.77% compared to 9.89% during the AFC period. The primary

mortgage markets are more robust in the GFC period therefore the market are more volatile during this period. Meanwhile for the secondary mortgage markets were more volatile during the AFC with the standard deviation 5.0% compared during the GFC period which is only 4.17%. The same result for interest rate where the average BLR are more volatile during the AFC period compared to GFC period with 5.98% and 5.51% respectively for both period. These reflect on higher interest rate during the AFC compared during the GFC.

4.2 Correlation test

The table 4.2 summarize the correlation between the AFC and GFC period. Both crisis showed that GDP and primary mortgage market are highly correlated. But the correlation value during the GFC is higher than the value during the AFC for both of the variable. The value of correlation between all the variable are much more higher where nearly to value of -1 or +1 compared to the value of correlation during the GFC. It showed that the variables are highly correlated either negative or positively during the Asian financial crisis compared to global financial crisis. The lowest correlation between both period is between the secondary mortgage market and GDP and BLR with primary mortgage market.

Table 4.2 : Summary of correlation test during AFC and GFC

Period	Variable	LGDP	LPM	LSM	BLR
AFC	LGDP		0.89	-0.73	-0.74
	LPM	0.89		-0.86	-0.82
	LSM	-0.73	-0.86		0.64
	BLR	-0.74	-0.82	0.64	
GFC	LGDP		0.93	-0.39	0.19
	LPM	0.93		-0.46	0.03
	LSM	-0.39	-0.46		0.24
	BLR	0.19	0.03	0.24	

During the AFC, the correlation between GDP and BLR was negative meanwhile during the GFC, the correlation between GDP and BLR are positive. This showed the BNM had taken better measures to control the interest rate rising during the GFC where the decrease in GDP value due to the crisis had also showed the decreased in the interest rate. Apart from that, there is negative correlation between primary mortgage market and BLR during the AFC but during the GFC it showed a positive correlation between the market and interest rate. The correlation test showed how the variable moves together in period of time. Even though the two variables are highly correlated; it does not indicate that one variable cause another variable. In another words, the high correlation doesn't mean that any changes in variable X will affect the changes in variable Y. Therefore, the cointegration test and causality test will determine the real relationship between these variable.

4.3 Cointegration

The objective of cointegration test is to determine whether there is long run equilibrium among the variable. The variables that are cointegrated showed that there exists a long run equilibrium relationship between them. For this study, the Johansen and Juselius (1990) approach will be applied to test the long run relationship between the macroeconomic variable and housing finance variable.

Table 4.3 : Result of the cointegration test

Variables	Null Hyphotesis	Primary Mortgage Market		Secondary Mortgage Market	
		Trace	Max	Trace	Max
AFC	None	30.03211**	19.04391***	19.02073	12.34244
	At most 1	10.98820	9.458479	6.678295	5.071749
	At most 2	1.529725	1.529725	1.606545	1.606545
GFC	None	27.39558***	16.74743	32.74801**	18.96509***
	At most 1	10.64815	9.642768	13.78292***	12.98632***
	At most 2	1.005378	1.005378	0.796603	0.796603

*Significance at 1% level
**Significance at 5% level
***Significance at 10% level

Table 4.3 showed the result of Johansen cointegration test for both crisis period. For Asian Financial crisis period showed that only primary mortgage market are cointegrated with the macroeconomic

variable at 5% significance level. Therefore it showed that there is a long-run relationship between the macroeconomic variable – GDP and BLR with primary mortgage market during the Asian financial crisis. However, there is no cointegration between the secondary mortgage market with the macroeconomic variable during the Asian financial crisis. Meanwhile, during the Global financial crisis showed adverse result where only secondary mortgage market are cointegrated with the macroeconomic variable at 5% significance level. Consequently, it showed that existence of long-run causal relationship between the macroeconomic variable – GDP and BLR with secondary mortgage market during the global financial crisis.

4.4 Granger causality test

The test for correlation between the variable had been conducted in Section 4.2. Even though there is high correlation between the variable during the crisis but it does not mean there is causation between the variable. The causal relationship between the macroeconomic variable (GDP and BLR) and housing finance variable (primary mortgage market and secondary mortgage market) were test using the Granger causality test. Granger (1969) defined causality as a relationship between the variable where by variable Y have a causal relationship with variable X, if the previous data of variable Y can cause the future data of variable X but the future data of variable X cannot cause the past data of variable Y. By applying the VAR approach to find causal relationship between the macroeconomic variable and housing finance variable, therefore it could showed either the macroeconomic variable granger cause the housing finance variable or vice versa during both financial crisis.

Table 4.4 : Result on Granger causality during the AFC

Dependant variable	X2-test statistics of the first-difference terms			
	ΔGDP	ΔPM	ΔSM	ΔBLR
ΔGDP	-	0.190710 (0.6623)	0.246530 (0.6195)	0.006616 (0.9352)
ΔPM	0.441921 (0.5062)	-	0.009764 (0.9213)	0.022011 (0.8821)
ΔSM	0.207282 (0.6489)	0.048941 (0.8249)	-	0.011285 (0.9154)
ΔBLR	12.72246 (0.0004)	0.487968 (0.4848)	0.000715 (0.9787)	-

During the Asian financial crisis there are no causality between the macroeconomic variable and housing finance system variable. Therefore it explains that both the mortgage market did not have short run relationship with the macroeconomic variable. But there is unidirectional causality between both macroeconomic variable between GDP and BLR at 5% significance level. The result showed that real domestic output is found to influence the interest rate during the Asian financial crisis.

Table 4.5 : Result on granger causality during the GFC

Dependant variable	X2-test statistics of the first-difference terms			
	ΔGDP	ΔPM	ΔSM	ΔBLR
ΔGDP	-	0.299048 (0.5845)	0.013023 (0.9091)	0.019468 (0.8890)
ΔPM	4.842655 (0.0278)	-	0.017170 (0.8957)	4.481140 (0.0343)
ΔSM	3.282368 (0.0700)	0.597802 (0.4394)	-	0.223053 (0.6367)
ΔBLR	0.123598 (0.7252)	0.000497 (0.9822)	0.001907 (0.9652)	-

During the Global financial crisis, there were bidirectional causality from both microeconomic variable to primary mortgage market with 5% significance level. It showed that real output will influence the primary mortgage market in the short run relationship. Similarly with the interest rate which influence the primary mortgage market during this crisis in the short run relationship. The result showed that in both crisis there is no causality between the primary mortgage market and secondary mortgage market.

5.0 Conclusion

The data collected has been analyzed to determine the relationship between the macroeconomic variable (GDP and BLR) and housing finance variable (primary mortgage market and secondary mortgage market) during the Asian financial crisis and Global financial crisis. The cointegration test had been implemented to identify the long run relationship between the variable during both crisis. Apart from that, the short run causality between the variable during the crisis also been tested. The cointegration test showed that there is a long-run relationship between the macroeconomic variable – GDP and BLR with primary mortgage market during the Asian financial crisis. However, there is no cointegration between the secondary mortgage market with the macroeconomic variable during the Asian financial crisis. Meanwhile, during the Global financial crisis showed adverse result where only secondary mortgage market are cointegrated with the macroeconomic variable. The granger causality test showed that during the Asian financial crisis there are no causality between the macroeconomic variable and housing finance system variable. Therefore it explains that both the mortgage market did not have short run relationship with the macroeconomic variable. During the Global financial crisis, there were bidirectional causality from both microeconomic variable to primary mortgage market. It showed that real output will influence the primary mortgage market in the short run relationship. As a conclusion, there is presence of relationship between the variable which change in one variable will affect the other variable in the long run during both financial crisis.

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ENTREPRENEURIAL ORIENTATION, INNOVATION AND SME PERFORMANCE: A STUDY OF SME IN MALAYSIA USING PLS-SEM

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Abstract: Despite the extensive research in the domain of Entrepreneurial Orientation (EO), innovation and performance, there are still limited resources on how these areas benefit Small and Medium Enterprises (SME) comprehensively. There is various financial assistance and support services have been provided to SME. However, their performance is still considered as low. By taking into account the relevance of this scenario, this paper aims to identify the relationship between EO and SME Performance with innovation as a mediator. To achieve this objective, quantitative approach is chosen, and questionnaires are collected from 285 SME in Peninsular Malaysia. Structural Equation Modeling (SEM) analysis was used to test the hypotheses on the direct and indirect relationships of EO and SME Performance through innovation. The results of this study showed that only two dimensions of EO (innovativeness and proactiveness) have significant relationships with SME Performance. Interestingly, all dimensions of EO established a direct impact on innovation. Also, innovation is identified to have a direct effect on SME Performance and confirmed as a significant mediator between EO and SME Performance. In addition, these findings indicate that EO is a strong predictor of Innovation and SME Performance. In short, the critical discussion provided in this paper would help to strengthen the body of knowledge on Entrepreneurship studies and act as a reference for future research on EO, Innovation and SME Performance.

Keywords: Entrepreneurial Orientation, Innovation, SME Performance, Malaysia

1. INTRODUCTION

The existence of SME in the economic landscape in Malaysia is prevalent as 97.3 percent (645,136 firms) of the total business establishments is SME (SMECorp. Malaysia, 2016). The GDP growth of SME has consistently outpaced the overall economic growth in Malaysia since the year 2004. SME also contributed 56 percent of total employment and 17.8 percent of total exports in 2014 (Hashim, 2015). Despite the positive performance of SME in recent years, the contribution of Malaysia's SME to the overall nation's economy remains relatively smaller compared to the other advanced and developing countries. Thus, in continuing to strengthen the SME sector, more research is encouraged to focus on the predictor of SME Performance particularly among SME in Malaysia.

Past studies witnessed that EO is the extensively studied predictor to SME Performance (see Amin, 2015; Semrau, Ambos, & Kraus, 2016). Arshad, Rasli, Arshad, and Zain (2014) examined EO and Performance in technology-based Malaysian SME and concluded that EO is positively related to performance with innovativeness as the strongest predictor. Accordingly, innovation is defined as the firm ability in developing new products/services (Gunawan, Jacob, & Duysters, 2016). These new products and services are seen as indicators of innovation because they reflect the firm ability to adapt to market changes. In the same vein, Amin (2015) found that EO leads to better Performance because EO dimensions drive business owners to be more alert with the environment and quickly adapt to the market changes. Therefore, this study aims to examine the impact of EO on SME Performance and how innovation acts as a mediator between these two variables.

2. LITERATURE REVIEW

A comprehensive review of credible literature presents EO as the most frequently studied area on predictors of Start-Up Performance. In this study, three dimensions of EO are hypothesized to be related to Start-Up Performance, and two components of innovation are proposed to improve such relationships. Further explanations of previous studies on each variable are narrated below.

2.1 Entrepreneurial Orientation (EO)

According to Miller (1983) as well as Covin and Slevin (1989), original conceptualization of EO refers to the firm-level component that exists in terms of innovativeness, proactiveness, and risk-taking as features of a business strategic approach (see Semrau et al., 2016). Following definition from Wiklund and Shepherd (2005), innovativeness refers to the tendency and the behavior that contribute to innovation by supporting new ideas, experimentation, and creative processes. Proactiveness refers to the firm's ability to stay ahead from competitors in predicting future changes (Gunawan et al., 2016)

while risk-taking involves the act of willingness to undertake risky business decision such as investment (Rauch, Wiklund, Lumpkin, & Frese, 2009). Muchiri and McMurray (2015) studied the link between EO and Performance and found out that leadership is a significant contributor to performance but the explanation beyond this relationship has remained unattended. The authors later proposed a framework outlining the importance of organizational and environmental factors with moderation effects towards EO-Performance relationship.

Similarly, Arshad et al. (2014) studied the impact of EO on business performance among SME in Malaysia. Findings from their study concluded that, out of five dimensions of EO, four dimensions significantly influence business performance (innovativeness, proactiveness, risk-taking, and competitive aggressiveness). Despite some scholars that found the potential relationship between EO and Performance, there is a mass of literature failed to provide evidence in supporting the direct relationship (E.g.: Naldi, Nordqvist, Sjoberg, and Wiklund, 2007; Zahra, 2008). Moving from the mixed findings, the literature has progressed to investigate the effects of mediating or moderating variables (Arham, 2014; Zehir, Can, & Karaboga, 2015) to shed light on the relationship between EO and Performance. To sum-up, by looking at the magnitude of change it will bring to SME, it is justifiable to place EO as independent variable towards SME Performance and to what extent innovation-mediated such relationship. Therefore, based on the literature above, the following hypotheses are proposed:

H1: Innovativeness has significant positive impact on SME Performance.
H2: Proactiveness has significant positive impact on SME Performance.
H3: Risk-taking has significant positive impact on SME Performance.
H4: Innovativeness has significant positive impact on innovation.
H5: Proactiveness has significant positive impact on innovation.
H6: Risk-taking has significant positive impact on innovation.

2.2 Innovation

A study by Calisir, Gumussoy, and Guzelsoy (2013) in Turkey concluded that innovation is a significant mediator between business processes and performance. Moreover, Avlonitis and Salavou (2007) found that EO is a significant predictor to innovation. The authors stated that EO among Greek SME is primarily mirrored through new products development which embodies uniqueness, high level of innovativeness, proactive market leadership, and willingness to take the risk.

Derived from a study by Hami, Muhamad, and Ebrahim (2015), the findings yielded consistent results from literature as innovation is proven to act as a mediator to improve performance among manufacturing firms in Malaysia. The significant mediation effect of innovation results in an improved method of product development. Nevertheless, findings on the direct link between innovation and performance also produced mixed results and remain unresolved as some studies (Tajasom, Hung, Nikbin, & Hyun, 2015; Lee, Hallack, & Sardeshmukh, 2016) found no relationship between these two variables. Considering the weight of mediator effects are more profound than moderator effects on EO-Performance relationship, this paper introduces innovation as the third variable acting as a mediator. Thus, based on the above discussions, innovation is justified as a potential variable to be studied as a mediator towards SME Performance and deserves more research in this manner.

H7: Innovation has significant positive impact on SME Performance.
H8: Innovation mediates the impact of EO on SME Performance.

2.3 SME Performance

Many indicators can be used to measure SME Performance. Most of the research operationalised the term of business performance in diverse ways such as using sales, profitability, market size and non-financial indicators. Even though the term used is different, it is actually referring to the same concept. For instance, Lin, Peng and Kao (2008) defined SME Performance as the achievement of business goals regarding the growth in sales, profitability, and markets share. Lisboa, Skarmeas, and Saridakis (2016) measured performance as new product differentiation, sales, and speed to market. Speed to market refers to the time efficiency of the product to be introduced into the market. In the same light, Emoke-Szidonia (2015) conducted a study on EO-Performance and measured Firm Performance using sales and profitability.

Some other studies put emphasize on how the non-financial performance is also considered as a key to measuring performance. Extracting measurement from Valdiserri and Wilson (2010), the authors evaluated performance using two dimensions which are profitability and success. Both are measured using non-financial measures which indicate profitability as based on employees' effectiveness and

the firm success derived from employees' satisfaction. Most of the time, the term 'firm performance' is used for a more specific measurement to assess the firm financial capability (Arham, 2014; Amin, 2015) and non-financial advantages such as customer satisfaction and market effectiveness (Engelen, Kube, Schmidt, & Flatten, 2014; Albloshi & Nawar, 2015). Thus, this paper employed two important indicators of SME Performance which includes financial and non-financial measurement for a more comprehensive review of performance.

Based on the literature reviewed, the research model was developed as presented in Figure 1.
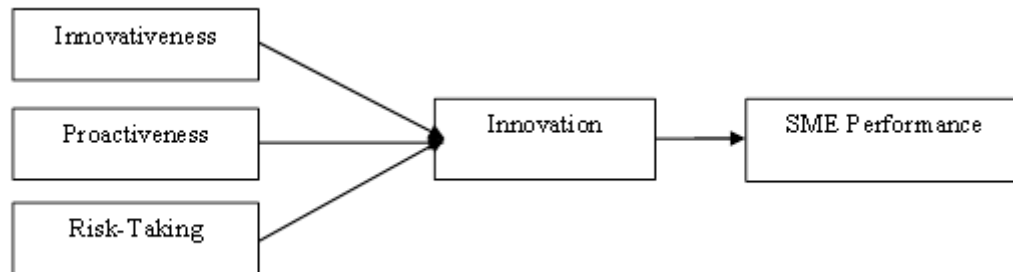
Fig. 1: Research model

3 METHODOLOGY

This study was conducted in Penang, due to the density of the business establishment from 2010 up to now, 2017. There are 285 samples were collected among SME in Penang and the sampling frame was developed from a list of active businesses from PERDA, MARA, and SMECorp. Descriptions of the samples are shown in Table 1. The measurements used were based on previous studies in the area of EO, Innovation, and SME Performance. EO was measured using 15 items (Covin & Slevin, 1989), while innovation was measured using 9 items adapted from Alegre, Lapiedra, and Chiva (2006) and 12 items are used to measure SME Performance (Wolff, Pett, & Ring, 2015). PLS-SEM was used to explain and predict structural relationships among independent variables, mediator, and dependent variable simultaneously (Ringle, Wende, & Becker, 2015).

Table 1: Description of the samples

Variable		Frequency	Percentage (%)
Sex:	Male	124	43.5
	Female	161	56.5
Age:	Less than 25	58	20.4
	26 -30	44	15.4
	31 - 40	74	26.0
	41 - 50	84	29.4
	51 and above	25	8.80
Business Assistance:	PERDA	141	49.5
	MARA	105	36.8
	SMECorp. Malaysia	31	10.9
	Others	8	2.80
Business Online:	Yes	177	62.1
	No	108	37.9

4 FINDINGS

PLS Algorithm was conducted to examine the Measurement Model of reflective constructs by looking at the Composite Reliability (CR), Average Variance Extracted (AVE) and Discriminant Validity. In contrast, Convergent Validity (CV), Collinearity (VIF), and Statistical significance and the relevance of the indicator weights are examined for formative constructs (Hair, Hult, Ringle, & Sarstedt, 2014). In this study, EO and innovation are measured using reflective indicators while SME Performance is measured using formative indicators. The results of Measurement Model are presented in Table 2.

Table 2: Results of Measurement Model

Reflective Construct	CR	AVE
Innovativeness	0.902	0.698
Proactiveness	0.931	0.771
Risk-Taking	0.933	0.739
Innovation (mediator)	0.942	0.647
Formative Construct	CV	VIF
SME Performance	β = 0.997	All items have < 5

There are two items were deleted due to low loadings (EO3 and EO6), thus, improved the CR and AVE of the model. From the formative construct, the statistical significance and relevance were tested using Bootstrapping, and the results showed that all t-values were significant. Thus, validate the Measurement Model of the formative construct. Next, the outer loadings on correlated constructs were greater than all of its loadings on other constructs, thus validate the discriminant validity (refer to Table 3).

Table 3: Results of Discriminant Validity

	1	2	3	4	5
EO-Innovativeness	**0.835**				
EO-Proactiveness	0.663	**0.878**			
EO-Risk-taking	0.611	0.872	**0.900**		
Innovation	0.650	0.838	0.824	**0.851**	
SME Performance	0.254	0.816	0.804	0.833	**Formative**

Bootstrapping was performed to examine the Structural Model and confirmed the relationship between EO and SME Performance with innovation as a mediator. The R^2 value was 0.960 which suggests that EO could explain 96% of variance in SME Performance. Also, the R^2 of innovation is 75.1% which proposed that EO can explain 75.1% of variance in innovation.

In order to examine the mediating role of innovation between EO and SME Performance, the direct effects between EO and SME Performance are assessed. Out of three dimensions of EO, two dimensions have significant direct effects namely; innovativeness and proactiveness (β = 0.178, $p < 0.10$; β = 0.232, $p < 0.05$). Thus, confirmed that H1 and H2 were supported. However, the relationship between risk-taking and SME Performance was not supported (H3). Moving to the relationship between EO and innovation, all hypotheses were supported particularly, H4 - H6. Also, H7 was supported as the direct relationship between innovation and SME Performance is significant (β = 0.402, $p < 0.01$). Then, the indirect effect of innovation as a mediator was calculated: innovativeness (β = 2.010, p = 0.055), proactiveness (β = 6.210, p = 0.024), and risk-taking (β = 2.439, p = 0.011). Thus, supported H8.
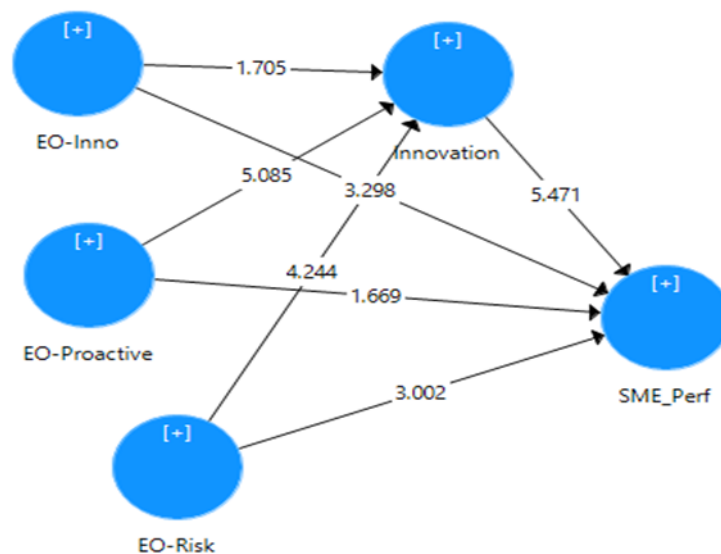
Fig. 2 : Structural Model

Based on Figure 2, by comparing the impact of EO on innovation: proactiveness has the highest impact (β = 5.085), followed by risk-taking (β = 4.244), and innovativeness (β = 1.705). Looking at the impact of EO on SME Performance: innovativeness has the highest impact (β = 3.298), followed by risk-taking (β = 3.002), and proactiveness (β = 1.669). Next, the effect size (f^2) was calculated to measure the impact of EO and innovation on SME Performance. This study applies the formula as proposed by Hair et al. (2014) which is f^2 = (R^2 included – R^2 excluded) / (1 – R^2 included). The result is 0.925 which reflects strong effect size. Another assessment to run is the model predictive relevance which is the Q^2. In particular, this structural model has large predictive relevancy for innovation (Q^2 = 0.446) and medium predictive relevancy for SME Performance (Q^2 = 0.256).

5   DISCUSSION AND CONCLUSIONS

Findings from this study revealed that EO and innovation practices by SME play a critical role in determining the SME Performance. These findings contribute to the literature on entrepreneurship studies by highlighting the impact of EO and innovation on SME Performance as well as to shed light on how innovation had successfully mediates this relationship.

Based on the hypotheses-testing results, proactiveness has the highest impact on innovation. This is possible because proactive entrepreneur adopts new business initiatives to look for opportunities, always ahead in responding to market challenges, and become a pioneer in introducing new products/services (Nasution, Mavondo, Matanda, & Ndubisi, 2011; Amin, 2015). Moreover, Shan, Song and Ju (2016) stated that SME in China practice proactiveness attributes better than other dimensions of EO. The authors noted that higher proactiveness is associated with the higher level of initiatives taken in innovation thus, contributes to the long-term of SME growth.

In another angle, the highest impacts towards SME Performance are innovation and innovativeness. These two constructs revealed the resonance of innovation in business to improve performance. The reason is related to the claim by Madanoglu, Altinay, and Wang (2016) that mentioned innovativeness demonstrated by SME is to seek creative solutions to problems and the need to lead for transformational change. Thus, SME owners are continuously looking for tools or approaches to improve business sales such as through social media or other internet platforms. Hence, it showed that SME in this study has demonstrated a good sign of innovativeness and adopt innovation in their businesses.

Future research needs to be directed to further develop the model on EO and innovation to ensure their potentials are well-utilized. In fact, policy-makers may consider these findings, especially on proactiveness and risk-taking behavior as these two constructs have tremendous impact on SME Performance. Indeed, with the challenging economy and globalized market, SMEs are expected to think and act out-of-box to remain relevant and survive. EO is helpful to assist SMEs to be entrepreneurially prepared with adequate skills and knowledge to be adamant and resilient in the industry. Further, this study complements previous literature by considering innovation as a mediator to strengthen the EO-Performance relationship. Thus, this study had confirmed the mediation effect of innovation on EO-Performance and improves SME Performance in Malaysia.

This paper has its limitations as the present study is cross-sectional in nature. Thus, a longitudinal study will help to establish the extent to which the hypothesized relationships might be causal. Also, comparative studies across sectors and countries are advised to be carried out to explore further the constructs and dimensions used in this study. To sum up, this study has found that EO has statistically related to SME Performance and this relationship is contingent upon the mediating role of innovation. It is advisable for the SME owners to be entrepreneurially equipped with necessary skills and knowledge particularly on how to be proactive and bold in decision-making so that it would contribute to SME Performance.

6   ACKNOWLEDGMENT

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UNDERSTANDING LOYALTY BEHAVIOR AMONGST MILLENNIALS: AIRLINES SERVICES PERSPECTIVE

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Abstract: Stepping into the 21st century by having dependent towards online networking is inevitable. World without border has significantly change on how people should live in today world. Millennials has been recognized as a generation that lack of brand loyalty. This has given a challenge for marketers in identifying on customer loyalty model from the perspective of relationship marketing approach. From this conceptual paper, it is expected to contribute in expanding the knowledge of commitment-trust theoretical views by having relationship quality constructs that would enhance on the outcomes of relationship marketing, customer loyalty from the context of Millennials cohort.

Keywords: Customer Loyalty, Millennials Generation, Customer Relationship, Online Networking, Relationship Quality

1. INTRODUCTION

Millennials as a new generation cohorts born after 1977 till 1994 (Williams & Page 2011) has a capability in demanding services that congruence with their values, and beliefs is now entering the market. Known as Gen Y, or Net Generation, they have been characterised as an individual that rely on technological advancement and strongly subscribing in online behaviors (Lester, Forman & Loyd 2005; Williams & Page 2011). In an agreement with Gurdu (2013) where he is describing Millennials as a self-centred, techno-savvy, environmentally-conscious, and displaying low levels of brand loyalty. It is an interesting fact that most researchers agreed base on empirical evidence that Millennials are not brand loyal (Lazarevic 2012, Williams & Page 2011). This is how researchers acknowledged on the existence of Gen Y or Millennials that will bring on the way of doing business significantly differ from previous generation cohorts.

Marketing to a different generation require different strategies. This is due to each generation cohort will bring together their own values and beliefs where generational theorist posits that each cohort will share their attitudes and belief (Lazarevic 2012). With this new emergence of marketing approach by segmenting market according to generation cohort, marketers need to consider in having long term relationships in order to close business deals and winning their trust towards the brand (Williams & Page 2011). In the new era of marketing, establish a relationship with customer is considered as mandatory for business survival to increase company's revenues. Ideally, it will be a dream for marketers that can create an evergreen brand which can last over 25 years in the market. It means that the brand is expected to have a longer life cycle and eventually it would maximise on business profit. But to recognize as evergreen brand is hard to be realized even though the possibility is minimal.

PricewaterhouseCoopers (PwC) has published a report related with employment with Gen Y or Millennials in Malaysia. The report, "Malaysia's Gen Y unplugged" (2009), is conducting a survey to examine on the expectations of PwC Millennials' employees in Malaysia. They have found that approximately 62% of PwC's workforce from a total headcount of 1,800 employees in Malaysia is comprising of Millennials cohort. From the interviews, they have compiling on respondent's verbatim and be able to establish on new business models that be able to cater the needs of Millennials. In 2009, it has been estimated that 62% from total PwC employees comprise of Gen Y or known as Millennials. By the time of 2016, this figure has been raked up to 70% from the total of workforce in Malaysia. This has indicated that Millennials have been a major determinant in Malaysian work market eventually it will influence on the products or services marketing strategy. In a global context, American Express Business Insight (2011) has reported that total spending for Gen Y was 31 percent higher in 2011 than in 2010 whereas Petrak (2011) has also found that the global spending of Gen Y is worth USD 136 billion.

When Millennials in Malaysia started to enter as part of workforce market, they have been recognised as frequent travellers for the purpose of business or leisure. With a significant increase of visiting tourist either it is for budget or leisure travelling, this industry has brought a lucrative business with

283,578,000 jobs or 9.5% of total World GDP. This figure has been forecasted to grow around 2.2% to 289,756,000 jobs in 2016 for the total contribution to employment. In term of direct contribution, the industry has directly generating 107,833,000 jobs or (3.6% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourist. In term of direct contribution of travel and tourism to employment, in 2015, it was recorded that 283,578,000 jobs or 9.5% of total employment has been created. It has been forecasted that by 2016, this sector will be generated to rise by 2.2% which is expected reaching at 289,756,000 jobs or 9.6% of total employment.

International tourist or foreign visitors to a country is a key component of the direct contribution of travel & tourism. In 2015, it was recorded that visitor export from local and international passengers in Malaysia has contributed in USD1,308.9 billion in visitor exports. In 2016, this figure is expected to rise by 3 percent, and the world is expected to attract 1,237,470,000 international tourist arrivals. By 2016, this figure will increase by 4.3 percent per annum which is in total generated expenditure of USD2,056.0 billion. There are about 1 billion of Millennials or 60 percent of the world Millennials reside in Asia region which constitute approximately a quarter of Asia's total population. In term of economic point of view, it is expected that Millennials already account for almost 35 percent of the $600 billion which Asians spending on international travel (Brown, 2014). This is a huge potential market that need to be captured by the airlines company in sealing the relationship connectivity with Millennials generation that will bring a lucrative business for the company. To sustain this relationship, marketers need to ensure there is an attractive strategic movement in luring high potential Millennials patronize on their preferred airlines company. By considering the scale and the growth of the industry, it is vital to analyse and unlock the potential that can bring a prosper to the economic participating countries. Income generated from tourism industry will be distributed indirectly on the other economic sector such as job creation, while accelerating on infrastructure development.

The topic of customer loyalty has becoming a phenomenon of interest in marketing fields especially in hospitality industry that given a multibillion incomes to the companies(Hoffman, & Lowitt 2008; McCall & Voorhees 2010). Past research has shown number of factors that may influence customer loyalty, that is the outcomes from having relationship marketing. The identification and evaluation of antecedents and consequences of customer loyalty towards profitability were the topic of interest to be discussed among researchers or practitioners (Bowen, & McCain 2015; Hennig-Thurau, Gwinner & Gremler 2002). Recently, number of researches have proposed on identifying the antecedents of customer loyalty amongst Millennials cohort (Bowen & McCain 2015). They argued that factors might influence Millennials for them to become loyal toward products or services are different from previous generation factors of Baby Boomers. Thus, it would be interesting to identify and understand what factors might involve in enhancing customer loyalty as the Baby Boomers which has previously dominated the market is now moving to retirement. New generation known as Millennials has been foreseen to dictate and dominant in current business or organization by having an ability to purchase any products or services offered in the market. Those changes of business environment due to the existence of Millennials cohort is now enjoying a significant increase in the disposable income while entering on their work-life as their career (Kotler, Brady, Goodman & Hansen 2009).

2. LITERATURE REVIEW
2.1 THE BIRTH OF MILLENNIALS

One of the effective way in understanding customer's need and behaviour is by segmenting on the customer. Parment (2013) posits that "Finding groups or segments of consumers that have strong, homogeneous bonds is like finding the 'Holy Grail' of marketing. When such similarities exist, marketers may offer the same or very similar product, service, distribution, and communications programs to large number of potential customers who are likely to respond in a homogenous way". In this way, marketers may focus on segmenting the customer market, understanding on buying motivation and their engagement towards the brand which can be segmented according to the category of their own cohorts. Parment (2013) noted that generational cohorts comprise of people who are born during particular period, and whose life courses correspond to each other. Generational cohort marketing has become a useful tool in segmenting markets since every generational cohorts' members will share their similar values, common social, political, historical, and economic environment as they are having through their life together and experience similar events at their same age (Meredith et al. 2002; Williams & Page 2011).

Williams and Page (2011) has defined Generation Y that was born during 1977 till 1994. Known as Gen Y, Millennials, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, DotNet, Ne(x)t Generations, First Globals, iPod Generation, and iYGeneration, this cohort will be at

the age around 23-40 in 2017. Gen Y or Millennials is children of the Baby Boomers Generation where they have been brought up in the fast-paced community with surrounded by technological, electronic, and wireless society for connectivity and networking. The way of their life has tremendously change the level of communication field where it has been subscribed heavily using electronic gadgets. Their characteristics, lifestyles, and attitudes of Gen Y are self-absorbed and self-reliant with a strong sense of independence and autonomy. Result oriented or goal oriented towards performance but not concerning much on with the why of it (Williams & Page 2011).

Millennials is brand conscious. They will rely on peer recommendation that has been shared in their online social community on a certain brand before deciding to purchase (Smith 2012; Littman 2008). While Smith (2012) recognize Millennials as a cohort that having high propensity for being market maven. Market maven is a client who act as a product disseminators for its information (Smith 2012). Not to surprise, from a survey that has been conducted by eMarketer in 2010, 56 percent of Millennials are talking about products and services through online social networking sites (K. T. Smith, 2012). This is how Millennials foresee and heavily rely on online social network to share information about certain brands with others while being as market maven before purchase on a product or service. The power of internet generation is not just spreading word of mouth on certain product or service, but it also benefitted the community by sharing or exchanging information between internet generation. Social media, company websites that using interactive technologies in retrieving data or information from the users might gain advantage in term of getting feedback from customers' reviews and even promoting indirectly their product or service by giving positive comments.

2.2   RELATIONSHIP MARKETING OUTCOMES: LOYALTY

One of the outcomes of relationship marketing is customer loyalty. Bowen and Shoemaker (2003, p.14) said, "Loyalty extends beyond simple satisfaction" that was based on relationship marketing model. The key mediating variables which is customer trust and relationship commitment act as core in the establishment of long term relationship between customer or exchange parties. Due to overpopulated and hypercompetitive in market segment, practitioners have shifted in emphasizing their marketing strategies from implementing traditional or transactional marketing strategy which is to entice customer using advertisement campaign into new marketing approach by having long-term relationship with customer and maintaining customer database. Marketers should be able to personalize and customise their product or service offering referring to customer need, thus be able to create a loyal and patronage towards those related brand. Bowen and Shoemaker (2003) claim that loyalty is the likelihood of a customer returning to services provider and that person's willingness to behave as a partner to the organization. While Rob Smith (1998), define loyalty as when "the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set and the customer buys almost exclusively from you – which is on their restaurant or hotels".

To enhance and gaining loyalty from Millennials, marketers need to consider in having a stronger relation with this generation cohort. Marketers need to study on what Millennial needs and wants in congruence with surrounding factors that may influence on how they are behaving in making purchasing decision. It is not the way of traditionally in doing marketing but a paradigm shift to transactional marketing crucially needed to ensure on the survival in today's business. Thus, from the previous research, Bowen and McCain (2015) has found that Millennials demand more than usual marketing approach while Berry (1993) acknowledged to mention on embarking the idea of relationship marketing strategic concept which has shifted from the way of traditional marketing approach to entice Millennial's customer.

There are numbers of determining variables for a relationship success. While having different proposed key variables for a relationship success, three constructs of key variables have been discussed comprise of customer satisfaction, trust, and commitment which under the dimension of relationship quality (Hennig-Thurau et al. 2002; J. B. Smith 1998). Customer satisfaction has been defined as customer's emotional or emphatic reaction to a perceived difference between performance evaluation and customer's expectations based on disconfirmation paradigm theory. While trust will exist when customer need to accept and believe in service provider to be reliable and having high degree of integrity (Moorman, Zaltman, & Deshpande, 1992). Hence, another key relationship success variable is commitment which has been described as the customer's orientation towards a long-term business relationship by having an emotional bond (Moorman, Zaltman & Deshpandé 1992) and a strongly belief that the relationship will yield higher net benefits than terminating it (calculative commitment) (Geyskens, Steenkamp, Scheer, & Kumar, 1996).

In the exchange of confidence benefits and trust construct by having similarity in term of its conceptualization, Gwinner, Gremler and Bitner (1998) and Moorman et al. (1992) found that it would

act as predecessor on positive impact of satisfaction rating between two parties involved (Andaleeb 1996; Anderson, & Narus 1990). The rationale behind this is that when having greater trust/ confidence towards brand or service provided it may resulted in lower anxiety concerning the relationship exchange thus expecting a greater satisfaction.

Morgan and Hunt (1994) has developed a model of relationships that proposed trust and commitment as a key mediating variables model in relationship marketing. There is a study to replicate the findings of Morgan and Hunt to reconfirm on the key mediating variables for relationship outcomes which have done by Kalafatis and Miller (1997). The study on trust and commitment also is so important in defining on relationship quality that will reflect on the overall nature of relationships between companies and consumers (Hennig-Thurau et al. 2002). According to Bowen and Shoemaker (2003) in developing a model of service relationship (MSR) which is to understand on the relationships between supplier or service provider to the end user or customer. From the findings noted that there is a strong relationship between trust and relationship commitment by having a stronger relationship marketing outcomes which is customer loyalty.

2.3   RELATIONSHIP OF CUSTOMER SATISFACTION

By definition, a relationship on customer satisfaction is a customer's affective or emotional state toward a relationship. Relationship on customer satisfaction reflects exclusively customer's satisfaction with the relationship that differ from the customer's satisfaction or satisfied customer with the overall exchange (Palmatier, Dant, Grewal & Evans 2005). While customer satisfaction is a collective outcome of perception, evaluation, and psychological reactions to the consumption with a product or service. It is a customer's overall evaluation of the performance of an offering. This overall satisfaction has strong positive effect on customer loyalty intentions across a wide range of product and service categories. Customer satisfaction is also can be looked at a person's feelings of pleasures or disappointments resulting from comparing a product perceived performance (or outcome) in relation towards his/her expectation (Veloutsou et al. 2005; Kotler & Armstrong, 2010). Achieving the desired results is frequently a result of customer actions. For any business with a little focus or without focusing on customer satisfaction will remain as irrelevant and can be considered by having poor customer retention and loyalty.

2.4   ENHANCING RELATIONSHIP COMMITMENT

In the field of marketing, loyalty has been defined as a composite blend of two dimensions of attitudinal and behavioural on brand whereas commitment is usually considered in purely cognitive terms that measure consumer attitudes towards an attachment to a brand (Pritchard, Havitz & Howard 1999). Morgan and Hunt (1994) posit that commitment is considered as an enduring desire to continue an attachment to prolong or having a long-term relationship between two or more parties where in the context of relationship marketing.

Commitment is an essential ingredient for successful long-term relationships (Gundlach, Achrol, & Mentzer, 1995). According to (Dwyer, Schurr, & Oh, 1987), commitment has been defined as "an implicit or explicit pledge of relational continuity between exchange partners". Commitment has been viewed as a willingness to make short-term sacrifices for long term benefits. It has also believe to be associated with motivation and involvement (Mowday, Porter and Steers, 1982), positive effect and loyalty (Kanter, 1972) and performance and obedience to organizational policies (Angle & Perry 1981). According to Morgan and Hunt (1994, p.23), relationship commitment has been defined as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endure indefinitely." This definition viewed from the perspective of having an exchange between two parties that is committed to building their relationship having a similarity with (Moorman, Zaltman & Deshpande 1992, p.316):

 "Commitment to the relationship is defined as an enduring desire to maintain a valued relationship."

Valued relationship in this context is refer to a belief that the relationship commitment exists only when the relationship is considered important. The higher both parties committed to the relationship has signalled on the quality of the relationship whereby it has set an initial stage for trust development in the relationship and influence in building shared social norms for regulating future exchange. This joint exchange between two parties has given an input to a stable long-term relationship through aligning participants' incentive structures and enhancing related participants' confidence in each other as Williamson (1985) identified as reciprocal or joint commitment inputs.

2.5   GAINING CUSTOMER TRUST

According to Moorman, Zaltman and Deshpandé (1992), trust has been defined as a willingness to rely on an exchange partner in whom one has confidence. From this definition, trust has been viewed in two perspectives which is trust as a belief, confidence, or expectation from two or more parties' trustworthiness that resulted from their interaction on subject matter expertise, reliable on to exchange relationships or having intention towards on fulfilment of objectives of an individual or community. From another context of trust, it has been viewed as a behavioural intention or behaviour that reflects a reliance on a partner that involves vulnerability and uncertainty on the part of the trustor (Coleman, 1994; Zand 1972). Without vulnerability, trust is unnecessary because outcomes are not important for the trustor (Moorman, Zaltman and Deshpandé, 1993). This is in line with Deutsch (1962) on the definition of trust as "actions that increase one's vulnerability to another" and as Coleman (1994) suggested that trust might include "voluntarily placing resources at the disposal of another or transferring control over resources to another". From these few definitions or views has indicated that uncertainty is critical to trust as if trust is unnecessary if the trustor can control an exchange partner's action or has complete knowledge about those actions (Coleman 1994; Deutsch 1958).

Moorman, Zaltman and Deshpandé (1993) argued that trust comprised from two components which are belief and behavioural intention. To further explain on this, Moorman et al. (1993) view a person who believes that a partner is trustworthy yet unwilling to rely on that partner will created only limited trust. Reliance on a partner without a concomitant belief about that partner's trustworthiness may indicate power and control more than it does trust. While Morgan and Hunt (1994) found that the element of trust consist of confidence as Rotter (1967, p. 651) view trust as "a generalized expectancy held by an individual that the word of another… can be relied on". In the literature of trust suggested that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity which is associated with such qualities of consistency, competent, honest, fair, responsible, helpful, friendliness and benevolent (Altman & Taylor 1973; Dwyer & LaGace 1986; Larzelere & Huston 1980; Rotter 1971). Morgan and Hunt (1994) also agreed with Moorman, Zaltman and Deshpandé (1993) that instead of confidence as part of trust's component, behavioural intention is a critical facet of trust's conceptualization and therefore one could not label a trading partner as "trustworthy" if one were not willing to take actions that otherwise it would involve with a risk. A genuine confidence that a partner can rely on another indeed will imply the behavioural intention to rely. If one confident, then one would be willing; if one is not willing, then one is not genuinely confident.

In the social exchange literature of trust, it has been viewed in term of communication as a key source of credibility (Hovland, Janis and Kelley 1953) whereas in organization behaviour, norms of trust is considered a characteristic distinguishing management theory from organizational economics (Barney 1990; Donaldson 1990). In the marketing literature, which divided into services marketing, Berry and Parasuraman (2004) stated that a relationship between customer and company require trust. One of the crucial factors that ensure an effective service marketing depends on the management of trust as generally customer will be having an intention of relying on the services before making any decision to buy or experience it. In retailing, Berry (1993 p.1) argued that "trust is the basis for loyalty". Schurr and Ozanne (1985) find trust to central to the process of achieving cooperative problem solving and constructive dialogue. To conclude, trust has been viewed as a centrality to all relational exchanges (Morgan & Hunt 1994).

2.6   SHARING VALUES WITH OTHERS

Shared values, compatibility and similarity is sharing common aliases that bring together similar or common in appearance, lifestyle, and status between individual boundary spanners or similar cultures, values, and goals between two parties involve such as a relationship between seller and buyer, or two or more parties involve in partnering (Palmatier, P.Dant, Grewal, & R.Evans 2005). Morgan and Hunt (1994) define shared values on which partners have beliefs in common about what behaviours, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong.

In organization setting, culture is manifested through (a) observable artifacts; (b) values; and (c) basic underlying assumption (Schein 1990). Values will reflect culture if the values is strongly practice, and strongly held by the community (Schein 1990). Shared values has become focal point of interest as a variable to organizational researchers, especially in organizational commitment literature (Chatman 1991). Kelman (1961) from his research found that people's attitude and behaviours resulted from (1) rewards or punishments, or "compliance"; (2) the desire to be associated with another person or group, or "identification"; or (3) having the same values as another person or group, or "internalization". According to Morgan and Hunt (1994), in the organizational commitment literature

has viewed commitment from: (1) that brought about by a person sharing, identifying with, or internalizing the values of the organization and (2) that brought about by a cognitive evaluation of the instrumental worth of a continued relationship with the organization which is added by evaluation on gains or losses, pluses or minuses, or rewards and punishments. Thus, it is found that when two parties exchange their view on sharing their values, they will be more committed on their relationships. Shared values or similarity also is widely discussed in the relationship marketing literature especially in trust domain (Doney & Cannon 1997; Crosby et al. 1990; Moorman, Deshpandé & Zaltman 1993).

2.7 EXCHANGING INFORMATION THROUGH COMMUNICATION

Communication is needed in resolving any disputes, aligning perceptions and expectations (Etgar 1979) and uncover new value-creating opportunities (Morgan and Hunt 1994). Anderson and Narus (1990, p.4) viewed on communications, "can be defined broadly as the formal as well as informal sharing of meaningful and timely information between firms". Palmatier et al. (2005) found definition of communication is amount, frequency, and quality of information that exist by sharing between exchange partners. Morgan and Hunt (1994) found that communication is a major precursor for trust and if trust has been accumulated it would lead to a better communication (Anderson and Narus 1990).

From the literature of communication, it is widely known that communication is one of the major influence to be perceived as expertise or a competence personality (Hovland & Weiss 1953). In a case of supplier-buyer relationship or relationship marketing, a competence supplier has been viewed as a technical expertise on their products and production methods, knowledge in term of marketing environments whether it is internal or external, its competitors and opportunities and threat in the industry (Cravens et al. 1992). For them to be a competence supplier, they are expected to be good in conveying their message by communicating skilfully within their clients or buyers, thus, it might reduce uncertainty and leads to more trusted in a relationship (Anderson & Weitz 1989). Anderson and Narus (1990) argued that communications is a strong determinant of trust. By communicating openly between supplier and its client that might preserve on their shared understanding of the relationship will preserves trust in the relationship (Sabel 1993). Thus, by having an effective communication will lead to gain a better trust between supplier and customer relationships and developing loyalty towards brand or services provided. A long-term relationship means there is a possibility of having higher chances on profit margin of a company. Hence, by having good communication between exchange parties involve, it will develop trust and as result lead to gaining on loyalty towards customer preferred product or service. In the next section, realizing whether customer having their loyal or not is by measuring how loyal they are towards certain brand.

3. CONCLUSIONS

Stepping in the 21st century having dependent towards online networking is unavoidable. People or consumer especially Gen Y or Millennials that was born in the world that utilising online technology, growing up with cell phones and social media technology (Bowen & McCain 2015) could not resist by having temptation in communicating with one another, sharing their desire, needs, values, acquiring and consuming information with their related friends, strangers, outsiders which has opened to the world market. World without border has significantly change on how people should live in today's world. To keep abreast with the demand from the newer and incoming generation cohorts, such as the Millennials has been recognized as the first generation spending their entire lives in the digital environment and information technology. Marketers and researchers should be able to cater their needs by marketing their brand using effective strategy (Bolton et al., 2013).

Millennials has been recognized as a generation that lack of brand loyalty, or towards brand loyalties that may change quickly, and should expect more brand switching due to the fact that they were exposed to more promotions versus advertisement campaign during growing up (Kotler et al. 2009). Millennials is trendy and brand conscious in selecting their fashion, volunteer in social works. From the organization context, Gen Y are more focus on having practical issues especially their salary and perks, job stability and satisfaction (Kotler et al. 2009). With these Gen Ys' attributes, have given a clue for researchers to understand their values and to cater the needs in order to gain their loyalty towards their preferred brand.

To conclude, Millennials has its own unique requirement in satisfying their needs, values achievement, goals oriented, and aligning on their beliefs in getting back their trust while having committed on their preferred airlines services. Provided with highly efficient connectivity with their peers and online community, marketers need to fully utilise this communication utilities in getting back Millennial's traveller as a notorious disloyal personality and turn them to be as loyal as their

embracing affectively to preferred airlines services. It will be a challenging task for marketers to capture this new marketing segment. This research will be examining on the antecedents that influence on relationship quality constructs to enhance loyalty in Millennials' travellers. Thus, from this conceptual research is to create a new dimension in term of approaching new generation cohort, known as Millennials by expanding the knowledge on customer loyalty from the perspective of relationship marketing.

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DESIGN METHODOLOGY: IDENTIFICATION OF FOOD PACKAGING VISUAL DESIGN ELEMENTS IN MALAYSIA

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Abstract: People with design sensitivity in comparison to those who are not, might have dissimilar kind of values in appraising packaging design. Positioning themselves both as designers and consumers, both people with design sensitivity and those who are not, have their own unique perception. Graphic design characteristics and its' typicality may enhance the product recognisation. Basic visual codes such as colours, photography images, illustration, typography, size and materials are the examples of the attributes of a packaging design that often lead to the consumer actions in purchasing a product. To a certain extent, that this practice will lead to the re - purchasing activity, likewise the branding and marketing segment. As Malaysians, taking into account the cultural context, the cultural values, per se may act and affect different values of appreciation comparatively to the values with other countries. Basic values by Schwartz (2012), such as self – direction, hedonism and stimulation are among the elements that represent an "openness to change" value which resulted in different beliefs depending on their sensitiveness to the design. Thus, elements such as conformity / tradition and security present conservation values too, may result in different standards in appraising a product through packaging design. The approach by these people with design sensitivity will certainly build a convention between industry and society providing the opportunity in reassessing good package design. Therefore, this review introduces the correlation of visual design elements and personal values in assessing aesthetic values in food packaging design, on micro SMEs food products. "Research methods can be defined as ways of approaching design problems or investigating contexts within which to work" (Bestley, R., et al., 2016). To explore these subjects from the theoretical underpinnings, types of approach is being identified from the philosophical worldviews within research method. Thus, this study offers an explanation on the research design of design methodology comprising mixed methods approach in identifying the visual codes of packaging design which referring to the pragmatism. In this paper, a qualitative evaluation is being conducted among experts in the field together with previous studies and its findings. The results obtained documented the impact of applying mixed methods in this particular study in identifying at the elements of; i) consequences of actions; ii) problem centered; iii) pluralistic; iv) real – world practice oriented (Creswell, 2003). In addition, the findings in this review may provide useful references for graphic and packaging designers, academicians and SME's producers in implementing specific design evidence in the determination to improvise the value of micro SME food products via primary packaging and its' design.

Keywords: design sensitivity, packaging design, cultural values, appraisal, design methodology.

1. INTRODUCTION

Assessment on particular product may take certain process to make it meaningful to its' users. In this study, the category that has been chosen is food category. Food category, in general, may link to its' association that produce utilitarian and hedonic values. Likewise, the five sensory of food such as the *Overview of the Perceptual Process* by Solomon (2015), has included five sensory stimuli of sights, sounds, smells, tastes and textures which resulted in the perceptual process where it happens in perception development. A mixed method approach allowed this study to pursue a series of research questions and hypothesis which concerns on the perception of people with design sensitivity and its' value, generating theoretical understanding in the study. Introducing the pragmatism in this study will give a clearer picture on the objective on how its being applied to this study. By understanding the

alternative knowledge claims positions, an approach which has been identified would design a path in this study. However, in the previous study, allocation of packaging design concern has been given out to consumers. The study of consumers with design sensitivity in this particular paper will be seen as a new direction in the subject of appraising food packaging design. In understanding in collecting data, an introduction to its' method is being introduced. In this paper, the purpose of implementing mixed methods from a qualitative data set are explained.

2. LITERATURE REVIEWS
2.1 Packaging design and visual attributes
The values of visual design elements behold by its' viewer perspectives. Aesthetic values derives from certain appraisals by different categories. The importance of these visual design elements has been discussed by several scholars in previous studies. Visual attributes on any package design acts as the visual communication where it can sell the products to the consumers. These attributes appear on the surface design and might be able to produce different meanings to a certain culture, age, gender, special promotions and others. Colours, photography images and its' technology, illustration, typography, size and shape, materials, orientation of the design and image, ratio which including the principles of art and design are among the listed design attributes that convey meaning and drives to the purchasing behaviour (Adam & Ali, 2014; Aday & Yener, 2010; Clement & Kristensen, 2013; Creusen & Schoormans, 2005; Orth & Malkewitz, 2008; Phillips, McQuarrie, & Griffin, 2014; Silayoi & Speece, 2007; Spence & Ngo, 2012). However, Aday et al., found out that in an inference of a packaging, informational elements are more important more than visual elements. In this study, a descriptive question on, "what are the visual design elements that mediates people with design sensitivity appraising the aesthetical values on SME food products?"

2.2 Pragmatism in social science
"Pragmatism is a philosophical movement begun during the latter decades of the 19th century by the American philosopher Charles Sanders Peirce (1839 – 1914). This distinctly American philosophy was elaborated on by William James (1842 – 1910), John Dewey (1859 – 1952), George Herbert (1870 – 1957) along with countless other academics and nonacademics over the past century" (Tashakorri & Teddlie, 2003, p.52)
The history and appearance of pragmatism started in the late 1960s. According to Tashakorri et al., during the 1960s pragmatism is being considered as a new way of thinking that making it in philosophy, science, and life as much a philosophy and method of research as it is a political, religious, and as aesthetic statement. As being mentioned earlier, applying pragmatism in a study would result considering the consequences of actions in this study, finding the significance on its' problem centered, pluralistic and it is a real – world practice oriented. In identifying the knowledge claims; pragmatism, there are key contents of mixed methods claim. Mixed methods derive from pragmatism as it commits to both methods in research, which is qualitative and quantitative assumptions. These assumptions of qualitative and quantitative studies sequential, concurrent or transformative mixed methods. The individual in the particular study has freedom of choice in choosing the methods, techniques and procedures that the important thing meet their needs and purposes. Subjectively, absolute unity does not seem to offer in pragmatism. By the reason of implementing multiple methods in collecting and analysing data, the collection 'do not see the world as an absolute unity' by pragmatists. In providing 'the best understanding' of a research problem, employing both methods seem to work accurately on the current phenomena which is not bias to one method of data collection only. Researchers that employs pragmatism look to the "what" and "how" the research are based on and the result consequences. Pragmatists agree to an occurrence of research that happens in social, historical, political and such. In conclusion to this, the subject in a study might change and there is no need to query on reality the laws of nature, objectively, as the phenomenon on the exact timeline may differs from the previous' phenomenon.

Table 1: Alternative Strategies of Inquiry by Creswell (2003)

Qualitative	Quantitative
Narratives	Experimental Designs
Phenomenologies	Non – experimental designs (e.g surveys)
Ethnographies	
Grounded Theory	
Case Studies	

Themes which has been constructed in table 1 by Creswell, are the motivations of implementing both qualitative and quantitative in this study. Exploration from the qualitative to quantitative are needed to get a wider perspective on the current phenomenon and its' subject of people with design sensitivity.

2.3 Mixed Methods

In answering the descriptive question, collection of the data is based on Creswell's mixed methods approach. In table 1 above, it is an "Alternative Strategies of Inquiry" by Creswell (2003). While, figure 1 below explains the research design on the implementation of an exploratory sequential design of this study based on the "Alternative Strategies of Inquiry".
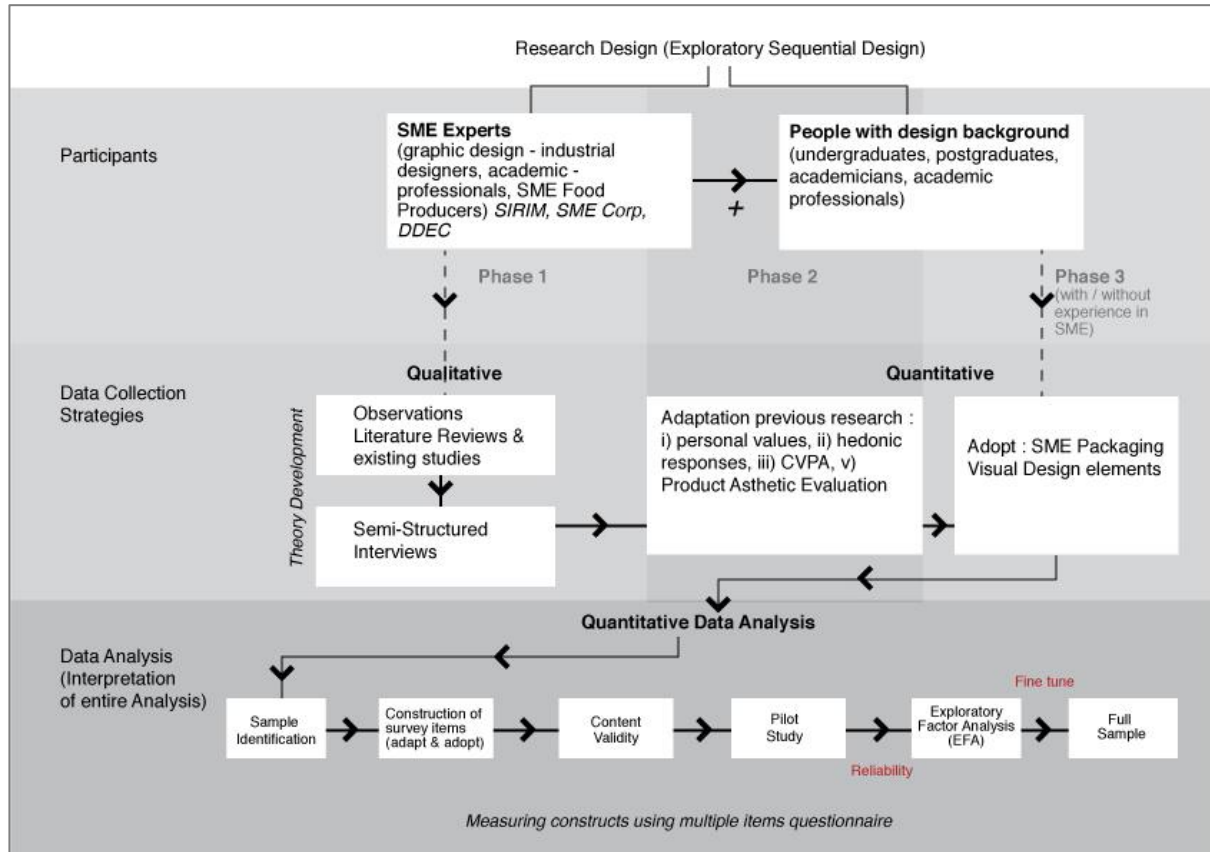
Figure 1 : Exploratory Sequential Design apply to this current study

In general, there are three steps of process in this study that pertain to the exploratory sequential design. The first process is identifying the participants in the study. The sample size according to Creswell, 2006 (chapter 6, p.123), the selection of participants in different phase(s), in respect to the sequential mixed methods, the qualitative data collection requires smaller sample in comparison to the quantitative data collection. In respect to this, focus groups method of data collection applies in this study. The purpose of conducting a focus group is to focused on the discussion of the research topic from the experts and this focus group employs group about 6 to 12 people. In this study, people with design sensitivity which priority given to the experts in the field of packaging and graphics designers and academicians. This focus group also are primarily to those who have the experiences in the subject of SMEs food products.

3. FINDINGS AND DISCUSSION
3.1 Qualitative

In relation to the research design in figure 1, qualitative methods have been identified from a previous study. "How Visual Brand Identity Shapes Consumer Response", an exploration on qualitative was conducted among art directors and ordinary consumers to make an evaluation on visual design elements. The objective by the implementation of this qualitative exploration is with the motivation that professionals and people with design sensitivity have greater aesthetic sensitivity and tends to appreciate more on an introduction to a latest novelty (Phillips et al., 2014). Upon this findings and statements, in this study, in respective to the *Overview on Schwartz Theory of Basic Values* which

considers "openness to change" value, applies to the exploratory findings which applies a follow up survey in the quantitative method, resulting in different beliefs depending on their sensitiveness to the design.

As explained previously, the focus group includes 6 experts in the particular industry of packaging design in exploring a wider perspective on the descriptions questions with a semi – structured questionnaire. According to Tashakkori et al., (2003), six to twelve people will be eligible for mixed methods focus group as it merely focuses on the discussion of the subject matter.

3.2 Quantitative

Data in phase 2 is the quantitative method. This method adapts from several studies that has been done that requires several test such as test participants, stimuli (product), design and procedure, methods and materials in order to response to the hypothesis. These hypotheses in this present study, it allows the pragmatic grounds by seeking the consequences – oriented of the research questions. Items to be measured for this phase includes of adaptations and adoptions of previous studies questionnaire.

"In quantitative studies, investigators use research questions and hypotheses to shape and specifically focus for the purpose of the study. Research questions are interrogative statements or questions that the investigator seeks to answer."

"Hypotheses, on the other hand, are predictions the researcher holds about the relationship among variables" (Creswell, 2003, p.108)

4. CONCLUSION

The objective of this study, is to determine the factor that mediates people with design sensitivity and their appraisal towards food packaging design and its' visual design elements. Thus, mixed methods have been identified in this paper to provide a platform in research design for the researcher to gain wider perspectives on its' subject pertaining to SME food products. In general, the limitation of this study is limited to surface design on primary food packaging of SME products. It can be concluded that implementing one method may face weaknesses in each method, to overcome the possibilities of missing data, vague answers, therefore having both, interviews; focus group and survey of questionnaire may keep the findings precise.

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EFFECTIVE LEADERSHIP MODELS IN HIGHER EDUCATIONAL INSTITUTION – DELPHI TECHNIQUES

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Abstract: With the growing economy in Malaysia and its vision to become a developed country in 2020, the need for effective leadership management towards higher education institutions is necessary to produce excellent academic leaders in Malaysian organizations (Muniapan, 2005). This article will attempt to identify effectiveness of leadership in higher educational institutions. More specifically researcher provides detailed values of analysis from 15 local experts by using Delphi Technique to obtain the higher result in setting up the model of leadership. The study only focused on methods or modified Delphi technique to round four sessions. Results from a study using the Delphi method showed that the expert panel agreed three major themes and characteristics of effective leadership and can serve as a guide for leaders in forming themselves into effective leaders.

Keywords: Higher Education Institutions, Effective Leadership, Delphi Method, Majlis Amanah Rakyat

INTRODUCTION

Institutions of higher learning all over the world have caused serious problems to leaders in the past few decades concerning styles of leadership that can resolve the challenges in the business world (Mahdinezhad, Suandi, Silong and Omar, 2013). Institutions of higher education, either public or private, are important because this institution will produce workers, educators and leaders of the future. Effective leaders must be able to examine the threats that exist and try to turn it into an opportunity. Recognising this, the education sector is not left behind in the face of new challenges. The duties and responsibilities of an increasingly challenging leader not only in education, but also of society puts a high responsibility to the leaders and administrators. Even the Public Higher Education Institutions and the private sector, is responsible for educating and ensuring excellence of an institution. Thus, it is a necessity for the higher education institutions leaders in demand for the productivity, effectiveness and efficiency of the institutions performances (Vicki, Linda and Ronald, 2003).

1.1 The importance of leadership in education

On the terrace or challenge government policies (PIPP) 2006-2010, described the building of this nation, human capital development, bridging the education gap and accelerate excellent educational institutions. The leader's role in determining excellence or success of an institution or organization he leads. Interests and needs have to glorify the leadership of educational institutions cannot be denied. Effective leadership is necessary for leaders to meet the standards and benchmarks for the organization (Carnoy and Loeb, 2012; Verstegen, 2012). The implication governing institution characterized by leaders who can effectively boost the leadership of the institution concerned to be excellent institutions.

1.2 Purpose of the study

Approval and conspired high total of 15 expert panel of three (3) main theme and its characteristics will be the basis of effective leadership to guide the establishment of effective leadership profile in selected private institutions under Majlis Amanah Rakyat.

1.3 The Importance of Research

This study will help to recognize the more clearly and identify the characteristics and the importance of having the characteristics of effective leadership for the lead in establishing itself as an effective leader, especially against the institution or organization that administered (MARA).

1.4 Theoretical Framework Study

Researchers use Hannafin Peck Model and Model Hoy & Miskel to be the basis for developing the conceptual framework and it is used for purposes of analysing the formation model for the study to determine the main characteristics of effective leadership in private Higher Education Institutions under Majlis Amanah Rakyat.

1.5 Methodology
1.5.1 Sample and Data Collection

Researchers using Delphi study (modified) four (4) rounds in this study is intended to achieve a high degree of consensus view among experts to analyse the formation of effective leadership model. Researchers also choose modified Delphi technique as more focused on what you want to study (Kichul, L 2nd Technology Forecast Survey by Delphi Approach in Korea, 2000). Participants in the study Delphi expert panel is Horror 15 experts in leadership and their service more than 10 years in education and leadership. Questionnaires were sent to a panel of experts using a Likert scale from 1 to 5 represent 1-strongly disagree, 2 -disagree , 3- less agreed, 4- agree and 5- strongly agree.

1.5.2 Research Instrument

This study used questionnaires as the main instrument of study questionnaires were constructed based on the following:

(i)   Statements regarding the practice of effective leadership, Effective School Leadership Responding to Change from John MacBeath (1998) reprinted (2002).

1.6 Findings

The results of the analysis using the Delphi method showed a total of 15 panel of experts who are recognized for their expertise in education and leadership have agreed to three (3) main features of effective leadership that it contains features effective leadership for the foundation in the formation of the model to produce leaders who effective in selected private institutions under Majlis Amanah Rakyat.

1.7 Conclusion

Wise leader must play a role and responsibility in all aspects of education in particular. Thus, it is important for the academic dean, deputy of dean and head of department as a leader, to adapt to the appropriate leadership style that suit him or her with the groups for which he or she is responsible (Nunn, 2008). In accordance with the title of this study, three (3) major themes and characteristics of effective leadership traits can be used as a basic guide for leaders in forming themselves into effective leaders.

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A VALIDATION STUDY OF CONTINUOUS IMPROVEMENT FOR ISO9001-CERTIFIED MALAYSIAN MANUFACTURING SMES

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Abstract: The International Organization for Standardization (ISO) 9001, family of Quality Management System (QMS) standards was first developed in 1987 and is reviewing consistently, the updated version released at the end of 2015. ISO 9001 QMS is the base of any business, whether large or small. While there is a considerable body of the literature that have evolved Total Quality Management (TQM) and ISO performance around the world, there is not yet find a generic model to measure how organizations can get the most benefits of ISO 9001 in Malaysian context. However, there are plenty study which is offering successful ISO 9001 application. To measure factors improve ISO 9001 continuance improvement, several research studies have been reviewed. The number of 203 items of 21 factors/dimensions measuring seven variables were adopt and adapted to generate a modified-national-based model to measure factors effects on successful ISO 9001 practice as a tool of improvement continuously. The variables were included Successful ISO 9001, Organizational performance, Barriers of ISO successful, Benefits of ISO implication, Employee focus, Customer focus, and TQM implementation. After performing an Exploratory Factor Analysis (EFA) using SPSS and Confirmatory Factor Analysis (CFA) using AMOS, 66 items of 14 constructs were generated measuring the 5 variables, which were included (five constructs for Successful of ISO 9001: Management & Review, Customer satisfaction focus, Continuous improvement, Organizational performance, and Benefits from implementing ISO 9001 System; three constructs for Barriers of ISO implications and Continuance improvement: ISO 9001 Barriers, Disappointment experienced, and Misconceptions about ISO 9001; two constructs for Employee Focus: Employee participation/ training , Recognition and reward measuring; one construct for Customer focus; three constructs for TQM implementation: ISO 9001 implementation, Evaluation, and Quality system improvement). The construct generated in this study could be used to measure ISO Implementation factors and Continuous improvement, specifically with Malaysian context.

Keywords: Successful of ISO 9001: Barriers of ISO implications, Employee Focus, Employee Focus, TQM implementation, Continual improvement

INTRODUCTION

International standards have become an important framework for conducting and improving a business. International Organization for Standardization (ISO) found in Geneva: 1947 which provides standardization of technical specifications for products in the global marketplace (Levett, 2001). From the ISO categories, best known standards is the ISO 9000 which addresses quality management guidance to fulfil customer's requirement. Among ISO 9000 sets, The ISO 9001 family of Quality Management System (QMS) standards, is the only standard that can be certified as the base of any business, whether large or small. ISO 9001 QMS standards was first developed in 1987 (Levett, 2001), and revised in 1994, 2000, 2008, and the updated version is released on 15 Sept 2015. Through its many associations, the business community has come forward to support these standards in over 170 countries.

While there is a considerable body of the literature that have evolved Total Quality Management (TQM) and ISO performance around the world, still little is known about the effect of ISO practices in Malaysia, particularly within the context of Malaysian manufacturing industry (Arumugam, Ooi, & Fong, 2008). Malaysian certified companies still facing challenges to practice a benefiting ISO 9001 such as quality management and organization learning and product returns and recovery management (Mahmud & Hilmi, 2014; Shaharudin, Zailani, & Tan, 2014). Quantitative studies to propose a model of continual improvement are scarce in Malaysia. Accordingly, more research may be conducted on the factors that can truly promote and enhance the successful quality improvement practices and performance (Abdullah, Uli, & Tarí, 2008). Despite the definite direct positive impact of

ISO 9001 practices on SMEs development and improvement, the literature shows a gap in previous studies in Malaysian SMEs focusing on the maintaining improvement. Although applying quality control system involving all traits integrated with the standard ISO 9001:2008 conform product specifications, the key success factor of the implementation techniques and tools of quality control is not applied appropriately in achieving continuous quality improvement in Malaysia (Fajrah & Putri, 2017).

In order to bridge the gap and provide Malaysian SMEs with practical assistance in dealing with ISO 9001 effects on quality performance, this research applied the successful cases and past research to examine whether the application of ISO 9001 performance is successful within the Malaysian manufacturing industry. The model which is developed by this study will help small and medium sized organizations better understand ISO 9001. The study also aimed to present a guide to facilitate implementation and improvement and maintain of ISO 9001.The findings of this work will introduce the key performance indicators for maintain and to reap the benefits of ISO 9001 for the ISO certified organization to maintain. To sum up the aim of this project is develop a model to help small and medium-sized organizations better understand ISO 9001. It is intended to facilitate implementation and improvement to maintain the ISO 9001 quality management accomplishment which allowed the organization to experience multiple benefits beyond the achievement of certification.

REVIEW OF LITERATURE

Reviewing the successful of ISO certified cases shows that factors in which make an organization to be successful in order to get maximum benefits of ISO 9001, are varied. However this study focused on the most effective factors which is found to be significant to apply in manufacturing Small and Medium Enterprise (SME). In this research, an attempt is made to gather an academic research related to ISO 9001, and factors which help an organization to get the maximum benefits of certification through an extensive literature reviewed. Past study about continual improvement as one of the essential principal of ISO 9001 was also reviewed in order to develop a commonly proved-model.

1.0   ISO TQM implementation

Over the years, organizations and companies have been following the standards to improve quality on a global market in order to remain on world market. During quality era, a number of tools, techniques and approaches for achieving a high degree of quality in products and services emerged. This progression concluded in the emergence of TQM field (Sivakumar, Devadasan, & Murugesh, 2014). Total means everything in organization and quality means in degree of excellence (Dedy et al., 2016).Various approaches have been applied by the organizations hoping to ensure quality assurance and excellence in the services rendered. Among the approaches that have been introduced, TQM and ISO 9000 Quality Management were believed would be able to enhance the quality services and quality implementation (Rosmizan, Wahab, Abdullah, & Razak, 2014). Since the issue of ISO 9000 by the International Organization for Standardization in 1987, the standard has started to become extensively accepted in most of the developed countries (Mo & Chan, 1997).

QMS is an approach introduced to ensure there is a continuous improvement in the levels of quality within the services or product they rendered. It is also introduced to establish the continuity of a sector's efforts to enhance the existing quality systems presented in all its agencies (Rosmizan et al., 2014). ISO 9001 is a QMS standard which has been used for almost all the organization in today business environment. It is a voluntary system, however due to business competition, it become a mandatory for any organization. It was started in 1987 as 1st Edition, followed by 2nd Edition in 1994, 3rd Edition in 2000, 4th Edition in 2008 and the latest 5th Edition in 2015. The system was evolved from manufacturing oriented to business oriented where today, not only manufacturing, it is also cover services industry. Within the Quality Management standards, ISO 9001 is arguably the most influential contribution that there has been to date.

The literature claims the positive relationship between quality improvement and organization performance. Organizational performance influenced by the soft factors such as: management commitment; customer focus; and employee involvement (Mosadeghrad, 2014). The main reasons for TQM failure is an inappropriate environment for implementing including insufficient education and training, lack of employees' involvement, lack of top management support, inadequate resources, deficient leadership, lack of a quality-oriented culture, poor communication, lack of a plan for change and employee resistance to the change program (Mosadeghrad, 2014)

TQM has been widely used by many organizations and it has been applied by management to provide customer and quality focused practices. A study (Ooi, Lin, Teh, & Chong, 2012) examined the association of TQM practices (i.e. leadership, customer focus, strategic planning, people

management, information analysis and process management) with the innovation performance as perceived by the managers in certified manufacturing firms in Malaysia. The results of the study indicated TQM has a significant positive relationship with innovation performance. Thereby, it is suggested that organizations consider TQM practices when assessing the innovation performance.

The findings of a Malaysian study revealed that TQM practices were found to be partially correlated with quality performance of the Malaysian ISO 9001certified manufacturing organizations. It is also found that where customer focus and continual improvement were perceived as dominant TQM practices in quality performance (Arumugam et al., 2008). It is also found that where customer focus and continual improvement were perceived as; dominant TQM practices in quality performance. 11-factor of TQM implementation for manufacturing companies: 1) leadership; (2) supplier quality management; (3) vision and plan statement; (4) evaluation; (5) process control and improvement; (6) product design; (7) quality system improvement; (8) employee participation; (9) recognition and reward; (W) education and training; and (11) customer focus (Zhang, Waszink, & Wijngaard, 1999).

In a study (Mustaffa et al., 2011) TQM practices has been comparing between Japanese and non-Japanese companies in Malaysia. The result shows that Japanese companies more focus on product design and they believe quality starts from design and in turn will determine manufacturability, reliability and product quality. The level of quality management practices (customer focus, continual improvement, information analysis, process management, quality system improvement, people involvement, leadership, and supplier relationships) was found to be partially influenced on quality performance. Market requirements should be researched thoroughly and new product designs be completely reviewed and tested before the start.

Implementing the QMS and practicing beneficial ISO 9001 are indeed a necessary and advantageous effort for any organization. This is because TQM and more precisely continual improvement for standards based on TQM will certainly bring a lot benefits to the organization, specifically in terms of the standard of quality in the services or products offered by these organizations. In order to ease the implementation process, systematic and comprehensive steps have to be planned in detail as an implementation guide. Therefor this project proposed a model of ISO 9001 continual improvement, which is adapted and adopted from global successful cases.

1.1   Continuous improvement

One of the essential principals of ISO 9001 is Continual Improvement (CI) (Alič, 2013) (Dammak et al., 2009) (Govender, 2013) (Lin, Li, & Kiang, 2009). To ensure get benefits of ISO 9001, defining a structured approach for CI and establishing the framework and implementation of CI effort are essential. CI is an ongoing activity with the aim to raise the level of organization-wide performance through both focus incremental changes in processes and step-change breakthrough improvements. Continual improvement is the ongoing enhancement of the effectiveness of quality management standards in any organizations. The ISO 9001 QMS includes a method of continuous improvement put in place in 1994. Application of this system, audits and reviews are performed to identify, correct and prevent problems. Internal audits were being practiced in all of the responded companies and 63 percent were utilizing problem solving methodology in process of CI (Hakim, Fatimah, & Fazeeda, 2016). Although the method of continuous improvement, combined with adherence to annual quality objectives, is an important part of the QMS, only a few business managers and quality professionals seem to acknowledge its significance (Ollila, 2012).

1.2   Customer focus

Customer satisfaction is known as one of the key factors in organizations' success and is one of the essential keys to make business effective (Sit, Ooi, Lin, & Yee-Loong Chong, 2009). Profit-oriented organizations are considered customer satisfaction for assessing the market share. There are lots of definitions around the customer satisfaction topic. Customer satisfaction is defined as "summary psychological state resulting when the emotion surrounding confirmed or disconfirmed expectation is coupled with the consumer's prior feelings about the consumption experience" (Kim, 2011). It has previously been shown that both product quality and service quality are important for customers in relation to customer loyalty and repurchase intentions (Kaushik, Khanduja, Mittal, & Jaglan, 2012) (Eskildsen & Kristensen, 2008). To achieve quality, it is essential to know what customers want and to provide products or services that meet their requirements. Customers is one of the main keys for organizations to be successful in a global market and it has been widely used as a factors for continual improvement in many studies (Alič, 2013; Petnji Yaya, Marimon, & Casadesus, 2014; Psomas, Kafetzopoulos, & Fotopoulos, 2013; Rebelo, Santos, & Silva, 2014; Zhang et al., 1999).

1.3   Employee involvement

Accomplishment of solving quality problems would never happened unless the employee get involved in organization. Employee involvement could happen is they   improve their personal capabilities, increase their self-respect, commit themselves to the success of their organizations, and/or change certain personality traits (Zhang et al., 1999). As many staff as possible, should be involved in the construction of the processes and everyone must understand each other's role. Employee involvement mainly refers to any activity in which employees participate in organization's decisions and improvement, with their sense of creatively and motivation. By total involvement, employees at all levels in the organization are authorized to improve their outputs by coming together in new and flexible work structures to solve problems, improve processes, decision making, and satisfy customers at all levels in the organization(Bani-hani, 2012). Employee contribution is an essential part of the establishment of a company-wide quality culture.

1.4   Barriers of ISO 9001

Despite the wide range ISO 9001 certified organizations and companies in Malaysia, they still facing various barriers and misconceptions that impede ISO 9001 implementation in the service and manufacturing sectors. In a study conducted by (Al-Najjar & Jawad, 2011), nine important factors that delay the implementation of the standards were found as; lack of top management commitment heads the list. In addition, ten misconceptions were identified by this study, including the top ranked belief that ISO 9001 uncovers job security. It is also highlighted (Zeng, Tian, & Tam, 2007) the problems in implementing the standard, which determines the sustainable implementation, including: short-sighted goal for "getting certified"; over-expectation on the ISO 9001 standard; mandatory requirement. With regard to the effective audit of the ISO 9001 standard, the main problems they explored were included of lack of commitment from some certifying bodies; excessive competition between certifying bodies; and offering of a total packaged service from consultancy.

Beside the barriers of ISO 9001 implementation, the most frequently mentioned reasons for TQM implementation failures include insufficient education and training, lack of employees' involvement, lack of top management support, inadequate resources, deficient leadership, lack of a quality-oriented culture, poor communication, lack of a plan for change and employee resistance to the change program (Mosadeghrad, 2014). Considering the important of detecting barriers of ISO and TQM implications, managers should overcome these barriers to achieve the TQM benefits. With overcoming these barriers organizations would have better performance, better quality, and better services.

METHODOLOGY

The quantitative survey is conducted to collect the data. Questionnaire has been developed based on ISO 9001 requirement key words, and based on review of literature about successful cases. Population of the study is small and medium enterprise (SME) in Malaysia in the manufacturing industry who certified by ISO 9001. A total number of 27 companies were asked to answer the questionnaire were distributed face to face. The sample was selected among defined population as manufacturing SMEs which already certified IS0 9001 and are currently active.

2.0   Developing scale of continuous improvement for utilizing ISO 9001

ISO 9001 implication is a challenging topic. There is not yet find a generic model to measure how organizations can get the most benefits of ISO 9001 in Malaysian context. However, there are plenty study which is offering successful ISO9001 application. Reviewing the related literature shows that the most commonly factor for ISO certificated companies to be successful are: implementation Perceived benefits, Continuous improvement, Customer satisfaction focus, Organizational performance, Achievement operational performance, Perceived benefits, Benefit received, Employee Focus, TQM implementation. Hence the scales were measured the mentioned factors were reviewed and combined.

Reviewing the related literature, the researcher adopts and adapts the measurement from results and key points of 12 surveys to measure factors improve ISO 9001 continuance improvement. Several changes were made in adopted-questionnaires time to time, items were sorted based on the content, the direction of items were arranged, some items which was similar in different scales were combined and some deleted. The researcher also added some items in order to modify its assessment of measurements based on the Malay language literature in the field, national experience, and expertise consultants. Ultimately, seven variables (Successful ISO 9001, Organizational performance, Barriers of ISO successful, Benefits of ISO implication, Employee focus, Customer focus, and TQM implementation) were adopted from 12 survey. These variables defined as 21 dimensions measuring

203 items/questions/indicators. Using these scales, the questionnaire were prepared and modified in several steps. The constructs, items measuring constructs (indicators) and references for developing the model of the study are presented in Table 1.

Table 1 Measurement and scale with references

Variables and constructs	Scale and references
1. Successful of ISO 9001	Prevention of nonconformities x 6 items implementation x 14 items Perceived benefits x 15 items
Continuous improvement	Continuous improvement x 7 items
Customer satisfaction focus	Customer satisfaction focus x 6 items (Psomas et al., 2013)
Management & Review	
Organizational performance	Organizational performance (q56-66) Achievement (operational performance) x 6 items (operational performance) x 5 (Feng, Terziovski, & Samson, 2008)
2. Benefits from implementing ISO 9001 System	Perceived benefits x 15 items (Nair, 2001) Benefit received x 11 items (Gotzamani, 2010)
3. Barriers	
Disappointment experienced	Barriers x 16 items (Al-Najjar & Jawad, 2011; Alič, 2013) Disappointment experience x 7 items (Nair, 2001)
ISO 9001 Barriers	ISO Implementation Barriers (q 78-107) (Al-Najjar & Jawad, 2011; Alič, 2013)
Misconceptions about ISO9001	Misconception x 15 items (Al-Najjar & Jawad, 2013)
4. Employee Focus	(Zhang et al., 1999)
Employee participation	Participation x 8 items
Recognition and reward	Recognition & Reward, x 6items
Education and training	Education & Training x 7items
5. Customer focus	
Best Practices for Resolving Customer Complaints	Customer focus Best practice x 5 items
Customer relationship	Customer relationship x 6 items Customer focus x 6 items (Abdullah, 2007; Heizer & Render, 2013a, 2013b; Zhang et al., 1999; Zu, Fredendall, & Douglas, 2008)
6. TQM implementation	
ISO 9001 implementation	Leadership x 8 items, Product design x 8 items (Zhang et al., 1999)
Supplier quality management	Supplier Quality Management x 6 items (Zhang et al., 1999)
Vision and plan statement	Vision & Plan statement x 8 items (Zhang et al., 1999)
Evaluation	Evaluation x 18 items(Zhang et al., 1999)
7. Quality system improvement	Quality system improvement x 11 items (Zhang et al., 1999)

3.0   RESULTS

A pilot study was performed among 27 respondents for the purpose of measurement reliability testing. Respondents were selected from manufacturing SMEs randomly who have the position of engineering. Most of companies have 11 to 20 years of working history, which have at least 50 employees. Majority of these selected companies have certifies ISO 1400 beside ISO 9001 certification, and the companies have been certifies mostly for six years. The respondents were admitted that the most reason to get the certification were customers request.

Table 2. Companies information

Companies information	Frequency	Percentage %
Company lifespan		
1-10 years	8	29.6
11-20 years	13	48.1
21-30 years	3	11.1

No answer	3	11.1
How many employees do you have in your organization?		
101	1	3.7
101-200	2	7.4
201-300	2	7.4
301-500	3	11.1
50	10	37
50-100	2	7.4
5001-100	1	3.7
501-1000	6	22.2
Beside ISO 9001 certification, your company certify other system? (tick those apply)		
No answer	6	22.2
(OTHER)I	1	3.7
ISO 1400	18	66.7
OHSAS 18	2	7.4
Which of the following awards have your company won? (tick those apply)		
No answer	5	18.5
IEA	1	3.7
None	8	29.6
NONE	13	48.1
Years company been certified (tick those apply)		
<3 YR	1	3.7
> 6 YR	1	3.7
>6 yr	10	37
>6 YR	8	29.6
>6YR	5	18.5
3 TO 6 Y	2	7.4
Certification body remain from started of ISO 9001?		
NO	1	3.7
NO(COST)	3	11.1
YES	23	85.2
Number of audit per year		
>2X	3	11.1
1X	22	81.5
2X	2	7.4
Number of manday audit per time audit		
No answer	2	7.4
1MD	1	3.7
2 MD	17	62.9
<2 MD	3	11.1
>2MD	4	14.8
Reason getting ISO 9001		
Competitor had it	1	3.7
Customers request	15	55.6
Customers request, Government body / authority request	1	3.7
Customers request, Self-improvement / initiative	1	3.7
Customers request, Competitor had it	1	3.7
Government body / authority request	1	3.7
Self-improvement / initiative	7	25.9
Total	27	100

An Exploratory Factor Analysis (EFA) using SPSS, version 24 was performed to assess the convergent validity of developed instrument (Appendix 1) using for this research. To test Confirmatory Factor Analysis (CFA), Structural Equation Modelling procedure was performed using AMOS, version 23 to test the measurement model.

Five constructs were generated to measure Successful of ISO 9001, namely: Management & Review (4 items), Customer satisfaction focus (3 items), Continuous improvement (two items), Organizational performance (two items), and Benefits from implementing ISO 9001 System (4 items). Three constructs were generated to measure barriers of ISO implications and CI, namely: ISO 9001 Barriers

(6 items), Disappointment experienced (4 items), and Misconceptions about ISO 9001 (9 items). Two constructs were generated to measure Employee Focus, namely: Employee participation/ training (6 items), Recognition and reward measuring (3 items). One construct was generated to measure Customer focus with 5 items. Three constructs were generated to measure TQM implementation, namely: ISO 9001 implementation (8 items), Evaluation (4 items), and Quality system improvement (6 items). Details are presented in **Error! Reference source not found.**.

EFA and CFA were performed for adapted and adopted scales for measuring 7 variables of the study. In EFA using SPSS, items with factor loaded less than 0.7 were deleted in order to achieve the convergent validity. To confirm the measurement validity, CFA using AMOS was performed, due to modification steps, indicators which has loaded less than 0.6 and more than 0.95 were excluded. Modified constricts and indicators are presented in Table. Details of statistical procedures explained in following sections.

Construct/composite reliability is almost similar to a Cronbach's alpha internal consistency which is performing by SPSS, a composite reliability greater than 0.7 considered highly reliable (Hair, Black, Babin, & Anderson, 2010). In order to assess measurement model validity, convergent and discriminant validity were assessed. Convergent validity is attained when items which are measuring a construct, converge in amount of variance. Several ways are available to assess the convergent validity, Hair, et al (2009) discussed in the case of high convergent validity, items measuring latent variables presented in high factor loading level (more than 0.5 preferably more than 0.7) and should be statistically significant. In this study, standard loading estimates for factors are less than 0.5 were deleted to achieve the convergent validity.

EFA and CFA results for Successful ISO 9001 implication
Successful ISO 9001 implication contained 34 indicators, 16 items were generated in three constructs in EFA, and 9 items were remained in CFA modification steps.

Table 3. Measurement modification for Successful ISO 9001 implication

Constructs and its indicators	EFA results (SPSS)					CFA results (AMOS)		
	factors							
	1	2	3	4	5	S.E	S.E*	R
1. Effective internal auditing	.892					0.89	0.90	0.88
2. Middle management commitment	.881					0.91	0.91	
3. Top management commitment	.837					0.72	0.73	
4. Sufficient ISO training programs	.810					0.80	0.79	
5. Monitor, review, and improve the processes, procedure and products continuously	.739					0.81	0.79	
6. Analyse customers satisfaction data effectively		.930				1.01	Del	0.87
7. Conducting customer satisfaction surveys		.873				0.87	0.82	
8. Review customer satisfaction method effectively		.799				0.89	0.91	
9. Collect customer expectations and suggestions		.740				0.67	0.77	
10. Audit plan and schedule consider the status and importance of process			.873			0.57	Del	0.77
11. Control the products and procedures			.786			0.67	Del	
12. Audit plan and schedule review and reflect the changes			.517			0.83	Del	
13. Improved employee performance continuously				.915		0.61	Del	
14. Reduction of nonconformities through quality processing, storage, packaging & delivery				.798		1.17	Del	
15. Availability of external					.875	.53	.83	

consultants							
16. Check repeat orders					.610	0.65	.73

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, R: construct/composite reliability
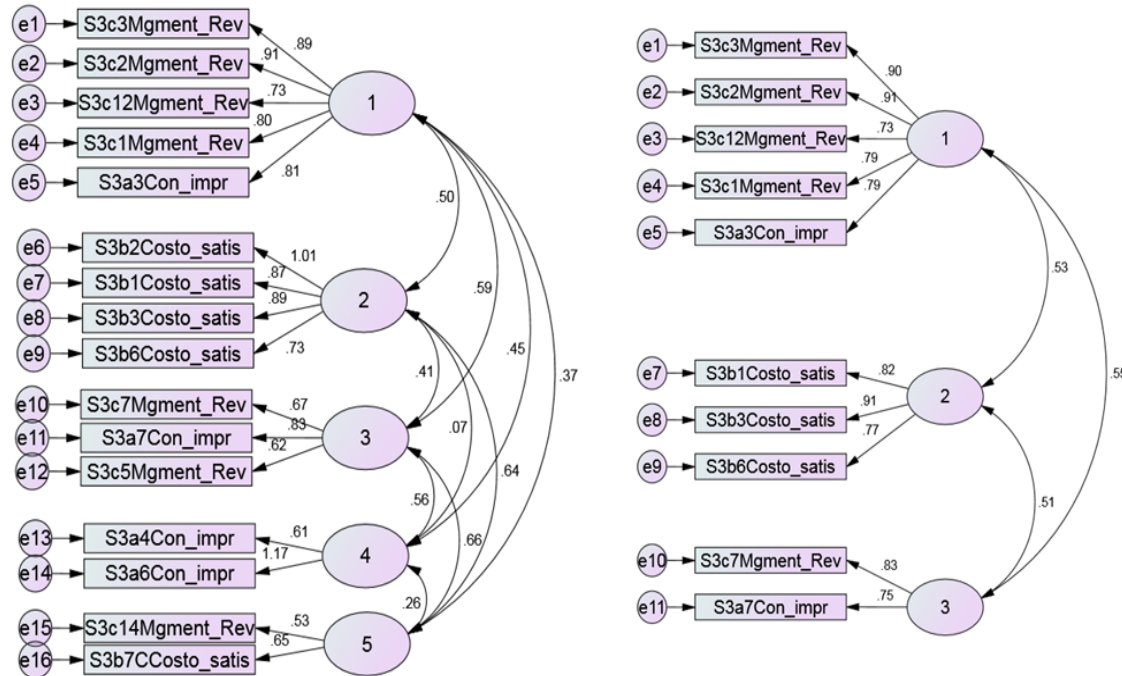
Figure 1 Measurement model of ISO successful (initial, and modified)

3.1   EFA and CFA results for Barriers of ISO successful

Barriers of ISO successful contained 32 indicators, 19 items were remained in EFA and CFA modification steps, which were generated in three constructs.

Table 4. Measurement modification for Barriers of ISO successful

Indicators/Items	EFA results (SPSS)			CFA results (AMOS)		
	Factors			S.E	S.E*	R
	1	2	3			
Top management less commitment	0.82			0.93	0.92	0.94
Employee resistance	0.93			0.92	Del	
Difficulty of performing Internal audits	1.01			0.86	0.91	
Absence of consulting boards	0.50			0.75	0.77	
ISO 9001 requirements are unrealistic	0.92			0.93	Del	
Shortage of financial resources	0.88			0.97	Del	
Insufficient human resources	0.81			0.98	Del	
Insufficient employee training	0.80			0.95	0.89	
Insufficient knowledge in quality programs	0.92			0.97	Del	
Ignorance of ISO importance	0.92			0.95	0.94	
Weak interdepartmental relations	1.01			0.9	0.93	
Unwillingness to change work systems	1.05			0.91	Del	
Inflating the size of documents	0.63			0.86	Del	
Unwillingness to change organizational culture	0.68			0.93	Del	
Absence of quality guidelines	0.82		0.462	0.94	Del	
Increased and complex paper work		0.94		0.88	0.86	0.95
Customers purchase from non certified ISO suppliers		0.94		0.88	0.9	.
ISO 9001 useless in our business		0.93		0.55	Del	

Too difficult to learn and implement	0.90		0.94	0.94	
Ability to gain market share is not high as expected	0.88		0.98	0.91	
Extensive changes	0.76		0.92	Del	
ISO 9001 uncovers job security	0.64	0.48	0.8	0.8	0.95
ISO 9001 guarantees beating the competitors		0.90	0.67	Del	
ISO 9001 requires great financial resources		0.82	0.83	0.82	
All departments must be certified for ISO 9001		0.79	0.94	0.94	
The certificate is awarded by the ISO		0.77	0.77	0.76	
ISO 9001 certificate has no expiry date		0.73	0.94	0.93	
ISO assures quality of goods and services		0.65	0.41	Del	
The certificate is awarded to private sector only		-0.60	0.95	0.95	
ISO 9001 decreases productivity	0.50		0.96	0.96	
ISO 9001 certification requires a long time	0.66		0.94	0.95	
ISO 9001 success is employee responsibility only	0.65		0.74	0.74	

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, R: construct/composite reliability
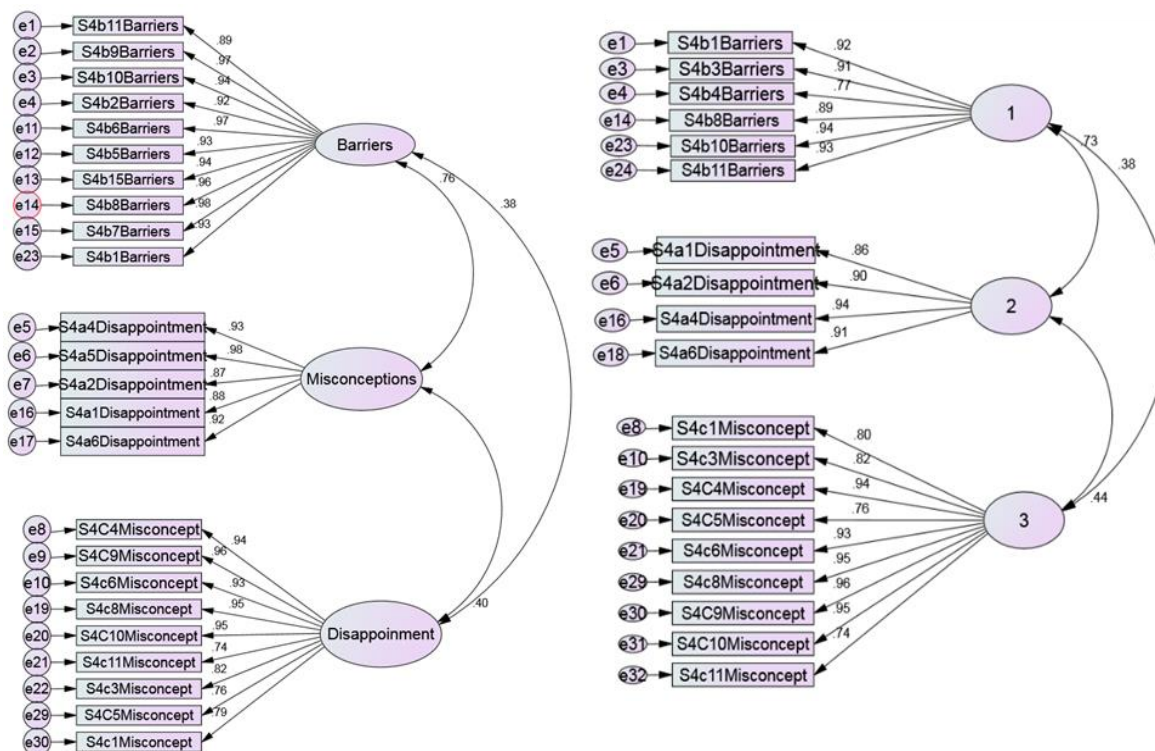
Figure 2. Measurement model of Barriers of ISO successful (initial, and modified)

3.2 EFA and CFA results for ISO Benefits

ISO Benefits contained 9 indicators, 6 items were remained in EFA and CFA modification steps, which were generated in one constructs.

Table 5. Measurement modification for ISO Benefits

Indicators/Items	EFA results (SPSS)	CFA results (AMOS)		
	factors	S.E	S.E*	C.R

	1	2			
Increased organizations' profit	.994		0.80	0.68	0.87
Increased market share	.912		0.76	0.67	
Increased productivity	.812		0.66	0.96	
Better communication with customers	.777		0.71		
Less rework	.537		0.88		
Anyone in organization have the authority to initiate a change to a document	.496		0.74	0.77	0.88
Electronic document control is more effective		.945	0.50		
Reduction of documentation		.814	0.75	0.67	
Less waste		.701	1.00	0.85	

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, R: construct/composite reliability
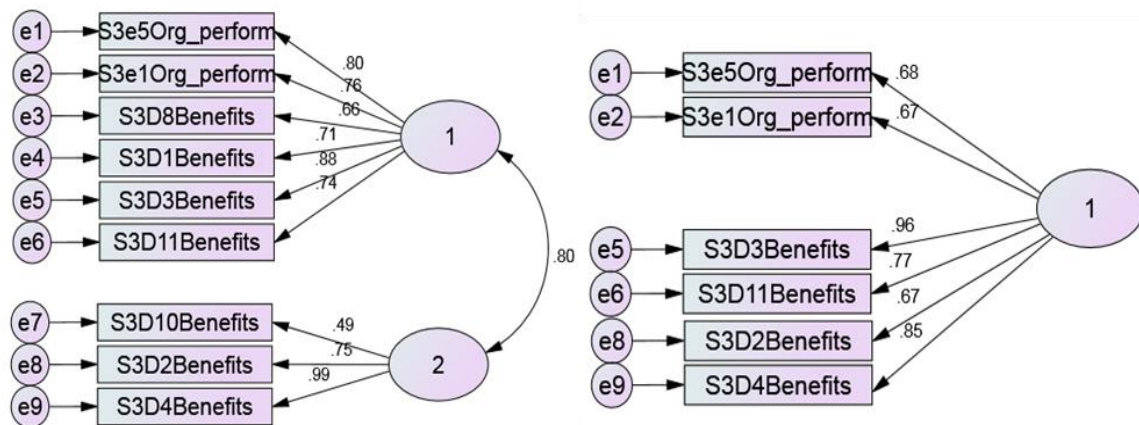
Figure 3. Measurement model of ISO Benefits (initial, and modified)

3.3   EFA and CFA results for Employee focus

Employee focus contained 21 indicators, 9 items were remained in EFA and CFA modification steps, which were generated in two constructs.

Table 6. Measurement modification for Employee focus

Indicators/Items	EFA results (SPSS)		CFA results (AMOS)		
	Factors		S.E	S.E*	C.R
	1	2			
Reporting work problems is encouraged in our company	0.97		0.79	0.87	0.94
Most employees' suggestions are implemented after an evaluation	0.92		0.67		
Our company implements suggestion activities extensively	0.91		0.88	0.93	
Our company doesn't have cross-functional teams	0.87		0.73	0.81	
Employees are regarded as valuable, long-term resources worthy of receiving education	0.84		0.97		
Our company doesn't have several QC circles	0.81		0.75	0.79	0.92
Training throughout their career	0.71		0.95	0.87	
Quality awareness education is given to employees	0.70		0.91	0.84	
Recognition and reward effectively stimulate employee commitment to quality improvement		0.97	0.86	0.86	
Excellent suggestions are financially rewarded		0.92	0.89	0.9	
Position promotions are based on work quality in our company		0.87	0.88	0.87	

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, C.R: construct/composite reliability
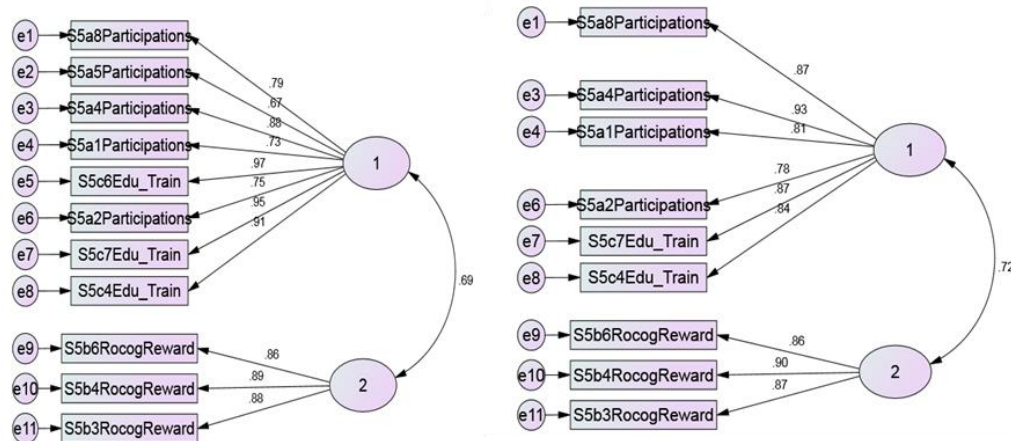

Figure 4. Measurement model of Employee focus (initial, and modified)

3.4 EFA and CFA results for Customer focus

Customer focus contained 11 indicators, 5 items were remained in EFA and CFA modification steps, which were generated in one construct.

Table 7. Measurement modification for Customer focus

Indicators/Items	EFA results (SPSS) Factors		CFA results (AMOS)		
	1	2	S.E	S.E*	C.R
Staff understand clearly the difference between correction, corrective action & preventive action	0.98		0.7		
Our employees know who our customers are	0.97		0.84		
Respond quickly to complaints	0.84		0.9	0.77	0.92
Recruit the best for customer service jobs	0.59		0.83	0.72	
We use customer requirements as the basis for quality	0.57		0.73		
Employees are encourage to accept education and training in our company		1.06	0.6		
Our organization measures our external customers' satisfaction		0.77	0.81	0.8	
Our customers give us feedback on quality and delivery performance		0.76	0.96	0.96	
We frequently are in close contact with our customers		0.70	0.96	0.96	

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, C.R: construct/composite reliability
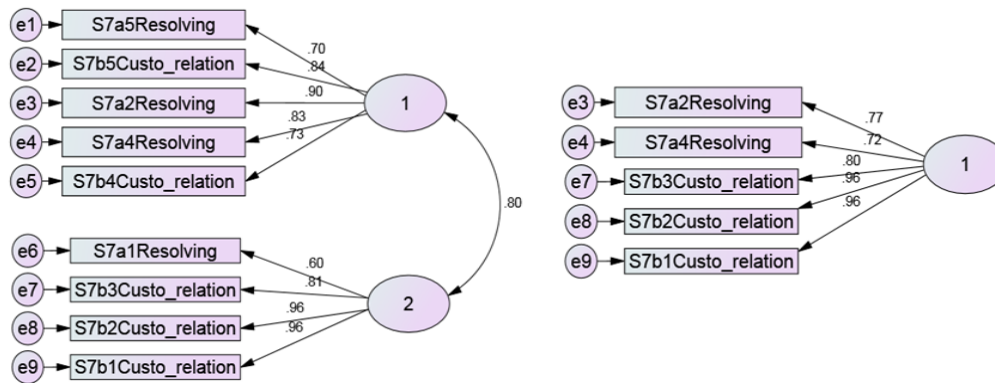
Figure 5. Measurement model of Customer focus (initial, and modified)

3.5   EFA and CFA results for TQM implementation

TQM implementation contained 37 indicators, 12 items were remained in EFA and CFA modification steps, which were generated in two constructs.

Table 8. Measurement modification for TQM implementation

Indicators/Items	EFA results (SPSS) factors			CFA results (AMOS)		
	1	2	3	S.E	S.E*	R
Participates in quality management and improvement process	0.95			0.95	0.95	0.96
Learns quality-related concept and skills	0.92			0.88	0.89	
Strongly encourage employee involvement in quality management & improvement activities	0.87			0.89	0.89	
Discusses many quality-related issues in top management meetings	0.85			0.84	0.83	
Focuses on product quality rather than yields	0.80			0.87	0.86	
Data is effectively analyze	0.79			0.83	0.84	
Use of latest software for data analysis	0.73			0.74	0.74	
Product quality data (e.g reject ratio) is analyzed for continuous program	0.72			0.88	0.88	
The aim of evaluation is for improvement, not for criticism		0.96		0.76	0.76	0.92
All data related to product, process, customer, supplier is categorized		0.94		0.94	0.94	
Supplier quality improvement data is analyzed (e.g IQC, line reject, delivery)		0.79		0.9	0.9	
Audits various policies and strategies		0.77		0.89	0.89	
Keeping neat and clean at all times		0.69		0.61		
An effective quality improvement plan			0.92	0.95		
Detailed quality goal			0.92	0.96		
Clear quality policy			0.89	0.94		
Established long-term co-operative relations with suppliers			0.65	0.84		

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, C.R: construct/composite reliability
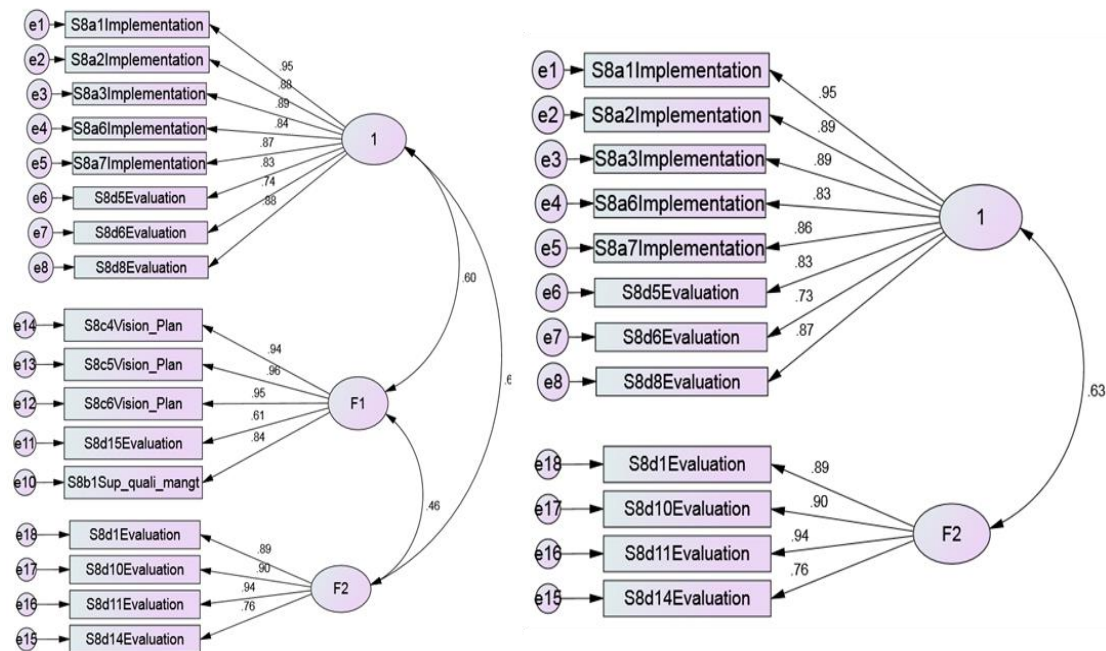

Figure 6. Measurement model of TQM implementation (initial, and modified)

3.6   EFA and CFA results for Quality system improvement

Quality system improvement contained 9 indicators, 6 items were remained in EFA and CFA modification steps, which were generated in one construct.

Table 9. Measurement modification results for Quality system improvement

Indicators/Items	CFA results (AMOS)		
	S.E	S.E*	C.R
Our company has a clear quality manual	0.60	Del	0.96
Our company has clear procedure documents	0.68	Del	
Our company has clear working instructions	0.69	Del	
Defects in final products have been reduced	0.85	0.82	
Waste products have been reduced	0.82	0.80	
Defects in semi-final products have been reduced	0.86	0.84	
Non-conformances have been reduced	0.96	0.96	
Reprocessing has been reduced	0.96	0.98	
The length of time from order to delivery of products has been reduced	0.88	0.90	

Note: S.E: standard estimate or factor loading, S.E* standard estimate or factor loading after deletion of item with loading less than 0.6 and more than 0.95, DEL: item which is deleted in modification model, C.R: construct/composite reliability
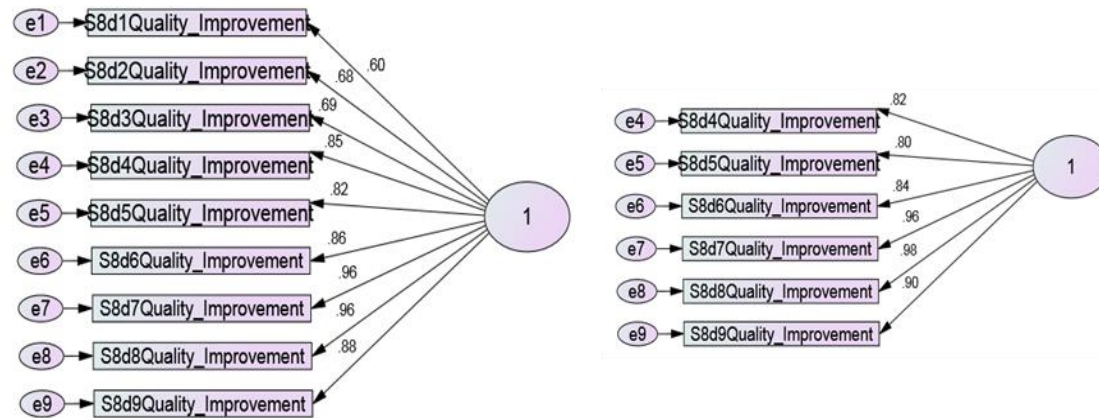
Figure 7. Measurement model of Quality system improvement (initial, and modified)

DISCUSSION AND CONCLUSION

Malaysian manufacturing industry is considered as one of the major factors to the economy development. International standards have become an important framework for conducting and improving on this field. Malaysian ISO 9001- certified companies still facing challenges to practice a benefiting ISO 9001. It was not yet found a sufficient amount of research about the effects of ISO on quality performance and a general model to successfully implement TQM in Malaysian manufacturing industry. Hence, this study introduced a modified measurement model of the factors effects on successful ISO 9001 practice as a tool of improvement continuously. The findings of this study presented the key indicators for maintain and to reap the benefits of ISO 9001 for the ISO certified organization. The generic model which is introduced by this study helps SMEs better understand ISO 9001 and facilitates implementation and improvement to maintain the ISO 9001 quality management accomplishment which allow the organization to experience multiple benefits beyond the achievement of certification.

The modified model based on the pilot study is (1) a five-factor model which is generated to measure Successful of ISO 9001, namely: Management & Review, Customer satisfaction focus, Continuous improvement, Organizational performance, and Benefits from implementing ISO 9001 System; (2) a three-factor model generated to measure barriers of ISO implications and CI, namely: ISO 9001 Barriers, Disappointment experienced, and Misconceptions about ISO 9001; (3) a two-factor model generated to measure employee Focus, namely: Employee participation/ training, Recognition and reward measuring; (4) a construct generated to measure Customer focus; and (5) a three-factor model generated to measure TQM implementation, namely: ISO 9001 implementation, Evaluation, and Quality system improvement. All models were tested and confirmed to be valid and reliable. Researchers are suggested to test the modified model to identify if the generated model could be generalized among Malaysian manufacturing companies. The researchers are highly recommended to apply the modified model aimed to generalize the finding as an applicable national measurement to facilitate implementation and improvement to maintain the ISO 9001 quality management accomplishment in all field. The contents could be useable and pertinent for manufacturing SMEs, however the information and contents of the model must be updated regularly.

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TEST OF RATIONAL EXPECTATIONS-PERMANENT INCOME HYPOTHESIS: DAVIDSON AND HENDRY APPROACH: EVIDENCE FROM ALGERIA

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Abstract: The recognition in recent four decades that expectations are extremely important to economic decision making has led to a major revolution in macroeconomic analysis. The Rational Expectations Hypothesis *(REH)* developed initially by J, F. Muth (1961) has played a critical role in this revolution. The REH assert that individuals do not make systematic mistakes in forecasting the future. This innocuous proposition has transformed macroeconomics, not merely by providing an exciting set of results which challenge the old conventional wisdom on every front, but also by encouraging a reassessment of the very methodology of theoretical and empirical macroeconomic analysis.

This paper focus on the test of the Rational Expectations-Permanent Income Hypothesis, under the backward looking approach developed by Davidson and Hendry (1981)*,* using annual data from 1980 to 2015. The results show the rejection of this approach's model which leads to the rejection of the Rational Expectations-Permanent Income Hypothesis.

Keywords: Rational Expectations, Consumption, Permanent Income, backward looking, Random Walk, Error Correction Mechanism.

INTRODUCTION

The past decade has witnessed a resurgence of interest and research on the determination of consumption and the appropriate specification of the consumption function. As a fundamental relationship in economics, the economic analysis of consumption determination remains as unsettled as at any earlier time, and especially after the rise of the Rational Expectation Hypothesis.

One development in the post-Keynesian theory of the consumption function has been the concept of permanent income by its originator Friedman (1957). The essential idea is that when deciding the level of their consumption expenditure people will take into account a fairly long-term view of their income prospects (C.L.F, 1985). Thus when deciding how much to spend they will not consider merely their actual income. Instead their consumption will be related to what is termed their permanent income. Friedman (1957) asserts that consumers set consumption as the appropriate proportion of their perceived ability to consume in the long run. The basis of Friedman's approach is also the theory of intertemporal utility maximisation. From this theoretical structure Friedman notes that the appropriate income definition generally differs from current receipt, while consumption differs from the value of services it is planned to consume due to addition to, or subtraction from, the stock of consumer goods and divergencies between plans and realisations. This distinction between theoretical constructs and observable magnitude is made explicit at the outset in the Permanent Income Hypothesis (PIH) and provides the major feature of the hypothesis (Speight, 1990).

With the crucial assertion that individuals should not make systematic expectational errors, the Rational Expectations Hypothesis has emerged through assumptions of J, F. Muth (1961), and developed through the works of Lucas (1972, 1973, 1975), Sargent (1973), Barro (1977), and other researchers. After the appearance of REH, some theories examining consumption and its determinants knew several important developments, resulted after the inclusion of unexpected variable (rational) in models of those theories, and as results the appearance of the Rational Expectations-Life Cycle hypothesis, and the Rational Expectations-Permanent Income hypothesis RE-PIH.

The insertion of the REH into Friedman's PIH, was first by Hall's (1978) approach, called 'forward looking RE-PIH', asserting that the process which determines consumption is linked intrinsically with the process which determines the income through expectations, and suggested that current consumption is determined only by its own lag. Any information that may help in determining current consumption is already included in the last period's consumption.

In this paper we'll test the RE-PIH under the framework of the Backward looking approach developed by Davidson and Hendry (1981) which based on the concept of Error Correction Mechanism, to answer the question that: Do Algerian household formulate Rational Expectations about their future income?

LITERATURE REVIEW

After Hall (1978), Davidson *et al.*(1978,1981), with an innovative approach called 'backward looking and error correction mechanism', attempt to account for diversity of estimated consumption function fitted to UK quarterly data using the simple 1958-75 for expenditure on non-durable goods and services. Their approach involves specifying criteria for specification selection (exposited more fully in Hendry (1983)), including data coherency, parameter stability, seasonality, etc. Davidson and Hendry show that a more sophisticated specification discovers yet more variables which are known at $t-1$, but which empirically contribute to the explanation of the consumption c_t even when the previous period's consumption c_{t-1} is included in the equation. Their second point is perhaps even more significant, since it concerns the methodology of the empirical test procedures commonly employed. The Rational Expectations-Permanent Income model provides one explanation for the data approximately following random walk.

Drawing on their earlier work presented in Davidson *et al.* (1978), Davidson and Hendry (1981) argue that a different model of consumption behaviour may lead approximately to the random walk property. In their analysis, households plan a constant relation between consumption and income in the long run, but not necessarily in the short run. As new information became available, households recognise that their behaviour in the previous period was inappropriate and undertake what these authors call 'error correction mechanism' to amend their plan (Begg, 1985). Although very similar to the expectations revision in the Rational Expectations Permanent Income model, the error correction mechanism stresses reaction to past information, rather than to current information about future variables.

Following Davidson and Hendry (1981), the favored consumption function specification resulting from their study may be writing, in the long-run form, as follow:

$$\Delta lnc_t = \beta_0 + \beta_1 \Delta lny_t + \beta_2(lny_{t-1} - lnc_{t-1}) + \varepsilon_{1t} \quad \dots (1)$$

which is a special case of a more general first-order equation specifying the dynamic adjustment of consumption to income:

$$lnc_t = \beta_0 + \beta_3 lnc_{t-1} + \beta_1 lny_t + \beta_4 lny_{t-1}) + \varepsilon_{2t} \quad \dots (2)$$

Under the parameters restriction:

$$0 < \beta_1, \beta_2 < 1; \ \beta_3 + \beta_1 + \beta_4 = 1 ; \beta_3 = 1 - \beta_2 ; \beta_4 = \beta_2 - \beta_1.$$

As Davidson and Hendry, the equation (1) can be regarded as a 'servo mechanism', which enables individuals to maintain long-run proportionality in a short-run stochastic environment along any given growth path. This tracking is the result of 'feedback' rather than expectations; the resulting short-run consumption is tied to the long-run steady-state growth path by feedback from the inclusion of the disequilibrium term (Speight, 1990), Hence the expression 'Error Correction Mechanism (ECM)'.

Davidson and Hendry (1981) also noted that equation (1) cover the logarithmic Rational Expectations Permanent Income Hypothesis $\Delta lnc_{t+1} = In\alpha + \acute{e}_{t+1}$ as a special case when income obeys the log-linear autoregressive process (AR), as follow:

$lny_t = \beta_5 lny_{t-1} + \varepsilon_{3t}$, when substituting in (1) this yields:

$lnc_t = \beta_0 + (\beta_2 - \beta_1 + \beta_1\beta_5)lny_{t-1} + (1 + \beta_2)lnc_{t-1} + \varepsilon_{4t}$; with:

$\varepsilon_{4t} = \theta_1\varepsilon_{3t} + \varepsilon_{1t}$.

DATA AND TEST PROCEDURE

Data

The data source is from The National Office of Statistics of Algeria, and The National Bank of Algeria, the annual data spans from 1980 to 2015, giving of 36 observations.

According to the backward looking approach the restricted model maybe specified in the following way:

$lnc_t = \theta_0 + \theta_3 lnc_{t-1} + \theta_1 lny_t + \theta_4 lny_{t-1}) + v_{2t}$

$\Delta lnc_t = \theta_0 + \theta_1 \Delta lny_t + \theta_2(lny_{t-1} - lnc_{t-1}) + v_{1t}$;

$0 < \theta_0, \theta_1 < 1$;

$\theta_3 + \theta_1 + \theta_4 = 1; \ \theta_3; 1 - \theta_2; \ \theta_4 = \theta_2 - \theta_1$;

$lny_t = \theta_5 lny_{t-1} + v_{3t}$:

$lnc_t = \theta_0 + (\theta_2 - \theta_1 + \theta_1\theta_5)lny_{t-1} + (1 + \theta_2)lnc_{t-1} + v_{4t}$;

$v_{4t} = \theta_1 v_{3t} + v_{1t}$;

where:

lnc_t: Logarithm of current period consumption;

lny_t : Logarithm of current period disposable income;

lnc_{t-1}: Logarithm of previous period's consumption;

lny_{t-1}: Logarithm of previous period's disposable income;

Δlnc_t : Variation (1st difference) of the logarithmic current period consumption;

Δlny_t : Variation (1st difference) of the logarithmic current period disposable income;

$lns_{t-1} = lny_{t-1} - lnc_{t-1}$: Logarithm of previous period's saving;

$\theta_0, \theta_1, \theta_2, \theta_3\ \theta_4, \theta_5$: Model parameters;

$v_{1t}, v_{2t}, v_{3t}, v_{4t}$: Errors terms.

Test procedure

First we will test the stationarity of the Δlnc_t, Δlny_t, and lns_{t-1} to know the order of integration of each series using Augmented Ducky Fuller (ADF), Philips Perron (PP), and KPSS unit root tests.

Second step is the test of the cointegration relationship between Δlnc_t and all other variables, and then, we will generate the Error Correction Term, In order to estimate the following equation:

$\Delta lnc_t = \theta_0 + \theta_1 \Delta lny_t + \theta_2 \Delta(lny_{t-1} - lnc_{t-1}) + \gamma ECT_{t-1} + v_{1t}$.

Third step is test of θ_5 significance in $lny_t = \theta_5 lny_{t-1} + v_{3t}$

Finally, the test of the following restricted equation using LM, LR and Wald tests:

$lnc_t = \theta_0 + (\theta_2 - \theta_1 + \theta_1\theta_5)lny_{t-1} + (1 + \theta_2)lnc_{t-1} + v_{4t}$ … (3)

Under restrictions:

$0 < \theta_0, \theta_1 < 1$; $\theta_3 + \theta_1 + \theta_4 = 1$; $\theta_3; 1 - \theta_2$; $\theta_4 = \theta_2 - \theta_1$; $v_{4t} = \theta_1 v_{3t} + v_{1t}$

FINDINGS AND DISCUSSION

Since the under consideration variables series are represented by annual data, we'll use only unit root tests because the series are free of seasonal movement. Figures 1, 2 and 3 show graphic representations of: $\Delta lnc_t, \Delta lny_t,$ and $\Delta(lny_{t-1} - lnc_{t-1})$

Figure 1: graphic representation of Δlnc_t
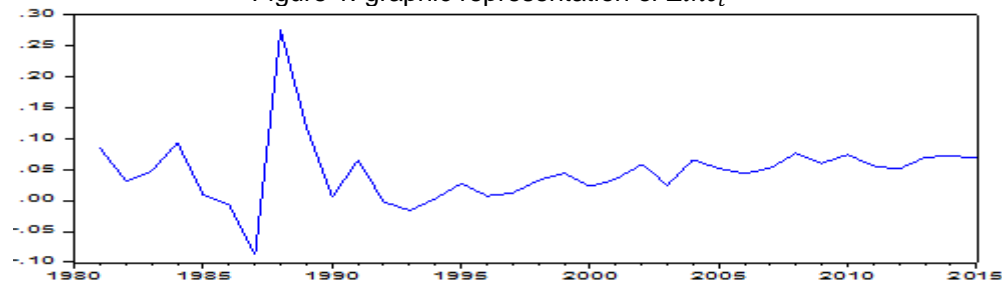
Figure 2: graphic representation of Δlny_t
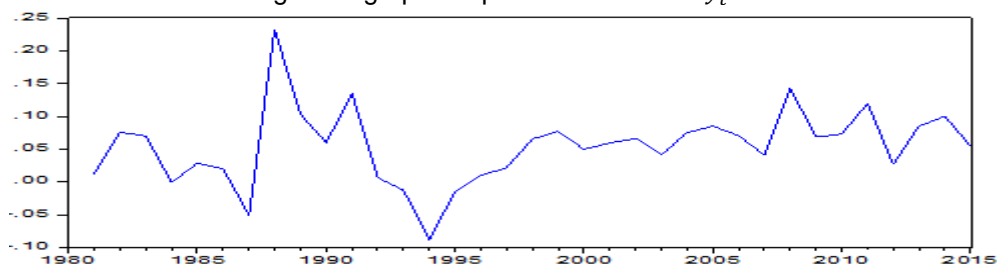
Figure 3: graphic representation of $(lny_{t-1} - lnc_{t-1})$
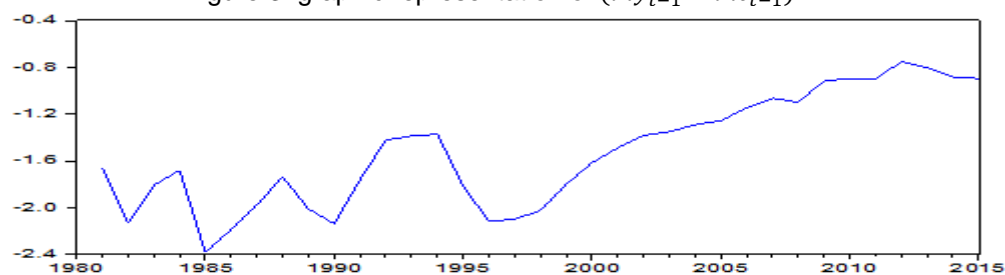
Unit Root Test

We aim through unit root tests to examine the characteristics of: Δlnc_t, Δlny_t, and $(\text{In}y_{t-1} - \text{In}c_{t-1})$ in order to determine the order of integration of each series. ADF, PP, and KPSS tests are reported in Table 1, 2 &3.

Table 1: Augmented Ducky Fuller (ADF) Test

variables	Level (Intercept	Level (Trend and Intercept)	1st difference (Intercept)	1st difference (Trend and Intercept)
$\Delta \text{In}c_t$	-3.464246*	-3.828509*	-6.902182*	-6.802187*
$\Delta \text{In}y_t$	-2.975169*	-3.193221*	-6.164390*	-6.115530*
$(\text{In}y_{t-1} - \text{In}c_{t-1})$	-1.717814	-3.677209*	-4.838447*	-4.767989*

Critical value: *MacKinnon (1996) one-sided p-values.
* indicate rejection of Null Hypothesis

Table 2: Phillips-Perron (PP) Test

variables	Level (Intercept	Level (Trend and Intercept)	1st difference (Intercept)	1st difference (Trend and Intercept)
$\Delta \text{In}c_t$	-3.512953*	-3.896594*	-9.794997*	-9.573778*
$\Delta \text{In}y_t$	-3.054088*	-3.658101*	-8.032575*	-7.970457*
$(\text{In}y_{t-1} - \text{In}c_{t-1})$	-1.657554	-2.803651	-7.368275*	-7.939859*

Critical value: *MacKinnon (1996) one-sided p-values.
* indicate rejection of Null Hypothesis

Table 3: Kwiatkowski-Phillips-Schmidt-Shin (KPSS) Test

variables	Level (Intercept	Level (Trend and Intercept)	1st difference (Intercept)	1st difference (Trend and Intercept)
$\Delta \text{In}c_t$	0.247296*	0.111648*	0.079629*	0.065512*
$\Delta \text{In}y_t$	0.181663*	0.111807*	0.102806*	0.061362*
$(\text{In}y_{t-1} - \text{In}c_{t-1})$	0.577238	0.113997*	0.352172*	0.386191*

Critical value: *Kwiatkowski-Phillips-Schmidt-Shin (1992, Table 1)
* indicate Acceptance of Null Hypothesis

For Δlnc_t and Δlny_t, the results of ADF, PP tests reject the null hypothesis and retain the alternative hypothesis that it is stationary in level and in first difference, and the KPSS test keeps the null hypothesis that the series is stationary. Considering $(\text{In}y_{t-1} - \text{In}c_{t-1})$, all unit root test lead to the conclusion that this series is not stationary at level but at first difference.
All three tests agree that the tested series are stationary in the first difference I(1).

Cointegration Test

Testing for cointegration is essential step to check if our modeling empirically meaningful relationships. If variables have different trends processes, they cannot stay in fixed long-run relation to each other.
Johansen-Juselius ML cointegration test is considered as the best test of cointegration, due to its proportionality with a small samples and models that contain more than two variables, in addition to its ability to detect whether there is a unique cointegration or more. Results of Johansen-Juselius test are shown in table 4.

Table 4: Johansen-Juselius Maximum Likelihood Cointegration Test

Trace test							
Null Hypothesis	**Alternative**	**Statistics**		**$\alpha = 05\%$**		**Prob**[**]	
		Without Trend	With Trend	Without Trend	With Trend	Without Trend	With Trend
$r = 0$	$r \geq 1$[*]	15.76670	28.60116	15.49471	25.87211	0.0455	0.0223
$r \leq 1$	$r \geq 2$	4.523481	5.648389	4.841466	12.51798	0.0334	0.5062
Maximal Eigenvalues Test							
$r = 0$	$r = 1$[*]	11.24322	22.95277	15.49471	19.38704	0.1425	0.0145
$r \leq 1$	$r = 2$	4.523481	5.648389	4.841466	12.51798	0.0334	0.5062

* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Using Johansen-Juselius Test, once with Trend and second without it, the results shown that there is one unique cointegration between variables under study; the null hypothesis of no cointegration (r = 0) against the alternative of presence of one or more cointegration relationship is rejected at the 5% level of significance in both (Trace test and maximum eigenvalues test). This implies that cointegration exists between the series' variables. The null hypothesis (r = 1) against the alternative of the existence of two or three cointegrating vectors is not rejected by both tests. This means that these variables can represented in an error correction model, to estimate the short-term and long-term effects between consumption and its determinants.

The existence of one cointegration makes it possible to estimate the over parameterize and the parsimonious Error Correction Mechanism which allows us to predict the short-run and long-run relationship between consumption and the other variables according to the backward looking RE-PIH .

Error Correction Model Estimation

The concept of error correction is based on the possibility of existence of a long-term equilibrium relationship, in which equilibrium is determined by the value of the dependent variable through its determinants. In spite the existence of this equilibrium relationship (in the long run), it is rare to be met, and that what is called 'equilibrium error' which is the difference between the last two variable values in time period. This error will be corrected, or part of it, at least in the long term using error correction mechanism.

Since the conditions for error correction model were realized in this study (the presence of unique cointegration), the equilibrium error between variation in consumption, variation in disposable income and previous period's saving, can be corrected using ECM.

In the context of our test of the RE-PIH according to the Davidson and Hendry (1981) approach, the model which represents the long-term relationship (Error Correction Model) can be written:

$$\Delta \text{In} c_t = \theta_0 + \theta_1 \Delta \text{In} y_t + \theta_2 \Delta(\text{In} y_{t-1} - \text{In} c_{t-1}) + \gamma \, ECT_{t-1}$$

Where: parameter γ represents the adjustment speed (equilibria restoring), which must be negatively significant, and ECT_{t-1} : represents the previous period's error correction term.

The results, after applying the Engle-Granger Two Step estimation method, are shown in the following table:

Table 5: ECM Estimation (Engel-Granger two step method)

Dependant variable: $\Delta \text{In} c_t$			
Independent variables	**Parameters**	**t-statistic**	**p. value**
constant	0.000577	0.031238	0.9753
$\Delta \text{In} y_t$	1.012468	9.064471	0.0000
$\Delta(\text{In} y_{t-1} - \text{In} c_{t-1})$	-1.319477	-2.002684	0.0562
ECT_{t-1}	-1.374002	-1.982665	0.0585
$R^2 : 0.7672$; $\overline{R^2} : 0.7392$; SE: 0.0446 ; SSR: 0.049729 ; F − stat: 27.45866 ; Prob (F − stat): 0000 ; DW: 1.762591 ; LM p − value: 0.09652			

Table 5 and table 6 point-up the statistical safety of the model in general; the coefficient of determination R-squared shows that 76.72% of variations in $\Delta \text{In} c_t$ are explained by $\Delta \text{In} y_t$, $(\text{In} y_{t-1} - \text{In} c_{t-1})$, and $\gamma \, ECT_{t-1}$. Regarding Student significance test, results showed that all explanatory variables (except the constant) are significant; each variable contribute in explaining

the dependent variable. The Fisher test emphasized the strong overall significance of the independent variables combined in the explanation of $\Delta \mathrm{In} c_t$. Normality test, serial correlation test, heteroscedasticity tests and error specification test all together, showed that the estimated error correction model is completely free of these problems.

Table 6: Residual Tests (Normality, heteroscedasticity, error specification)

Statistics	Estimated value	p. value
Normality (Jarque-Bera) Test	6.223495	0.0445
Breusch-Godfrey Serial Correlation LM Test	[1] : 0.081432	0.7778
	[2] :1.666999	0.2108
	[3] :1.218950	0.3263
ARCH Test	[1] : 1.391248	0.2489
	[2] : 0.823341	0.4510
	[3] : 0.669528	0.5798
White Heterosckedasticity Test	0.453501	0.8877
Breusch-Pagan-Godfrey Test	0.055628	0.9823
Ramsey RESET Test (likelihood ratio)	[1] : 0.699812	0.4028
	[2] : 1.519718	0.4677
	[3] : 2.767030	0.4290

Regarding table 5, the results of error correction model estimation, we note the significant of previous period's error correction term ECT_{t-1} term with a negative sign as statistically expected, and this is a confirmation of the existence of long-run equilibrium relationship, also we note that the coefficient θ_2 (lagged saving) is negative which is consistent with assumptions of the backward looking RE-PIH which impose the restriction that $\theta_1 > 0$; $\theta_2 < 1$.

The value of error correction term means (-1.374002) that the consumption adjusts to its equilibrium value by 137.40%; when previous period's consumption deviates (in short-term) from its long-run's equilibrium value, 137.40% of this deviation will be corrected in the actual period, meaning that consumption takes about 11 month to return at equilibrium after the impact of any shock in the system (model), as a result of change in its determinants.

Estimation and test of the specific model

Table 7 report the estimation results of the specific model $lny_t = \theta_5 lny_{t-1} + v_{3t}$, the aim is testing the significance of θ_5. Davidson and Hendry argue that unless $\beta_5 = 1$, the steady-state solution of equation (3) will no longer yield long-run consumption-income proportionality. Moreover, that since θ_1 and $\theta_2 - \theta_1$ will usually have oppsite signs, the estimated parameter on lny_{t-1} is an unrestricted regression will typically be small.

These values can only be recovered by jointly modelling the lnc and lny process.

Table 7: estimation results of specific model

Dependant variable: $\mathrm{In}y_t$			
Explanatory variables	Parameters	t-statistic	p. value
$\mathrm{In}y_{t-1}$	1.011587	855.1456	0.0000
R^2: 0.996733 ; $\overline{R^2}$: 0.996733 ; SE: 0.083614 ; SSR: 0.202746 ; LM(P − value): 0.00000			

Through the obtained results, we note that θ_5 value is very close to one, thus, according to Davidson and Hendry assumptions, the steady-state solution of equation (3) yields long-term proportional relationship between consumption and income. To make sure of this result, we calculated coefficient confidence intervals at the level of 95% and 99% as follow:

Table 8: Coefficient Confidence Intervals

Variable	Coefficient	95% CI		99% CI	
		Low	High	Low	High
LY(-1)	1.011587	1.009168	1.014006	1.008326	1.014848

Where, confidence intervals show that minimum values and maximum values that θ_5 can takes are very close to one.

As all of assumptions and restrictions associated to the backward looking RE-PIH approach are fulfilled, we will now put the Rational Expectations-Permanent Income Hypothesis under exclusion tests, which are: maximum Likelihood Ratio test (LR), Lagrange multiplier test (LM), and Wald test like referred in table 9.

Table 9: Exclusion tests results (Restricted model)

Dependant variable: $\mathrm{In}c_t$						
	Likelihood Ratio test (LR)		Lagrange Multiplier test (LM)		Wald test (W)	
	Statistic	p. value	Statistic	p. value	Statistic	p. value
RE-PIH	[1] : 6.198885 [2] : 15.16287 [3] : 15.23448	0.0128 0.0005 0.0016	[1] : 4.709764 [2] : 3.202816 [3] : 2.897379	0.0393 0.0454 0.0504	27.22694	0.0925

The table above shows the results of statistical tests on the restricted following model:

$$\mathrm{In}c_t = \beta_0 + (\beta_2 - \beta_1 + \beta_1\beta_5)\mathrm{In}y_{t-1} + (1 - \beta_2)\mathrm{In}c_{t-1} + \varepsilon_{4t}$$

$\beta_1 > 0; \; \beta_2 < 1; \; \beta_3 + \beta_1 + \beta_4 = 1; \; \beta_3 = 1 - \beta_2 ; \; \varepsilon_{4t} = \beta_1\varepsilon_{3t} + \varepsilon_{1t}$

Where, all of the three tests demonstrate rejection of the null hypothesis, and as a result, this lead to the rejection of the rational expectations permanent income hypothesis.

So, despite the worthwhile results, which were obtained through the empirical application of the Backward looking RE-PIH approach, that did not leads to accept the rational expectations-permanent income hypothesis under the framework of this approach, because it did not withstand in front of exclusion tests (LM, LR and Wald), when using data of household consumption in Algeria during the period 1980-2015.

CONCLUSION

This study focused on the test of the Rational Expectations-Permanent Income Hypothesis in macroeconometric models, under assumptions of backward looking approach introduced by Davidson and Hendry (1981), which is based on error correction mechanism ECM. This approach has given highly distinctive results from the beginning; the existence of unique cointegration between the dependent variable and explanatory variables, the statistical safety, respect of associated restrictions, high speed of adjustment toward equilibrium. However, these approach's assumptions did not resist to exclusion tests (Likelihood Ratio Test, Lagrange Multiplier Test and Wald test), and leading to the reject of the RE-PIH regarding Davidson and Hendry (1981) approach.

This study has found that Algerian households do not make rational expectations about their future income.

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TRADE UNION RECOGNITION IN MALAYSIA: TRANSFORMING STATE GOVERNMENT'S IDEOLOGY

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Abstract: The ideology of that is adopted by the state government is not expressly declared or written in any constitution. However, through the legal framework and the treatment of state government towards its citizen, the ideology which has been largely influencing the state government in developing its policy and law can be traced. The most prominent school of thoughts in the trade union movement are the theory of Marxism and Liberalism. These two ideologies are always in the conflict which each other as one ideology is extreme in upholding the status of workers while the latter is towards balancing the national interest with the workers' rights. Apart from the western ideologies on trade union, Islam also appreciates the workers' rights and the labour movement. As the ideology of the government is impossible to represent the whole ideas and beliefs of the citizens, there is a grave deprivation of freedom of association in Malaysia with regards to the trade union. It is believed that the law of recognition of trade union in Malaysia was enacted in haste and for the interest of the colonial power. With this point in mind, there is a dire need to transform the national interest and objectives and Malaysian government's ideology to ease the law on trade union recognition in Malaysia.

Keywords: ideology, trade union, Marxism, liberalism, law of recognition, Trade Union Act 1959

1. INTRODUCTION

'The Trade Union' in Malaysia is to mean a trade union that is registered under any law relating to the registration of trade unions. The central legislations on registration of trade union can be found under Trade Unions Act 1959 and Industrial Relations Act 1967. Registration of the union is compulsory; otherwise, it will become an unlawful association.Workers that wish to form a trade union must serve the application to the employer in writing for recognition. In March 2013, the Workers Union of the West Territory Electronic Industries picketed outside the Human Resources Ministry to protest against their employers' refusal to acknowledge the existence of unions in their respective companies. The employers were also reported to have arbitrarily bust unions by forming an in-house union funded and controlled by the management of the company and further declared it as the sole representative of the workers. Apart from that, they also refused to attend any of the union's meetings and victimised the union leaders in the organisation. The employers also threatened the union members of retrenchment and changed their working status so as to disqualify them from being union members. Various threats made by the employers to discourage the workers from forming the trade union in the workplace.

The procedures in trade union recognition had caused the deprivation of rights to the workers in Malaysia. The study showed that recognition application in the Ministry of Human Resource averagely took between 18 and 24 months to settle. (Shatsari, Hassan, 2007) And it was reported by the Malaysian Trade Union Congress (MTUC) that the employers and the government had not recognised a long list of application from trade unions in Malaysia. (Shatsari, Hassan, 2007)

The failure of Malaysian state government to ease the process can be attributed to some reasons. The clash of ideologies and interests between the state government, employers and trade union is a possible reason that has caused the delay and refusal of the state government to appreciate the labour movement in Malaysia.

2. IDEOLOGIES OF TRADE UNION

Abuse of the employment rights in a country was at its peak during the industrial revolution. The workers were expected to work like a machine, without any break or leave. The absence of the labourer was treated like a loss to the industry. As machinery was introduced to assist the sector during the period of revolution, the capitalists took this opportunity to make it compulsory for all the women and children in the family to work. The reason was that women and children would be able to be part of the industry as the production when assisted with machinery, just require 'slight muscular

strength'. Thus, they would be able to handle the task. Karl Marx says in his Capital, described the capitalist treatment towards the workers:

'Capital is dead labour, which, vampire-like, lives only by sucking living labour, and lives the more, the more labour it sucks.' (Marx, 1867)

Capitalist treated the workers as mere commodity whereby the capacity of the workers should be used to the maximum but in return, the employees were not given adequate compensation to work performed. Marx was of the view that collective organisation in the form of the trade union should be formed for the workers to have a better working environment. The labour movement was believed to be a real threat towards to the capitalism and the most efficient way to achieve this was to use the trade union as a medium to start a revolution and overthrow the capitalist. (Kelly, 1988) Marx's opinions on workers' revolution later became a prominent ideology among the workers to start a revolution against the state capitalism.

Liberalism, on the other hand, depicts the principle of the equality of rights of the capitalist and the workers. According to liberalism, the state should respect the workers' rights in the workplace by giving them adequate wages and welfare. As democracy is a most vital component of freedom to maintain the rights, therefore it is believed that trade union can also be successful tools of democracy. Wilkensy in Rich Democracies supported this statement by giving the example that state such as Britain also developed its political foundations from the Labour Party:

'a labor-inclusive political regime featuring parliamentary democracy, strong social democratic parties, centralised trade unions and employer associations, become a foundation of democratic corporatism in 1970 and 1980'(Harold,2002)

In reality, the application of true liberalism in the relationship between state and the workers are to no avail. The capitalist states are more towards having the ideology of neoliberalism. In this ideology, the state provides workers with rights, but it is not absolute. The capitalists are encouraged to make huge profits and give basic rights to the workers. Activities such as strike and stoppage are considered as legalised piracy and banditry which should be disallowed as it will affect the state's productivity.

Islamic principles on trade union are on the other hand unique because it recognises the workers and the capitalist's rights as long as it conferred to the principles of Shariah. Islam promotes social justice as to ensure social harmony at the workplace as agreed by Naqvi:

"The Islamic perception of [the] socio-economic process is dynamic, and its insistence on social justice is uncompromising. This is because injustice disrupts social harmony and, for that very reason, is unethical. To produce the best social structure, according to this view, man's economic endeavours should be motivated by a meaningful moral philosophy." (Naqvi, 1994).

A trade union is not specifically mentioned either in Quran or Hadith, but the concept of social justice and responsibility can be said to reflect the idea of trade unionism. The idea of responsibility is believed to contribute social harmony at the workplace if both the employers and workers perform their part. The Prophet Muhammad (PBUH) was reported to have said:

"Each of you is a shepherd and each of you is responsible for his flock. The Imam who is over the people is a shepherd and is responsible for his flock; a man is a shepherd in charge of the inhabitants of his household, and he is responsible for his flock; a woman is a shepherd in charge of her husband' house and children, and she is responsible for them; a man's slave is a shepherd in charge of his master's property, and he is responsible for it. So each of you is a shepherd, and each of you is responsible for his flock." Reported by Abdullah bin Umar (Bukhari & Muslim)

Islam does not support the act of violence. However, it permits a peaceful protest in case of oppression by the employer. In a Quranic verse which has the meaning to the effect that:

'But indeed if any do help and defend themselves after a wrong (done) to them, against such there is no cause of blame'. (Quran. 42:41)

3. MALAYSIA AND COMMUNISM THREAT

Communism is a political system which based on the Marxist theory of Karl Marx. The primary objective of communism is to establish a classless society that based on common ownership. Malaysia has had a long and dark history of the communist movement. The arrival of Chinese immigrants to Malaya had brought together the idea of Marxism following the rise of a labour movement in China after the First World War. Small scale strikes were made by the workers to the employers independently without any proper trade union movement. With the formation of Malayan Communist Party (MCP), the workers started to be more conscious of their rights and began to collectively involved in the strike actions. The series of strike events, however, did not catch the attention of the authorities until the strike at Batu Arang in 1937 (Kim,1967). Under the guidance of MCP, the workers took control of the only coal mine in Malaya, and this had affected the transportation, electricity and directly caused losses to the state. The communism had started to

become a threat to British when MCP was actively spreading their ideas and plan to all trade unions of Malaya. Malayan General Labour Union (MGLU), which registered as a society under Societies Ordinance 1928 became a medium for MCP in their movement. MCP's objective was clearly in line with the theory of Marxism:

'to push on the anti-capitalist labour movement and to develop it from an economic struggle into a revolutionary movement against imperialism.'

MCP's movement was no longer purely for the workers' rights, but it started to be politically motivated and violent. The British responded to this by imposing a legislation to eliminate the communist movement. Trade Unions Ordinance 1940 was enforced after the occupation of Japan in 1946, and under this rule, it was made compulsory for the trade unions to be recognised by the employers and to be registered. MGLU was later declared as not fit to be registered as a trade union because of the rule under Trade Unions Ordinance 1940 which requires the federation of trade unions to limit their membership to the workers in similar trades, occupations or industries.(Gamba,1958) The Trade Unions Act 1959, later on, replaced the Trade Union Ordinance 1940, which applies to Malaysia until today (Kim,1967).

The idea of Marxism was positively accepted by the Chinese workers in Malaya in the early 1930s but the British, which have the different system on trade union, had rejected the communism activities among the workers in Malaya. The law which requires employer's recognition and union's registration had blocked the medium for MCP to realise their objectives. Apart from enacting Trade Union Ordinance 1940, British also appointed a British officer in the state administration to advise them on the matters regarding registration of trade union. The Malaya state authority indirectly implemented the idea of liberalism in its administration. The power that be successfully depicted Marxism ideas as violent and unsuitable to Malaya.

The period after the independence of Malaya further restricted the recognition process. Due to the ethnic riot between Malay and Non-Malay, Internal Security Act 1960 was invoked, and it made it possible for the state government to prohibit any movement on the ground that it incite racial violence. Moreover, the employers and the state government still have a fear of communism threat among the workers despite the banning of MCP by the state government. There were not many changes made to the Trade Unions Act 1959 to ease the recognition process since its introduction in 1940.

The policies of the Ministry of Human Resources reflect the ideology and the national interest of Malaysian government. In the policies, the labour environment in Malaysia is expected to create attractive investment climate and to maintain competitiveness to achieve Vision 2020. The cooperation between the workers and the employers are encouraged to maintain harmonised industrial relations. The former Prime Minister, Tun Sri Dr Mahathir Mohamad in one of his speech urged the employers to work with the trade unionist as the support of the workers is important to ensure the flow of productivity. Despite the recognition of trade union reflected in the policies of MOHR, the state government provides that to improve the working environment, it must create a balance between flexibility and security in the industrial relations. This policy supports the state governments' actions in implementing restrictive legislations to register trade union in Malaysia.

The former Prime Minister of Malaysia, Tun Dr Mahathir Mohamad in his speech also reflected the state government's policy towards the trade union when he said that trade union was expected to 'adopt a responsible attitude' so that the state can attract the investors.The responsible approach in his statement referred to the duty of the trade unionist to obey to the policy and legislations by the state. It clearly shows there is limited freedom enjoyed by the trade union in Malaysia.

3. CONCLUSION

The idea of neo-liberalism was brought over to Malaya by the British in its effort to curb the communist's attacks. The law was introduced in haste to protect the interest of British in Malaya. From there onwards, the state government reflected its ideas in the policies and legislations on the recognition process of the trade union in Malaysia. It is a dire need to amend the legislation to keep it relevant to out the changing circumstances to the society as it is archaic, outdated and no longer suitable for the local conditions. To uphold the rights of the workers; the government should adopt the real liberal idea which maintains the equality and justice between the employers and the workers without taking more weight towards the capitalist interests. However, the dependency of Malaysia on the foreign investment has stifled the effort (Kurusvilla, Arudsothy, 1995). Rather than totally relying on the theory of Marxism on the revolution of the trade union, we should develop our trade union system with a mixture of western ideologies and Islamic law principles so as to suit Malaysia's system of belief and background. Trade union should be given the opportunity to use the political stage to make a change (Crinis, Parasuraman, 2016).

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THE IMPACT OF EMPLOYER BRAND DISCREPANCY AND EMPLOYER ATTRACTION ON EMPLOYER BRAND LOYALTY

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Abstract: Employer brand is a package of functional, economic and psychological benefits provided by employer that makes an organization a desirable place to work. If employers are not fulfilling the employer brand promised to employees, it influences the employees' intent to leave, disloyalty, and job search behavior. Several studies have investigated the existence of employer brand in organizations. However, these studies did not measure the discrepancy between what is offered and what is delivered to employees. On the other hand, employer attraction had never been empirically investigated from the perspective of current employees. Thus, the aim of this study is to determine the direct relationship between employer brand discrepancy and employer attraction towards employer brand loyalty. The sample for this study was full-time employees who worked in four- and five-star hotels in Kuala Lumpur and Putrajaya, Selangor, and Pahang. The instrument measured employer brand offering, employer brand delivery, employer attraction and employer brand loyalty. A total of 436 forms were analyzed for this study. The results revealed that employer brand discrepancy had a very small predictive power towards employer brand loyalty, with Beta = 0.155. On the other hand, employer attraction had a big influence towards employer brand loyalty, with Beta = 0.811. It can be concluded that the organizations in this study did not have appealing psychological contracts, but they had a significant attraction to its employees. It is anticipated that this study will shed some light on the issue of the employer brand, particularly within the hospitality industry context.

Keywords: Employer Brand, Employer Attraction, Employer Brand Loyalty, Employer Brand Discrepancy, Hotel Employee, Luxury Hotels.

1. INTRODUCTION

High turnover and employee shortage have been part of the critical issues in almost every organization (Felps, et al., 2009; Hinkin & Tracey, 2000) and this issue can be detrimental as it gives additional costs for attracting, recruiting, hiring, and training new employee. Within the context of the hotel industry, particularly in Malaysia, even though the industry provides great opportunities for employment, it experiences labor shortage problems. The problems are caused by high turnover, poor image, work stress, low job satisfaction, and insufficient transfer of hospitality graduates into the industry. (Lam & Xiao, 2000; Liu & Liu, 2008; Pizam & Ellis, 1999; Sindiga, 1994). An attractive employer is viewed as a predictor of job pursuit decision (Turban & Keon, 1993) and employee retention (Jiang & Iles, 2011). Hence, employer branding has been suggested as one of the approaches to overcome this issue as it is known to combat employee high turnover, unattractive work place image, and low quality workforce issues (Ambler & Barrow, 1996; Gaddam, 2008; Sullivan, 1999). Employer branding emphasizes on attracting new employees with employment offers, while retaining the current employees with employment experiences that the organizations can provide (Ambler & Barrow, 1996). By fulfilling the employer brand offered during the employment, employees'

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loyalty can be increased through the enhancement of employee satisfaction and retention (Robinson & Rousseau, 1994). On the other hand, not delivering what had been promised to employees lead to employees' disloyalty, intention to leave, and job search behavior (De Vos, Meganck & Buyens, 2005). Three hypotheses were postulated for this study:

Hypothesis 1: To identify discrepancies (employer brand discrepancy) between employer brand offering and employer brand delivery

Hypothesis 2: To determine the relationship between employer brand discrepancy and employer brand loyalty

Hypothesis 3: To determine the relationship between employer attraction and employer brand loyalty

2. LITERATURE REVIEW

2.1 Employer Brand

Employer brand was first coined by Ambler and Barrow (1996), and it is defined as the employment benefits that consist of functional, economic and psychological aspects. Functional benefits refer to development and useful job activities, while economic benefits refer to material or monetary rewards. On the other hand, psychological benefits are sense of belonging, direction, purpose and recognition (Ambler & Barrow, 1996). An effective employer brand strategy will benefit both employers and employees in organizations (Ambler & Barrow, 1996; Moroko & Uncles, 2005). Among the significances of obtaining a successful employer brand includes increasing employee retention rate and motivation, attracting job candidates, and having a positive organization image (Ambler and Barrow, 1996; Backhaus & Tikoo, 2004; Hunt, 2005). An organization that is able to attract and retain best employees, the employees would be able to deliver the brand promises to customers. This in turn will affect the customer satisfaction and loyalty. The organization will then enhance its profitability and corporate reputation.

2.2 Employer Attraction

Employer attraction is defined as the extent to which potential and current employees perceive an organization as a desirable place to work (Rynes & Barber, 1989). Employees would view an organization as attractive if the values offered by the organization match with the values preferred by the employees (Cable & Judge, 1996; Judge & Bretz, 1992). Moving to this new era, salary and career growth are no longer the key factors of employer attraction (Jiang & Iles, 2011; Wilden, Gudergan & Lings, 2010; Williamson, King, Lepak & Sarma, 2010). Rather, what makes an organization outshines among its competitors is how the organization differentiates itself in attracting job applicants via the employer brand (Backhaus, 2004). As a result of being an attractive employer, an organization would be able to influence decision of potential applicants and job pursuit intention (Jiang & Iles, 2011; Turban, 2001). Besides, organization that is perceived as a great place to work would also be able to obtain talented employees, create positive employee relations and positive employees' attitudes (Fulmer, Gerhart, & Scott, 2003). There will be an increment in employee retention and later produce positive word of mouth in influencing potential employees to be part of the organization (Jiang & Iles, 2011).

2.3 Employer Brand Loyalty

The concept of employer brand loyalty is applied from the consumer-based brand equity. From the employment context, Minchington (2011) defined employer brand loyalty as "a person's commitment to join or remain employed with an organization as a result of the positive associations with the organization". Davies (2008) indicated that lack of commitment and job dissatisfaction are the two most common factors that contribute to employees' departure. To build employee loyalty, the same techniques in building customer loyalty can be applied; which is awareness, trust, and commitment (Ambler & Barrow, 1996). Among the significances of employer brand loyalty is the influence it has towards employee retention, which later increases organization profitability. Randall (2009) stated that retention is extremely helpful in reducing turnover cost and loss of productivity. Applying the concept of consumer brand loyalty, retaining existing employees is less costly than attracting and hiring new ones (Oliver, 1999). Therefore, ensuring high rate of employee loyalty will reduce marketing cost and contribute to the good health of organization's economy (Tuominen, 1999). Tuominen (1999) viewed loyalty as a commitment to a brand and cannot be measured by looking merely at behavior. Hence, Oliver's four-stage of loyalty model provide the best tool as it assesses both attitudinal and behavioral aspects (Oliver, 1999).

3. METHODOLOGY

The target population for this study was full-time employees in Malaysia four- and five-star hotels. The

sampling design for this study was a three-stage sampling, where the selection was done based on area, hotel, and employee. The sampling frame was derived from full-time employees who worked in four- and five-star hotels in Kuala Lumpur and Putrajaya, Selangor, and Pahang. These three areas were selected as they represented 50% (26,639) of all four- and five star hotel employees in Malaysia (52,733). Kuala Lumpur and Putrajaya had 28.35% of the total four- and five-star hotel employees in Malaysia, followed by Selangor, 11.68%, and Pahang, 10.48% (Department of Statistics Malaysia, 2011). It was utterly impossible to get the list of all employees from the sampling frame due to the employment nature in the hotel industry. Hence, this study employed a non-probability sampling, which was a convenience sampling. The survey was presented in the form of paper questionnaires that were distributed to hotel employees. The questionnaires were self-administered with the help of human resource or training managers in the selected hotels.

The questionnaire was measured using a 7-point Likert-scale. The 7-point Likert-scale response was based on the likelihood continuum, comprised; "1 - Not at all", "2 – To a very small extent", "3 – To a small extent", "4 – To a moderate extent", "5 – To a fairly great extent", "6 – To a great extent" and "7 – To a very great extent" (King, Shaw, Orchard, & Miller, 2010). The first part of the questionnaire measured the employer brand offering and the employer brand delivery, where the instrument adopted employer brand values proposed by Berthon et al. (2005). The first part comprised two sections with 25 items for each section. In the first section, respondents were asked to rate the extent to which the employer brand elements were offered to them before they join the organization or during their early employment stage. The second section required respondents to evaluate to what extent that their employer fulfilled the employer brand offerings, which is termed as the employer brand delivery. The second part of the questionnaire comprised five items regarding the employer attraction before the respondents join the organization and at the early stage of their employment. The operational definition of employer attraction for this study is employees' overall response regarding the attractiveness of an organization. The employer attraction was measured using the instrument proposed by Highhouse et al. (2003). Part three comprised questions pertaining to the employer brand loyalty, which was represented by 10 items, adapted from Blut et al. (2007).

4. RESULTS AND DISCUSSION

This study measured employer brand in two perspectives: offering and delivery. Employer brand discrepancy was computed by deducting the employer brand offering score from the employer brand delivery score (EBD – EBO). The minimum score for this variable was -6.000 and the maximum score was 6.000. The means for the employer brand discrepancy ranged from -0.090 to 0.120. It can be concluded that most of employer brand delivery items had almost the same scores with employer brand offering items. In order to test the first hypothesis, t-test was conducted to identify a discrepancy between employer brand offering and employer brand delivery. Most of the data elicited mean increased except for four items; EBD6-EBO6 (-0.062), EBD13-EBO13 (-0.094), EBD16-EBO16 (-0.005), and EBD24-EBO24 (-0.007). The negative values indicate that employer brand delivery scores have lower mean compared to employer brand offering scores. However, all the differences were not significant, except for EBD1-EBO1. The results show that EBD1-EBO1 had the highest mean difference compared to others, with 0.119. It was the only item that had a statistical significant increase between employer brand delivery and employer brand offering. Confidence intervals of the remaining 24 items contained zero and did not indicate significant p-values (p > .05). EBD1-EBO1 represents the statement of receiving recognition and appreciation from management. The result revealed that employees perceived that this was the only element significantly fulfilled to them after they had joined the organization. An effect size provides a measure for the practical significance of the result. It is determined by dividing the mean difference by the standard deviation of the difference (Cohen, 1988). The effect size for EBD1-EBO1 was 0.114. According to Cohen's d effect size, the effect size less than 0.20 is interpreted as having a small effect size (Cohen, 1988). From the findings of the paired-samples t-test, only one from the twenty five items in employer brand, namely EBD1 indicated a statistically significant mean increase compared to EBO1, with t (435) = 2.376, p < .05, d = 0.114.

Hypothesis 2 postulated the relationship between employer brand discrepancy and employer brand loyalty, while Hypothesis 3 tested the relationship between employer attraction and employer brand loyalty. Both hypotheses were supported in this study. Though Hypothesis 2 was supported, the regression weight was small. Employer brand discrepancy had a minor influence in predicting employer brand loyalty, with Beta = 0.155. On the other hand, the Beta for the relationship between employer attraction and employer brand loyalty was 0.811. Table 1 shows the results of the regression analysis from the structural equation modeling (SEM). Employer brand loyalty explained about 68% of the variance in employer attraction and employer brand discrepancy.

Table 1: Results of regression analysis from the structural model of SEM

Exogenous variable	Endogenous variable	B	SE_B	β	CR	R	R^2	Hypothesis
Employer attraction	Employer brand loyalty	0.686	0.044	0.811	15.682	0.811	0.681	H6
Employer brand discrepancy	Employer brand loyalty	0.259	0.060	0.155	4.310	0.155		H7

Note: *p < .001; B = unstandardized regression coefficient; SE_B = Standard error of the coefficient; β = standardized regression coefficient, CR = Critical ratio; R = Correlation; R^2 = Squared multiple correlations.

The Cronbach's alpha reported for employer brand offering, employer brand delivery, employer attraction and employer brand loyalty were 0.964, 0.968, 0.914, and 0.947, respectively.

5. CONCLUSION AND RECOMMENDATIONS

There was a significant discrepancy between employer brand offering and employer brand delivery, with only one item had a significant discrepancy, EBO1-EBD1 (recognition and appreciation). Hence, the Hypothesis 1 was partially supported. Recognition and appreciation had been the only item that delivered more than the extent of its offering after the employees joined their organization. Nonetheless, the significant discrepancy was too small, whereby the mean for paired difference was 0.119. The remaining 24 items of EBO-EBD had insignificant discrepancy. Within the context of the hotel industry, effort must be taken by employees to deliver excellent experience to guests, and it is best to exceed the guests' expectations (Al-alak, 2011). Thus, the same effort should be taken by the employer: To give excellent working experience to employees and go beyond their expectations. The small discrepancy between employer brand offering and employer brand delivery affected the result of Hypothesis 2. Hypothesis 2 postulated a positive significant relationship between employer brand discrepancy and employer brand loyalty. Employer brand has been underestimated as only a tool for attraction (Gehrels & Looij, 2011). The relationship between employer brand discrepancy-employer brand loyalty indicates that employer brand is more than the attraction tool. Though Hypothesis 2 was supported, the regression weight was small, Beta = 0.155. Employer brand discrepancy had a minor influence in predicting employer brand loyalty. It can be concluded that the organizations in this study did not have appealing psychological contracts. A small positive discrepancy between what is offered and what is delivered resulted in the unattractive psychological contract (Schalk & Roe, 2007). The alignment of employer brand promises and employer brand realities does not only influence employees' behavior, but also increase their attraction and retention (Maxwell & Knox, 2009b; Rosethorn, 2009). The findings of this study are in accordance with the previous studies in the hotel industry, where there is a lack of awareness about the importance to infuse employer branding into the organization's management practices (Gehrels & Looij, 2011; Kimpakorn & Dimmitt, 2007b).

On the other hand, employer attraction had a big influence in predicting employer brand loyalty, Beta = 0.811. From the perspective of potential employees, employer attraction is known to have an effect on job pursuit intention (Jiang & Iles, 2011; Turban, 2001). The relationship between the attractiveness of an organization and the power to retain employees has been conceptually stated by Arachchige and Robertson (2013). The influence of employer attraction towards loyalty has never been empirically tested in the academic literature. Thus, the findings of this study affirmed that organization could employ its attractiveness to enhance employer brand loyalty among employees. Some employees are not attracted to their organization, but remain working due to economic downturn or because of no job offer (Barrow & Mosley, 2005; Glass, 2007; Minchington, 2011). The result of this study infers that the attractiveness perceived by the employees, before they joined and during the early employment, led to their employer brand loyalty.

A potential research that can be recommended is to study how the employer brand impacts the formation of the psychological contract among the employees. It has been indicated that different media can be used in attracting job candidates (Backhaus, 2004; Lyons & Marler, 2011; Sciarini & Woods, 1997) and individual personality affects their behaviors (John, Naumann, & Soto, 2008; Srivastava, 2012; Tews, Stafford, & Tracey, 2011). Hence, researchers may assess how the medium of employer brand information and employees' personality influence the psychological contract formation in an organization.

It is hoped that this study will shed some light on the issue of employer brand, to both academics and practitioners, particularly within the context of the hospitality industry. It is also anticipated that the findings of this study will create more rooms for further investigation about employer brand, employer attraction, employer brand loyalty, and psychological contract.

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REDUCING THE WEALTH GAP THROUGH FAIR DISTRIBUTION OF SURPLUS NET PRESENT VALUE

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Abstract: The wealth gap between investors and farmers occurs mainly due to unfair distribution of profit. In conventional pay-in-cash transactions to land owner and farmer, all remaing profits – being called as surplus net present values – are transferred to the investor. In Islamic finance, a mudharabah profit sharing is applied to fairly distribute the profits. This research explored the existence of such surplus net present value by comparing convensional versus mudharabah arrangements based on benefit cost ratio approach. Further, this research determined the distribution of profits to achieve fair treatment to all stakeholders based on their potential discounted costs. An enterprise budget method was applied to both conventional and mudharabah agreements for eels farming in Indonesia. The results suggested that surplus net present value existed and the proposed distribution of profits gave better values to all stakeholders.

Keywords: benefit cost ratio, enterprise budget, Islamic finance, mudharabah agreement, surplus net present value

Introduction

Eels (Angulla spp.) is one of the most popular food for Japanese people. In addition to being farmed in Japan, eels are also farmed in other countries in Asia and Europe. Recently, there has been a shifting demand of eels in which an icrease of consumption occurs in China and South Korea (Shiraishi & Crook, 2015). Additionally, the enforcement of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) that prohibid eels trading from the European countries creates an inbalance of supply and demand. These situation open an opportunity of eels farming business especially in maritime countries such as Indonesia.

The wild fishery production in Indonesia was increased from approximately 5.4 million tonnes in 2010 to approximately 6.5 million tonnes in 2014, whereas in the same period the aquaculture production was increased from slightly over 6.3 million tonnes to over 14.4 million tonnes. Despite the fast growth of aquaculture farming between the years 2010 – 2014, the farmers' interest in ells farming is limited compare to other fishes farming such as lobster, prawn, fishmilk, catfish, etc. The lack of interest in eels farming might be due to limited knowledge, skill, and financial among the smallholder farmers. Earlier studies on eels were mostly concerned on the farming system, not from the financial issues (Affandi, 2005; Haryono, 2008), whereas studies on financial views of fisheries and aquaculture had been carried out, among others, in Uganda (Hyuha, et al., 2011) and Nigeria (Baruwa, Tijani, & Adejobi, 2012). Therefore, it was the goal of this research to focus on the financial subjects of eels farming.

There are two main stakeholders for aquaculture farming business, namely the farmer and the investor. In most cases, the farmer does not have enough resources other than their piece of land and man power. In conventional business arrangement, the consideration being paid by investor to the farmer is in terms of pay-in-cash land rental and fixed wages for the man power involvement. Despite it is debatable, some schoolars believed that such conventional business arrangement created a surplus value in which Cohen (2011), who had different view with Karl Marx, stated that surplus value is the value produced by the workers over and above the investor's fund being spent as wages to the workers. This research, therefore, was focused to explore the existence of surplus net present value for eels farming business by comparing conventional pay-in-cash and profit sharing arrangements.

Daneshfar, et al. (2010) stated that profit sharing among the stakeholders increased labor productivity, cost monitoring, and wage flexibility that created a self-motivated stakeholders to achieve the goals of the company. In Islamic finance, such profit sharing involving participatory contracts is known as mudharabah and musharakah in which if the business is profitable, the profit will be shared based on a pre-agreed ratio and if the business experience any loss, the loss will be the responsibility of the investor (Dusuki, 2010). Earlier studies indicated that Islamic financing is more feasible and relatively accessible (Bazza, Maiwada, & Daneji, 2014) and gave better values to all stakeholders in

the field of agriculture (Sugiharto & Lestari, 2014) as well as in the field of banking (Zaenudin, 2014). Latest study by Sugiharto (2017) demonstrated the existence of surplus net present value and determined the share distribution among the stakeholders of teak plantation development. Similar analytical tool of enterprise budget was utilized in this research, however, different determination of cost of capital was applied to analyse the eels farming development. The enterprise budget provides an estimate of potential revenues, expenses, and profits for a single enterprise by exploring three main components namely capital investments, operating expenses, and revenues (Godsey, 2008).

Research Framework, Research Method, and Research Design
This experimental field research was located in Bogor Regency, West Java Province, Indonesia, approximately 80 km to the south of the capital city Jakarta as can be seen in Figure 1. The research was carried out between September 2016 to December 2016. The data being used were both primary data by interviewing eels' farmers as well as secondary data from available reports and publications.
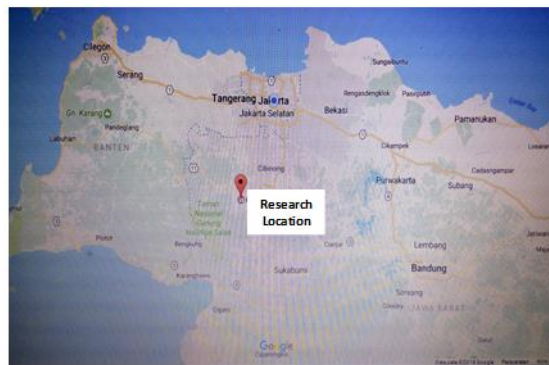
Figure 1: Research Location

The main Islamic finance structures being applied to this research were ijarah (leasing) and mudharabah (partnership). A profit sharing approach was proposed in this research to convert ijarah (leasing) of the land and monthly fixed wages to farmer into profit sharing. Figure 2 illustrates the structure of mudharabah in which the rabb al-mal (investor) signs a contract with mudharib (land owner and farmer) to fund the eels farming development with an agreed profit sharing. If the project experience any loss, however, the loss will be borne by the investor.
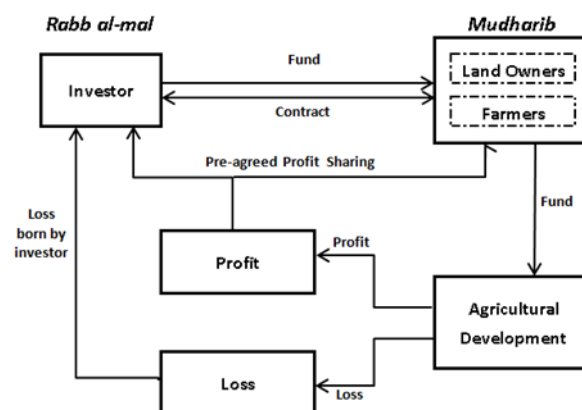
Figure 2: Mudharabah structure framework (adapted from Dusuki, 2010; Sugiharto & Lestari, 2014)

An enterprise budget was applied to compare the economic valuation of conventional versus mudharabah agreement. Detail enterprise budget analysis was carried out to determine the capital investment, operating expenses, revenues, etc. Sales price and inflation trends were also forecasted based on historical data which were 5.71% per year inflation rate, 7.44% per year for salary increase, and 10% per year for eels sales price increase. Common valuation criteria such as total investment, discounted total investment, net cash flow, net present value (NPV), internal rate of return (IRR), payback period (PBP), and benefit cost ratio (BCR) were analized (Godsey, 2008; Salvatore, 2008).

One of the critical issues is the determination of cost of capital in which interest rate to calculate the discount rate by using capital asset pricing model (CAPM) was not allowed in Islamic finance since there is interest content in the model. As an alternative, the trend of gold prices in the last 10 years were used as can be seen in Figure 3 which indicated a 11% price increase per year. Tax had not been incorporated in the analysis assuming that tax payment was individual responsibility.

Figure 3: Gold prices trend

Results and Discussions

Fixed costs of capital investment are costs attributed to resource ownership that occur regardless of any productive activities (Godsey, 2008). The capital investment of this experimental eels farming is demonstrated in Table 1. Operating costs are costs attributed to the productive use of resources including payments for maintenance and marketing (Godsey, 2008). Table 2 is the summary of operating costs for eels farming whereas Table 3 is the conventional pay-in-cash being paid for land rental and farmer's wages respectively.

Table 1. Capital investment for eels farming

	Unit	Price /unit (IDR)	Useful live (years)
Field Office	1	25,000,000	10
Eels Ponds	10	20,000,000	10
Infrastructures	1	25,000,000	10

Table 2. Operating costs for eels farming

	Unit	Costs /unit (IDR)
Fingerling	/kg	450,000
Eels Food	/kg	26,000
Eels Treatment	/month /pond	100,000
Electricity, etc.	/month	1,000,000

Table 3. Land Rental and Farmer's Wages

	Unit	Price /unit (IDR)
Land Rental	/year	5,000,000
Farmer Wages	/person /month	3,000,000

The above costs assume a farming activity of 10 ponds with diameter of two meters each. A total of four farmer were employed. The duration of farming was eight months starting from fingerling size to consumption size. The forecasted revenue streams were calculated based on forecasted production and forecasted price of eels whereas the forecasted production had been considered a 60% survival. Assuming the farmer receive pay-in-cash for the land rental and receive monthly wages, total fund being invested by investors is IDR 698.65 million or an equivalent of discounted investment of IDR 674.10 million as being summarized in Table 4. This investment yield a total net cash flow for the duration of the project amounting IDR 3,351.45 million and an NPV at a discount rate of 11% of IDR 1,228.82 million. The IRR is 29.98%, the PBP is 55.47 months, and the BCR is 1.31.

Table 4. Investor's economic valuation

	Unit	Pay-in-cash
Investment	Million IDR	698.65
Discounted Investment	Million IDR	674.10
NCF	Million IDR	3,351.45
NPV	Million IDR	1,228.82
IRR	%	29.98
PBP	Months	55.47
BCR	Unit	1.31

The following steps are calculating all stakeholders values assuming that the farmer received profit sharing instead of pay-in-cash for the land rental and wages. Having no cash payment for land rental and wages, the total investment of investor is reduced to IDR 335.65 million or IDR 318.21 million of discounted investment. To achieve the same BCR of 1.31 each for the investor and farmer, the investor needs to receive 21.90% of profit sharing whereas the farmer needs to receive 24.50%. Total profit sharing being distributed to investor and farmer to achieve the same BCR of 1.31 is 46.40% (ie. = 21.90% + 24.50%). This leave a total of 53.60% (ie. = 100% - 46.40%) surplus net present value that should fairly be distributed to both investor and farmer. One of the proposed distribution of such surplus net present value is based on the discounted investment of each party. The discounted investment by investor is IDR 318.21 million whereas the discounted potential costs of farmer is IDR 355.90 million. Based on these discounted invesment, the surplus net present value should be distributed to investor and farmer to the amount of 25.30% and 28.30% respectively. The final profit sharing to both investor and farmer are 47.20% and 52.80% as can be seen in Table 5. With this profit sharing arrangement, both investor and farmer will receive a BCR of 2.82, a significantly increase from 1.31 in the case of pay-in-cash arrangement.

Table 5. Discounted investment, surplus, & share distribution

	Discounted investment (IDR Million)	Profit Sharing %	Surplus Distribution %	Final
Investor	318.21	21.90	25.30	47.20
Farmers	355.90	24.50	28.30	52.80
Total		**46.40**	**53.60**	**100.00**

Different presentations are displayed in Figure 4. The minimum profit sharing being received by farmer (mudharib) is 24.50% and the maximum profit sharing for investor (rabb al-mal) is 75.50% (ie. 100.00% - 24.50%). Likewise, the minimum profit sharing for investor (rabb al-mal) is 21.90% and the maximum profit sharing for farmer (mudharib) is 78.10% (ie. 100.00% - 21.90%).
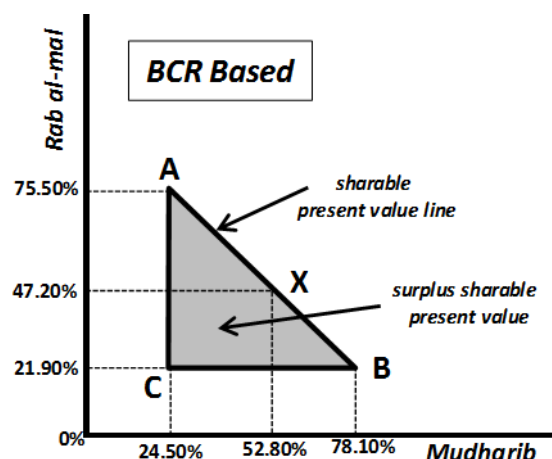
Figure 4. Surplus sharable value

Figure 4 demonstrates that Point C is the minimum share being received for both rabb al-mal and mudharib. Whereas, Point A is the maximum shares being received by rabb al-mal and Point B is maximum shares being received by mudharib, respectively. Line A-C is the minimum share for

mudharib whereas Line C-B is the minimum share being received for rabb al-mal. The increase of mudharib's share will decrease the rabb al-mal's share, and vice versa, along Line A-B. It is proposed that line A-B is called the "sharable present value line" and the triangle A-B-C is the "surplus sharable present value". Further, based on discounted investment portion, there is an additional 25.30% profit sharing to rabb al-mal and an additional 28.30% profit sharing to mudharib which resulting a total of 47.20% profit sharing for rabb al-mal and a total of 52.80% profit sharing to mudharib which, in Line A-B is located in Point X.

Conclusion

Total profit sharings attributable to investor (rabb al-mal) and to farmer (mudharib) by mudharabah arrangement to achieve the same amount of benefit cost ratio to investor is 46.40%. This leave a total of 53.60% as a surplus, being called as surplus net present value, that should be distributed fairly between the stakeholders. This research propose the discounted investment portion as the base for distribution of such surplus so that the final profit sharings for rabb al-mal and mudharib are 47.20% and 52.80% respectively. This mudharabah arrangement proved to increase the benefic cost ratio from 1.31 to 2.82.

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VISUAL FRAMING OF LAHAD DATU CONFLICT COVERAGE IN MALAYSIAN MAINSTREAM NEWSPAPERS

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Abstract: Visual play an important role in media reporting of news. Textual news must accompany with pictures to convey many direct and indirect meanings. Visual alone can portray thousands of meaning which unable to perform by written messages. A review of many media and communication articles showed that many researchers focused more on textual news rather than visual news. It's seems visual portray of issues or conflict are rare. Therefore, this paper is to examine visual framing of Lahad Datu conflict coverage, which is known as Sabah standoff conflict in Malaysia, is an unforgettable tragedies until killed about 10 of Malaysian security personnel. This research is to examine visual portrayed in Lahad Datu conflict coverage in Malaysian mainstream newspapers such as Utusan Malaysia, The Star, Sin Chew and Nanban dailies for the study period of ONE month. With the guidance of framing analysis, researcher employed quantitative content analysis to gather the results. With 466 news coverage (288 visuals), results revealed that, the most prominence frames covered by all the four dailies were attribution of responsibility. In explaining the visual images, results noticed that images of militants and soldiers were portrayed more followed by images of decision makers. However, majority of the visual images message shown that visual portrayed a solution for an emergency situations and promoting particular parties or people.

Keywords: Crisis, Lahad Datu Conflict, Framing Theory, Visual Framing, Content Analysis

1. INTRODUCTION

This study will focus on visual coverage of Lahad Datu Invasion. Lahad Datu is a small town in Tawau Division, east Malaysia. In 1654, Sultan of Brunei gave Sabah to Sultan of Sulu and in 1878, Sultan of Sulu leased Sabah to the British North Borneo Company. In 1946, British North Borneo Company gave Sabah to Britain. As a consequence, in 1963 Sabah became part of Malaysia. (Erman, Chang, et al, 2014). On 9 February 2013, a conflict between Sulu and Malaysia security continued to grow, threatening the peace of the people of Sabah. A total of 100 people from the Sultanate of Sulu from southern Philippines has been smuggling in to Lahad Datu, Sabah on the ground to take back their land.

This negotiation has evolved into a clash of weapons up to 10 armed Malaysia personnel. Incidence of aggression by terrorist groups in Semporna and Lahad Datu enormous impact to the political, social and economic, particularly Sabah, according to Deputy Chief Minister Datuk Seri Yahya Hussin, Minister of agriculture and food industry of the Sabah State. He said the tragedy had already sacrificed the life of ten members of the national security team, which not only cause the loss of the child's father, his wife lost a husband, mother and father lost children, but will also remain a black point in the history of the country (The Star, 2013).

Crisis is a situation when a problem in particular organization is to be continued with or without solution taken by responsible people. According to Coombs 1999, crisis is a sudden and unexpected event effecting organization's reputation in financial and reputation operation. It can make people to think badly of the organization. Crises can be divided into few types such as health crisis, economic crisis, natural disaster crisis, organization crisis, international crisis and so on.

Media are powerful because media have the potential to shape and influence the public's opinion and behavior (Entman, 2007). Stories in media is used by publics to gather appropriate and updated information. The way information is transfer in news report can affect reader perceptions about the covered issue. So that, it is important for any organization, people or parties to used framing process in informing and suggesting response for a crisis (Entman, 1993 & Coombs, 2007). Many researcher did many studies in examining textual analysis of crisis coverage. To fill the gap, researcher in this study used visual elements in framing analysis to examine how the visual messages was portrayed by mainstream news coverage.

2. LITERATURE REVIEW
2.1 Frames and Framing

During crisis, public eager for updated information. Media is an important tools for them to gather information. This research employ Entman's (1993) framing analysis because it can help to analyze visual messages portrayed in media especially in the news, and it connects news on finding the causal of problem, interpretation of problem, provide judgments and give recommendation for selected conflict news coverage. When the media place stories in specific frames, they lend a different meaning to the news. Furthermore, media's function to increase or decrease the salience of issues, can allows the public to remember and make judgments on such issues.

Applying this framing analysis to Lahad Datu conflict can help media to portray information through selected visuals in examining how the conflict news was portrayed in newspaper to identify the main reasons for the crisis along with suggested response to overcome the conflict.

The framing research in mass communication serves to illuminate the rationale behind crisis types as crisis frames. Frames are concerned about salience or emphasis and operate on two related levels: frames in communication and frames in thought. Frames in communication involving using images, words, phrases and many other element that can present via messages such as providing whole background story of a crisis. However frames in thought involve the cognitive structures (such as scripts or schema) people utilize when interpreting information (Druckman, 2001). Added by Druckman, framing effects occurs when a communicator selects certain factors to emphasize. The people who receive the message will focus their attentions on those factors when forming their opinions and making judgments after read through the news. The way a message is framed shapes how people define problems, causes of problems, attributions of responsibility and solutions to problems (Entman, 1993).

Frames, suggests that the mass media do even more than create saliency. By selecting what to include and what to exclude from a story, the news media frame a story. Media limit or define the story's meaning and thereby shape people's interpretation of that story (Hallahan, 1999). Neuman, Just, & Crigler (1992) discussed comprehensively several different types of frames dominantly used in US news coverage: conflict, economic, consequences, human impact and morality. Based on these frames, Semetko & Valkenburg (2000) analyzed five national newspapers and television news stories in the period surrounding the Amsterdam meeting of European heads of state in 1997 and identified five news frames in order of predominance: attribution of responsibility, conflict, economic, human interest, and morality.

Entman(1993) suggested that the frame can be identified and examined by "the presence or the absence of certain keywords, stock phrases, stereotyped images, source of information and sentences that provide thematically reinforcing cluster, facts or judgment" (p.52). Gamson and Modigliani (1989) identify framing devices such as metaphor, exemplars, catch-phrases, depictions and visual images that provide information and offer media package of an issue.

Tankard (2001) went on offering the most comprehensive empirical approach when he suggested eleven framing mechanisms for identifying and measuring news frames: headlines, subheads, photos, photo captions, leads, sources selection, quotes selection, pull quotes, logos, statistics and charts, and concluding sentences and paragraphs.

Entman (1993) has identified four locations for frame to be placed within communication process: communicator, text, receiver and culture. The text contains frames which are manifested by the presence or absence of certain key words, stock phrases, stereotypical images, source of information and sentence that provide thematically reinforcing clusters of facts or judgments.

Hallahan (1999) added that frame can be define as a message's meaning by shaping the inferences that individuals make about the message. Journalist use frames to put information into a usable context for readers, to make stories accessible and meaningful to their audiences, and to enable readers to act upon information when appropriate. Framing is doing it' s job effectively in mass media while emphasizing issue's importance through selection of photos, interesting texts, portraying of actors, attracting headlines and so on to define the problems and find solutions for the problems (Entman 1993 & de Vreese 2005).

Coleman (2006) said that images and visuals can add on information which is not available in printed words. Visual can be a substitute message to any printed words in disseminating message. Coleman also noted that images induce people to think deeply. He also added that photos in news can elicit more emotional responses among readers.

In investigating the framing of the Iraq War in both national and foreign media, Dimitrova and Stromback (2005), conducted a content analysis of articles in *The New York Times* and *Dagens Nyheter,* a Swedish newspaper, during the official war period. They founded *The New York Times,* emphasized more on military operations, troops, arsenal, and combat visual images.

Carpenter in 2007 conducted a content analysis comparing the framing of the Iraq War in articles from elite U.S. newspapers with articles from non-elite U.S. newspapers. Carpenter found that elite publications were more likely to use military frames, and non-elite newspapers were more likely to use human interest or anti-war frames. Similarly, a content analysis was conducted by Schwalbe et al. in 2008 examined the visual framing of the invasion of Iraq across U.S. mainstream media. Finding, depicted that the main visual frame transfer from conflict to human interest frame. Schwalbe defined the conflict frame as images of military officials, weapons, wide shots of troops, and destruction while for human interest frame, composed images were from the faces of individuals could be seen, including in part, troops, Iraqi civilians, U.S. reaction, and journalists.

Through visual framing, particular pictures and photos can create a linkage between the issues and publics in the country especially during natural disaster crisis coverage. (Bruce, M. D 2014). Fahmy and Kim (2008) explored differences in the coverage of the second Gulf War from *The New York Times* and *The Guardian*. They found numerous differences in the visual coverage of the war. For example, *The New York* times focused on images of the U.S. military and government officials while *The Guardian* focused more photos of material destruction in Iraq.

Dobernig, Lobinger, and Wetzstein (2010) explored differences in the coverage of the 2009 Gaza crisis in four print news sources and found the Palestinian press was visually represented by individual civilians which portrayed a sense of empathy, while the Israeli press was represented by visuals of political or governmental officials portraying responsibility and responses.

3. METHODOLOGY

In this study, researcher conducts content analysis by selecting census sample of newspapers from different ethnic orientations which have widespread readership and large circulation as well as to meet the objectives of this research. Four selected Malaysian mainstream newspapers were chosen for this study based on their circulation in the Audit Bureau Circulation Malaysia. Quantitative content analysis is used to identify portrayal of visual images through news coverage. The focus of this research is on printed media which is newspapers. The rationale choosing printed media is because, sources are most often quoted in the print media, and the print media reaches out to the mass audience. (Chang, P. K, 2009).

The unit of analysis in this study is all the images attached with news articles including straight news, editorial, column, opinion piece, interview and letter in the four selected newspapers during the study period from 9th February until 31st March were being analyzed by researcher. This study limited the time period of news articles to within 1 month of when each crisis occurred because crises are more newsworthy at the beginning of the crisis (Kyoung and Gower 2009).

For the category of the articles in this study, researcher used four categories to see how the newspapers report the crisis such as:

- Problem: Revealing that countries is in danger situation. All are in uncontrollable situation.
- People: News focusing on victim, victim's families, security personnel and all types of individual involved in crisis.
- Solution: News revealing giving solution and responses to overcome the conflict and to remain a stable situation.
- Neutral: News is in neutral situation. Any news which is not fallen under problem, people, and solutions is a neutral news.

The coding categories for news framing were developed based on Semetko (2006) such as:

- Conflict frame: News in this category emphasize on the conflict or the disagreement between two sides or among individuals, groups, parties and institutions.
- Consequences frame: News items that present an event, problem, or issue in terms of the consequences either economically, socially or politically has on individual, group, institution, region or country; news reports damages, casualties or losses.
- Attribution of responsibility frame: News that present an issue, problem or event to attribute responsibility for causing or solving it to the government or individuals or group; suggest an urgent action for the issue, problem or event.
- Morality frame: Frame the event, problem, or issue in the context of religious tenets or morals and social prescriptions; emphasizing on collaboration, brotherhood and integration.
- Human interest frame: News that bring a human face or an emotional angle to the presentation of an issue/problem/event; refer to an effort to personalize the news,

dramatize or emotionalize the news in order to capture audience interest; employ adjectives or personal vignettes that generate feelings of outrage, empathy caring, sympathy or compassion; emphasize how individuals and groups are affected by the issue/problem/event.

Coding for the portrayal of pictures for the Lahad Datu crisis were taken and modified from Dimitrova & Connolly-Ahern, 2007; Dimitrova & Strömbäck, 2012 as per below:

- Conflict (the combatants, including weapons, troops, POWs, and combat)
- Violence of war (the results of conflict, such as injury, death, and destruction)
- Human interest (noncombatants, such as civilians and humanitarian relief workers)
- Politicians
- Antiwar protests
- Media self-referential (journalists at home and in Iraq)
- Looting
- Oil resources

The added category for portrayal of pictures by researcher are as per below

- Decision maker Malaysia
- Decision maker Philipines
- Militant or Soldiers
- Victim's families
- Bodies and coffins
- Local residents

4. FINDING
4.1 The Coverage

This study has found 466 news of Lahad Datu crisis throughout four newspapers from 9th February until 31st of March 2013. Since Lahad Datu crisis is an unusual situation among publics in Malaysia, researcher interested to know about the frequency of news in all mainstream newspaper in Malaysia.

Table 1: Frequency of Coverage of the Lahad Datu crisis by different newspapers

Newspaper percentage	Frequency	Valid
Utusan Malaysia	159	34.1
The Star	105	22.5
Sin Chew Daily	113	24.2
Nanban Daily	89	19.1
Total	466	100.0

Table 1 indicates the number of articles and percentage of news based on the type of the newspapers and news report on the Lahad Datu crisis during the year 2013. It was found that *Utusan Malaysia* carried the largest coverage 159 (34.1%), followed by *Sin Chew* 113 (24.2%), *The Star* 105 (22.5%), and *Nanban* 89 (19.1%).

4.2 Category of News

Table 2: Category of news

Category of news	Frequency	Valid Percentage
Problem	113	24.2
Solution	151	32.4
People	146	31.3
Neutral	56	12.0
Total	466	100.0

Styles of visuals in newspapers can reveal on how those news had been categorized among reader's mind. Some news can direct reader's to stick in one decision on how the news editor or gatekeeper want the readers to digest and evaluate the news according to their agenda (Entman, 1993 & De Vreese, 2005). Table 2 displayed the category of news. Data revealed that, most of the articles

focusing on providing solution category in portraying Lahad Datu crisis which is 151 (32.4%) suggesting that government is trying to solve the problems compare to revealing problem category which is 113 (24.2%). The second focus of reporting Lahad Datu incident is on people 146 (31.3%) such as updating information on how safe is the security personnel in Lahad Datu and at the same time, revealing victim's information to publics and also revealed the compensation amount to victim's and victim's families. However, 113 (24.2%) news from 466 news articles admitting that there is a crisis and situation is in danger. 56 (12%) of the news were in neutral category.

4.3 News Framing

Table 3: News Frames

	newspaper				Total
	Utusan Malayisa	The Star	Sin Chew	Nanban	
conflict	30	10	17	10	67
human interest	10	9	6	11	36
morality	14	10	6	5	35
attribution responsibility	82	58	61	48	249
Economic consequences	23	18	23	15	79
Total	**159**	**105**	**113**	**89**	**466**

The attribution of responsibility frame covered the strongest frames of Lahad Datu conflict in all newspapers which is 249 articles. From this amount of coverage, (82 articles) portrayed in Utusan Malaysia. Followed by Sin Chew (61 articles), The Star (58 articles) and Nanban (48 articles). The highest coverage is for attribution of responsibility because all the dailies portray solution for the crisis rather that admitting there is a crisis. Second important frame in all newspapers after attribution of responsibility is economic consequences (79 articles) followed by conflict (67 articles), human interest (36 articles) and morality frame (35 articles). Economic consequences frame rank in second important of frame because it is revealing how much impacted this crisis to societies and countries economic. (Table 3).

4.4 Visual Messages
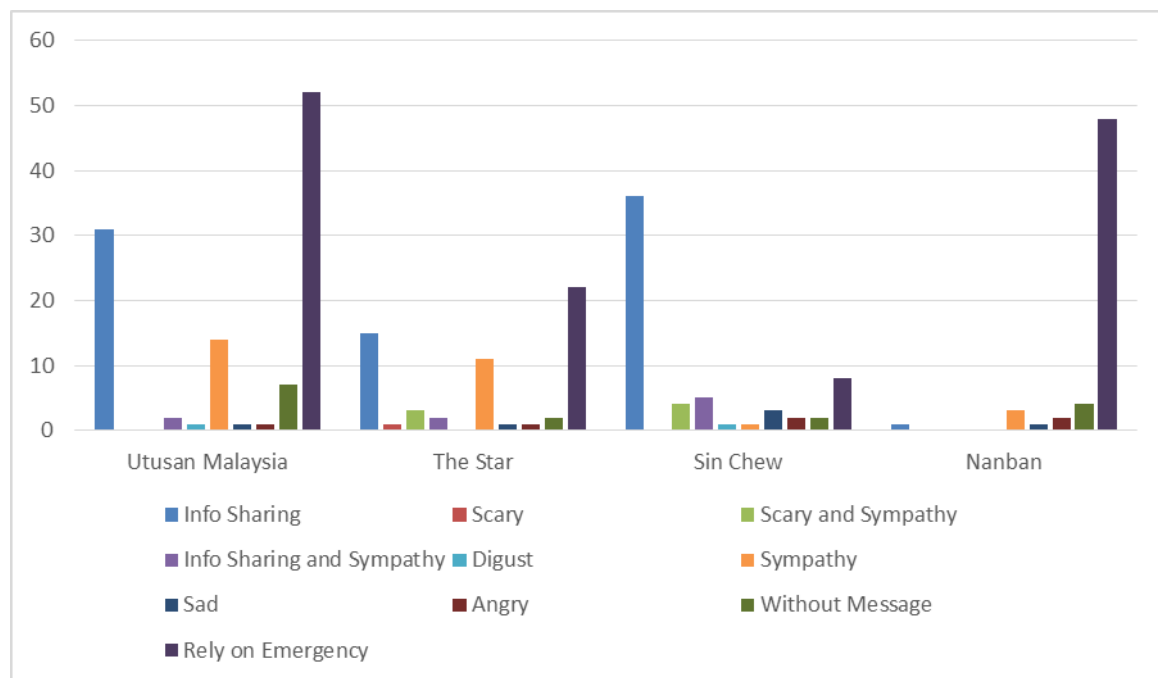
Figure 1: Visual Messages of Lahad Datu Crisis

In order to analyze the visual messages portrayed by selected dailies, as per figure 1, data revealed that most of the dailies portrayed messages on rely on emergency because, dailies in Malaysia use visual in mainstream newspapers to portray Lahad Datu incident is rely and depend on emergency solution from authority for 130 articles from 288 articles. Followed by information sharing which is 83 articles covered information sharing messages, providing information and news about Lahad Datu conflict and followed by sympathy message which is 29 articles. *Sin Chew* covered most for the information sharing messages of visuals and for the sympathy concern and visual on rely on emergency, *Utusan Malaysia* newspaper portrayed most.

4.5 Portrayal of Lahad Datu Images
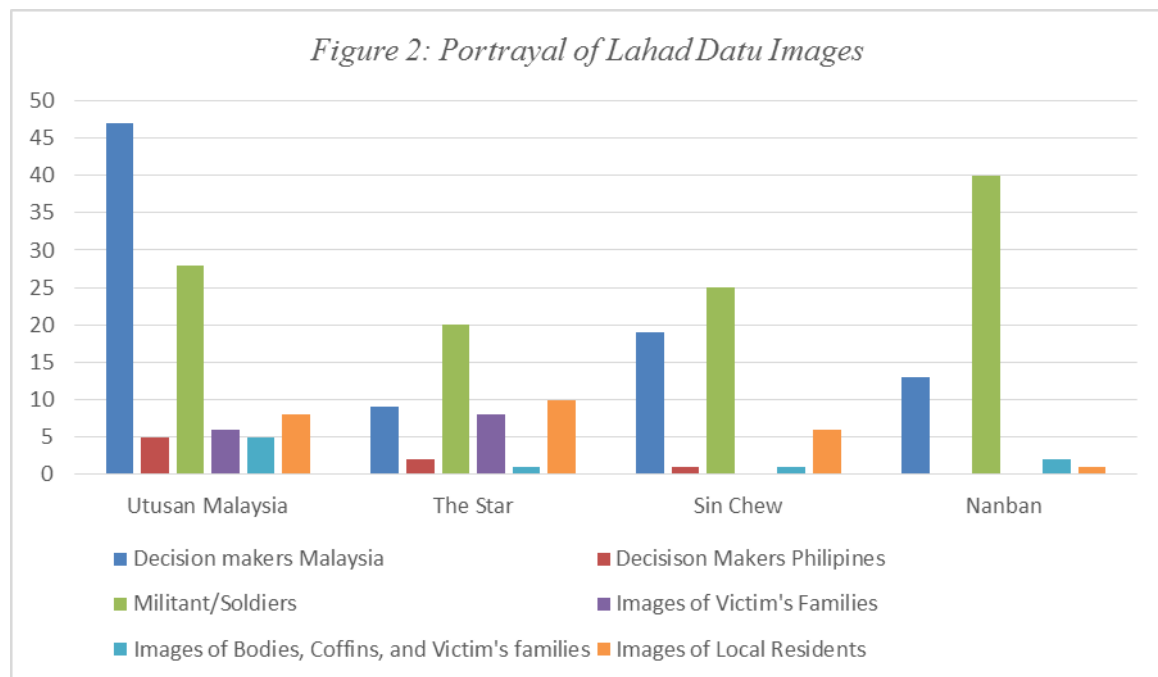
Figure 2: Portrayal of Lahad Datu Images

For the portrayal of visual images for the selected period, data revealed that, visual of militants and soldiers of Malaysian security personnel was portrayed most which is 113 articles, followed by images of Malaysian decision makers and politicians images which is 88 articles and images of local residents of 25 articles from 288 articles. Researcher found that, the highest portrayal of militant and soldier pictures were portrayed in *Nanban* daily most and for the images of decision maker and politicians in Malaysia, *Utusan Malaysia* covered most.

CONCLUSION

Total of 288 visual of Lahad Datu conflict portrayed that all the visual images during period of study portrayed solution category to solve the incident of Lahad Datu conflict. Researcher also able to conclude that among few frames such as conflict, human interest, attribution of responsibility and economic consequences and morality frames, researcher concluded that, attribution of responsibility frames was covered most.

In analyzing the visual images of Lahad Datu conflict, researcher concluded that majority of the visual images spread out Lahad Datu incident is rely and depend on emergency solution followed by information sharing and expressing sympathy concern. In portrayal of visual images, data concluded that visual of militants and soldiers of Malaysian security personnel was portrayed most followed by images of decision makers in Malaysia.

Overall, researcher concluded that, through portrayal of visual images in four main dailies in Malaysia, government through newspaper coverage portrayed solution and revealing situation as an emergency situation and solution needed immediately.

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ENHANCING LANGUAGE LEARNING STRATEGIES USING SHORT STORIES

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Abstract: Different types of language learning strategies are often used to facilitate classroom learning. The use meta cognitive (acquire, store, retrieve information) strategies are believed to have a positive impact on ESL listening activities in the classroom. Strategies such as planning, monitoring and evaluation can help ESL learners make sense of what they hear in the classroom. Short stories have also been commonly used in the ESL classrooms as part of reading comprehension lessons or as literary texts. Can the activity of listening be extended to short stories? What do the students gain? How can it best be used as part of listening activity? The main objective of this study is to explore the impact on the use of listening to short stories in ESL classroom. Specifically, this study looks into how gender influence listening to short stories. This quantitative study looks into the perception of students on the use of Meta cognitive learning strategies in the listening activities. It also looks into how listening activities can assist learners' in their construction of knowledge. The findings reveal several interesting findings useful for the use of listening activities in the ESL classroom.

Keywords: language learning strategies, metacognitive strategies, ESL classroom, learning process, listening activities, construction of knowledge

1. INTRODUCTION
1.1 Background of Study
According to Brown (2001), ESL learners do more listening than speaking in the classroom. However, listening activities are sometimes not given the importance they deserve. Yet, language testing such as IELTS, MUET and TOEFL all have a listening component. Examinees are expected to respond to listening tests and extract the required   information. The problem with listening activities is that learners are not able to look at written text to check on their understanding or missed information. They then need to be able to utilize proper listening strategies in order to get the maximum benefit from the listening. There are several factors that make listening difficult (Richards, 2007). Firstly, the chunking used in spoken language makes listening difficult for non-native speakers. Secondly, spoken language uses a number of redundancies such as rephrasing, repetition, elaborations, or even phrases such as "I mean", "you know". These redundancies make it difficult for the ESL learner to understand the gist of the conversation. Thirdly, the English language uses reduced forms that can often be confusing to the ESL learner. Next, sometimes listening texts contain colloquial language that the ESL is not familiar with. In addition to that, sometimes ESL learners may not be able to "catch up" on what is being said due to the rate of delivery of the speaker. Finally, non-native speakers may sometimes be unfamiliar with native speakers' stress, rhythm, and even intonation.

Brown (2001) suggested six principles for designing listening activities in the ESL classroom. The first principle is although the teacher needs to make the activities interactive, he/she needs to make sure learners are able to gain comprehension competence. Secondly, teachers are encouraged to use techniques that are intrinsically motivating. Next, teachers need to utilize authentic language and contexts. Teachers need carefully consider the listeners' response. Next, teachers need to give ample practice to learners so they can develop their listening strategies. Finally, teachers need to use both bottom-up as well as top-down listening techniques in the classroom.

One interesting way of incorporating listening activities is through the use of short stories. According to Parlindungan (2011), short story can also be a powerful and motivating source for teaching listening. Students can be less stressful if they are expected to extract authentic information such as characters, issues and events from the short stories.

The main purpose of this study is to explore the use of short stories as one form of listening activity in the ESL classroom. Specifically, this research looks into how the use of metacognitive strategies influence the listening activities.

1.2 Research Questions
This research is done to answer the following questions:

(1) Are there any significant differences for listening across genders?
(2) In what ways do the use of short stories influence the listening activity?
(3) Are there any significant differences in the use of metacognitive strategies across genders?
(4)How do the use of metacognitive strategies influence listening activities?

2. REVIEW OF RELATED LITERATURE
2.1 Teaching ESL in the Classroom
According to Brown (2001), the ESL teacher needs to use the three principles when considering language activities. The principles are divided into three main categories and they are (a) cognitive, (b) affective and (c) linguistic.
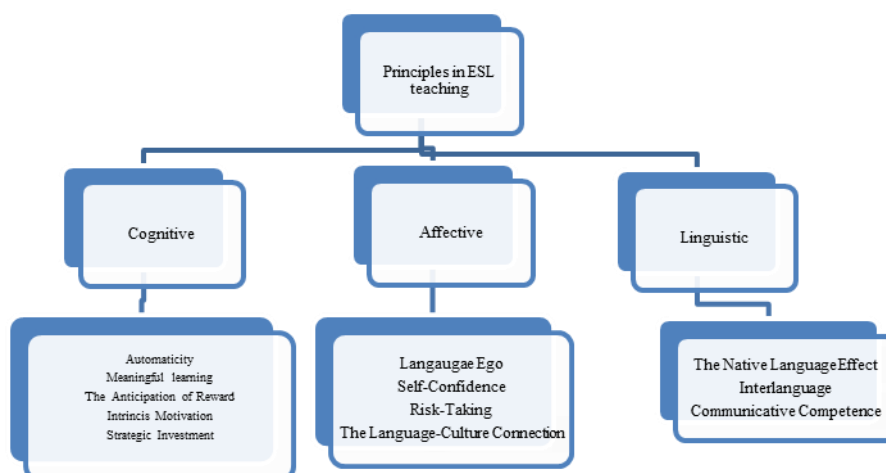
Figure 1-Summary for Principles of Language Teaching (Brown, 2001, p55-70)

Figure 1 above is the summary of Brown's (2001), principles of language teaching. Brown (2001) said that the language teacher can follow these three main principles when preparing activities. The first main principle is the cognitive principle. When using this principle, the language teacher needs to plan activities that will allow students to reach automaticity in using the language. Next, the teacher needs to make the learning meaningful to the students. When students anticipate rewards, they will be more motivated to learn. However, some learners are intrinsically motivated and their successful mastery of the language can be du tot the learners' own personal "investment" on the learning.

The second main principle is called affective principle. Learning becomes more meaningful when learners have emotional involvement towards the learning. Unfortunately, some learners have language ego and this ego acts as a "filter" towards their language learning. On the other hand, learners with self-confidence are fully capable of successful language learning as they learn to take-risks. In addition to that, language teachers need t be aware that whenever they teach a language , they are also teaching a complex system of culture customs, ways of thinking , feelings as well as acting. This language-culture complex makes learning a language more than just learning the rules of spoken and written language.

The third main principle is referred as the linguistic principle. The native-language effect refers to the interference that the learners that the learners face in the process of using the target language. Sometimes, teachers find it difficult to teach a target language because learners sometimes go through a stage called inter language. This is when learners form some form of systematic or unsystematic linguistic forms and underlying rules on their own and this can hinder language learning. Finally, communicative competence is the ultimate goal of classroom learning. This competence refers to the ability of the learners to use their organizational, pragmatic, strategic and psychomotor skills to produce their target language.

How are these principles important to the language teacher? When planning language activities, a language teacher needs to ensure that the tasks are planned to contain all three main principles.

2.2 Listening to short stories
Why makes listening difficult in the ESL classroom? Brown (2001) suggested eight characteristics that cause listening to be a difficult activity for learners. Firstly, the spoken language contain clusters and when speakers communicate they actually they break down their speech in chunks. Next, the spoken language may contain redundancies that may not be recognized by the learners and thus make their understanding difficult. Thirdly, the English language is known to contain reduced forms which may

not be familiar to the listener. Performance variables that native speakers use may be misunderstood by learners as a form of language they are not familiar with because they contain distracting elements in a speech. Native speakers are able to filter some variables and understand the message in the spoken language. On the other hand, ESL learners may find distracting variables a hindrance towards understanding the target language.

Next, some spoken language by native speakers may contain colloquial language that can hinder understanding. Many language learners complain that they are not able to understand spoken language in the target language because the speaker spoke "too fast". This rate of delivery, although is considered normal for native speakers, can be a hindrance to the learners. Next, language learners may find that the stress, rhythm and intonation used by the native unfamiliar and thus slows down understanding in the target language. Finally, listening is difficult because the element of interaction is missing for meaningful communication to take place. Thus, in order to make listening activities less difficult, a teacher and employ some of the principles of language teaching.

Short stories help students to learn the four skills--listening, speaking, reading and writing--more effectively because of the motivational benefit embedded in the stories. In addition, with short stories, instructors can teach literary, cultural, and higher-order thinking benefits. Murdoch (2002) indicates that "short stories can, if selected and exploited appropriately, provide quality text content which will greatly enhance ELT courses for learners at intermediate levels of proficiency" (p. 9). While some may think listening is a natural skill, teachers can help students listen better by incorporating some strategies. Past research have proven the use of cognitive and metacognitive strategies in the ESL classroom. Metacognition is defined by Anderson (2002) as "thinking about thinking". Metacogniton allows learners to take charge of their learning. Among some of the common metacognitive strategies are planning, monitoring and also evaluation.

According to Teshome (2012) Metacognitive strategies involve the use of listening comprehension activities and utilize individual perceptions to help listeners increase their levels of listening comprehension. Metacognitive strategies go beyond the cognitive devices and provide a way for learners to coordinate with their own learning process.

2.3 Past Studies

A small-scale study by Bozorgian (2010) , which looked into the impact of metacognitive instruction on listeners' comprehension. Twenty-eight adult, Iranian, high-intermediate level EFL listeners participated in a "strategy-based" approach of advance organisation, directed attention, selective attention, and self-management in each of four listening lessons focused on improving listeners' comprehension of IELTS listening texts. Findings also supported the view that metacognitive instruction assisted listeners in considering the process of listening input and promoting listening comprehension ability.

A study by Wharton's (2000) examined the strategy use of 678 bilingual students at a university in Singapore. The findings reported greater use of strategies by males, mostly memory, meta cognitive, and cognitive strategies. Wharton(2000) studied the use of 80 strategies . The results showed more learning strategy use among learners with higher proficiency , and unexpectedly more strategies used significantly often by men. The study suggested that socialization and life experience regarding previous language learning experience (e.g., bilingual education) may be more influential than gender on certain types of learning strategy use.

3. METHODOLOGY

This research explores students' attitude towards the use of listening to shirt stories in the ESL classroom. This research is done in Univeristi Teknologi MARA. The population is taken from diploma of engineering students studying English as a second language. The course they took was Integrated Language Skills: Listening. A total of 75 students participated in this study. Among them, 46 are male students and 29 are female students. After undergoing a semester of the course, students were given questionnaires to respond to. The instrument used is a questionnaire. It has 4 sections-section A, B,C and D. Section A looks into the subjects' demographic profile. Section B is about listening to short stories, and section C is about the use of Meta cognitive Strategies. Data collected will be analyzed using SPSS. Independent t-test was carried out to find out significant differences. Frequency of responses was tabulated in the form of bar charts

4. DISCUSSION OF FINDINGS

This section will discuss the findings of the research based on the four research questions. The research questions focus on listening activities and metacognitive strategies.

Research Question 1: Are there any significant differences for listening across genders?

Table 1-Group Statistics for Listening				
Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	46	2.1271	.41574	.06130
Female	29	2.0531	.51851	.09628

Table 2-Independent Samples Test across gender								
	Levene's Test for Equality of Variances		t-test for Equality of Means					
								95% Confidence Interval of the Difference
					Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
	F	Sig.	t	df				
Equal variances assumed	1.419	.237	.682	73	.497	.07404	.10857	-.14234	.29042
Equal variances not assumed			.649	50.168	.520	.07404	.11414	-.15520	.30328

Table 1 and 2 indicate the result of mean score and standard deviation between male and female in listening to short stories. ($\overline{x}$ = 2.13) for male and ($\overline{x}$ = 2.05) for female. The Independent T-Test comparing between male and female reported that there is no statistically significant difference in the mean score (t (73) = .68), p = .50) at the 0.05 level.

Research Question 2: In what ways do the use of short stories influence the listening activity?
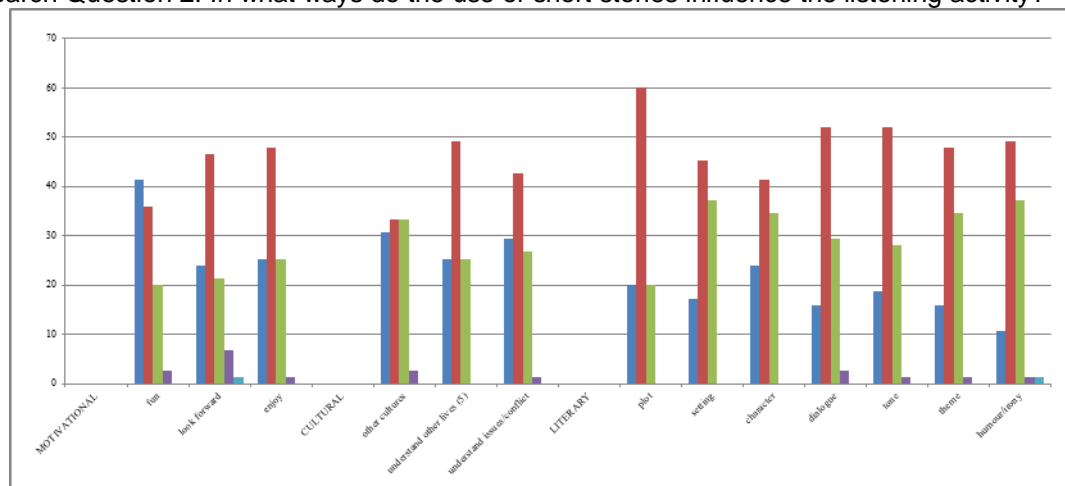
Figure 3: Frequency showing how short stories influence listening

Figure 3 shows the frequency of responses for the influence of short stories on listening activities. Results from the bar chart reveal that listening to short stories enabled students to understand the Plot (60%) setting (45.3%) and character (41.3%). They also felt they understood other culture(33.3%), the lives of others (49.3%) and issues (42.7%). This finding is supported by Parlindungan (2011) who said that short stories can be a motivating source for students. This finding is also agreed by Murdoch (2002) who indicated that short stories can provide text content for better understanding of other cultures.

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4.2 Research Question 3: Are there any significant differences in the use of metacognitive strategies across genders?

Table 4:Group Statistics for Meta cognitive Strategies				
Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	46	2.2733	.54446	.08028
Female	29	2.1478	.55523	.10310

Table 5:Independent Samples Test for Meta Cognitive Strategies								
	Levene's Test for Equality of Variances		t-test for Equality of Means					
								95% Confidence Interval of the Difference
								Lower	Upper
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference		
Equal variances assumed	.005	.945	.965	73	.338	.12551	.13008	-.13375	.38477
Equal variances not assumed			.960	58.794	.341	.12551	.13067	-.13598	.38700

Table 6:Results of Independent T- Test comparing male and female in metacognitive strategies

Group Statistics for Meta cognitive Strategies				
Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	46	2.2733	.54446	.08028
Female	29	2.1478	.55523	.10310

*T-test significant is at .05 (2 tailed)

Table 4,5 & 6 indicate the result of mean score and standard deviation between male and female in metacognitive strategies. ($\overline{x}$ = 2.27) for male and ($\overline{x}$ = 2.15) for female. The Independent T-Test comparing between male and female reported that there is no statistically significant difference in the mean score (t (73) = .97), p = .34) at the 0.05 level. This finding is not in accordance with that by Wharton (2000) who reported that there is a difference across gender in the use of learning strategies. One reason would be the number of samples used in this research is too small (75) compared to that by Wharton (678).

4.3 Research Question 4: How do the use of metacognitive strategies influence listening activities?
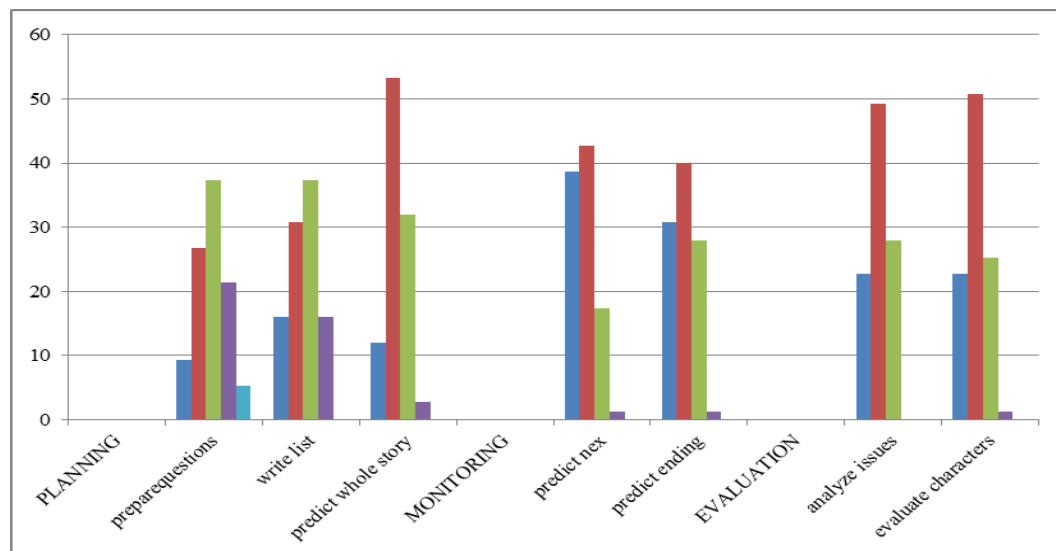
Figure 7: Frequency showing the impact of metacognitive strategies on short stories

Figure 7 above shows the frequency for the use of meta cognitive strategies during listening. The results from the bar chart reveal that the use of meta cognitive strategies helped students predict the whole story(53.3%), predict what would happen next (42.7%) , predict the ending (40%), analyze issues (49.3%) and also evaluate characters (50.7%). The studies by Teshome (2012) and Borzorgian (2010) also reported that the use of meta cognitive strategies improves listening comprehension among ESL learners.

5. CONCLUSION
This section discusses the summary of findings, pedagogical implications and also recommendations for future research.

5.1Summary of Findings
In general, inferential statistics revealed that there were no significant differences for the use of strategies for listening and metacognition. However, descriptive statistics do reveal interesting findings on the impact of metacognition on listening activities-particularly listening to short stories. Students were found to have benefitted in many ways. Firstly, they were reported to understand the plot, setting and characters in the short stories used. They were also found to have used planning, monitoring and evaluation skills in the listening activities.

5.2Pedagogical Implications and Suggestion for Future Research
Listening activities in the ESL classrooms need not be focused on listening for details. Short stories add fun to the activities. In addition to that, metacognitive skills like planning, monitoring and evaluation could be made part of pre-listening skills to make students gain maximum benefit from the lesson.

Acknowledgement

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THE RELATIONSHIP BETWEEN INTELLECTUAL CAPITAL, ORGANIZATIONAL LEARNING AND INNOVATIVE PERFORMANCE AMONG SMEs IN JORDAN

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Abstract: The aim of this study investigates empirically the relationship between intellectual capital, organizational learning and innovative performance among Jordanian SMEs. Data was gathered by using a questionnaire survey. The questionnaire was distributed to a sample of 600 managers / owners from Jordanian SMEs. 325 usable questionnaires were returned. PLS SEM technique had been applied to analyses the data. The findings showed that intellectual capital (human capital and customer capital dimensions) were found positively and significantly related to innovative performance. In addition, organizational learning (information acquisition, information distribution and organizational memory dimensions) also, were found positively and significantly related to innovative performance. The current findings showed that structural capital and information interpretation were not factors that could influence to innovative performance.

Keywords: Innovative Performance; Intellectual Capital; Organizational Learning; SMEs; Jordan

1. INTRODUCTION

Firms are faced with challenges concerning their survival and as such, they are continuously promoting differentiation and innovation whether or not it is related to the new product and service creation (Khalil, Nejadhussein & Fazel, 2013; Comlek, Kitapci, Celik & Ozsahin, 2012). Majority of firms are in need of creating innovative performance to direct them to create new products and services and enhancing the quality of their goods and services as well as acquiring an organizational structure that meets the requirements of competitive environment (Khalili et al., 2013; Riani, 2013). Therefore, in the context of SMEs, entrepreneurial environment with effective innovators are needed if such enterprises are desirous of increasing their level of expert and their survival level, (Fernandez-Mesa & Alegre 2015). SMEs displaying innovative performance may be affected by limitations in resources like the lack of qualified and experienced workforce or financial capabilities (De Leeuw, Lokshin & Duysters, 2014).

However, there is a need for more empirical research to be conducted to shed light on intellectual capital and organizational learning concepts in order to furnish an accurate description of the its effect. Prior studies reported that firm size positively and significantly influence innovative performance (Chen, Chen, & Vanhaverbeke, 2011). In the present study, the researcher focuses on small and medium-sized enterprises (SMEs) that have limited operations, minimal capital outlay and a few human resources. The SMEs are significantly different from their larger counterparts in their business models and thus, call for a divergent approach from them (Nasir, 2013).

In the context of Jordan, although Jordanian SMEs contribute significant to the economy, the sector has been plagued with challenges beginning from when Jordan developed into a highly deregulated and open market economy. Jordanian government has acknowledged the importance of innovation in developing the country economy. Thus, this study can make an effective contribution to understand the utmost way to plan for successful SMEs in Jordan. This study also should benefit both scholars and practitioners regarding ways for increasing the level of innovative performance among the SMEs. A literature search reveals limited empirical studies on the issues of intellectual capital and organizational learning and innovative performance among Jordanian SMEs.

2. LITERATURE REVIEW
2.1 Innovative Performance (IP)

The challenges for companies to survive are doing so differentiation and continuous innovation, whether it is related to the creation of new products and services (Khalili et al., 2013). So, according to Khalili, et al. (2013) focused to definition of innovative performance in newness of products and services, they defined innovative performance as it contains new products and new projects which are leading to these: new products and services improving the quality of goods and services, and adopting organizational structure with competitive environment requirements.

Khalili, et al. (2013) proposed assessments to measure the innovative performance in firms that include; number of new good and service projects, number of innovations for work processes and

methods, number of innovations that are-or possible to be patented, renewal of organizational structure and mentally to adapt the changing environmental conditions, marketing new products before than competition and finally the rate of new products in the production line. Furthermore, Hagedoorn and Cloodt (2003) defined innovative performance as the achievements of companies in terms of ideas, sketches, and models of new devices, products, processes and systems. But, Lokshin, Van Gils and Bauer (2009) focused to its definition of innovative performance as a radical innovations and incremental innovations which are the two extremes on the continuum of the novelty degree of a product. Accordding to Gunday, Ulusoy, Kilic & Alpkan (2011) that innovative performance is the integration of the overall organizational achievements that stems from its renewal and improvements efforts in different innovative aspect of firm namely, processes, products, and structure.

Previous studies have shown that here are many factors that could effect on innovative performance. Some of the factors have been shown to have a positive relationship with innovative performance. These factors include intellectual capital (Alpkan, Bulut, Gunday, Ulusoy & Kilic, 2010; Chahal & Bakshi, 2015; Delgado, 2011; El-Telbani, 2013; Gonzalez-Loureiro & Dorrego, 2012; Halim, Ahmad, Ramayah & Hanifah, 2014; Han & Li, 2014; Wu, Chang & Chen, 2008; Zerenler, Hasiloglu & Sezgin, 2008), and the organizational learning (Comlek et al., 2012; Fernandez-Mesa & Alegre, 2015; Sanz-Valle, Naranjo-Valencia, Jiménez-Jiménez and Perez-Caballero, 2011; Wang, 2008; Wang & Ellinger, 2011). Furthermore, there is a lack of studies in intellectual capital and organizational learning with innovative performance in SMEs sector. Hence, the researcher did not find single study that explains the relationship of these compounded factors and innovative performance. Therefore, it is an indicator that innovative performance has not been extensively examined.

Lastly, based on the Resource-based View theory (Barney, 1991), the heterogeneous resources are characterized as valuable, rare, inimitable and non-substitutable (VRIN) to obtain and maintain competitive advantage of firm that could lead to enhanced firm performance. Availability of ideas, talents, projects and employees' /managers' knowledge base by intellectual capital and organizational learning. So they are necessary to achieving of innovative performance.

2.2 Intellectual Capital

Intellectual capital is an input to innovation; innovation as a result of the use of knowledge and intellectual capital, the innovation process as a knowledge management process (González-Loureiro & Dorrego, 2012). Innovation represents a way to create more value in a firm. Therefore, it seems that firms with a greater strategic focus on innovation should have higher ratios of value creation. So, firms with the same level of intellectual capital might not derive equal benefits, because they differ in their ability of sensing, seizing and reconfiguring such capital (Han & Li, 2014).

 In the present study, intellectual capital is defined based on the definition provided in literature that refers to the concept as the intangible assets that the firm has and it comprises of human capital, structural capital and customer capital (Wu et al., 2008). This definition covers all main dimensions of intellectual capital; human capital, structural capital and customer capital.

2.3 Intellectual Capital and Innovative Performance (IP)

In the past, studies on intellectual capital and innovative performance have shown a mix results when tested in various settings. While some of studies have shown significant relationships between intellectual capital and innovative performance, the findings they reported were inconsistent. Majority studies that reported a positive and significant relationship between the two variables (e.g. Alpkan et al., 2010; Chahal & Bakshi, 2015; Delgado, 2011; El-Telbani, 2013; Gonzalez-Loureiro & Dorrego, 2012; Halim et al., 2014; Han & Li, 2014; Wu et al., 2008; Zerenler et al., 2008). On the other hand, there are few other studies have shown some of intellectual capital dimension negatively related to innovative performance (e.g. Campanella, Rosaria Della Peruta & Del Giudice, 2014: Subramaniam & Youndt, 2005).

In conclusion, many studies have been conducted and found all three intellectual capital dimensions such as human capital, customer capital and structural capital were significantly positively related to innovative performance (Alpkan et al., 2010; El Telbani, 2013; Halim et al., 2014; Han & Li, 2014; Wu et al., 2008). Therefore, it is hypothesized that:

H1: There is positive relationship between intellectual capital and innovative performance
H1a: There is positive relationship between human capital and innovative performance
H1b: There is positive relationship between structural capital and innovative performance
H1c: There is positive relationship between customer capital and innovative performance

2.4 Organizational Learning

The essence of organizational learning (OL) in creating knowledge within the organization works towards sustaining competitive advantage that leads towards the creation of novel markets and positions (Jones & Macpherson, 2006). Stated clearly, an organization's knowledge is considered as an asset that contributes when managed towards the innovative performance of the firm (Wang & Ellinger, 2011). However, non-systematic and inconsistent practices of learning are still common in SMEs where firm infrastructure and HR-related solutions are relatively weak (Tam & Gray, 2016).

The present study defines organizational learning as a process that involves information acquisition, information distribution, information interpretation, and organizational memory among employees in the organization (Wang & Ellinger, 2011). This definition covers all main dimensions of organizational learning which includes both adoption of behavior change and creation of knowledge at multiple levels within an organization and is most suitable definition for SMEs' learning context (Wang & Ellinger, 2011; Wang, 2008; Huber, 1991).

2.5 Organizational Learning and Innovative Performance (IP)

A review of literature also reveals that majority of the studies concerning organizational learning and innovative performance has shown a mix results when tested in various settings. Some prior studies that reported a positive and significant relationship between the two variables organizational learning and innovative performance (e.g. Abo-Kashef, 2013; Dada & Fogg, 2014; Fernandez-Mesa & Alegre, 2015; Santos-Vijande, López-Sánchez & González-Mieres , 2012); Wang & Ellinger, 2011; Zhou, Hu, H & Shi, 2015). Contrastingly, Comlek et al. (2012) and Abo-Kashef (2013) revealed positive impacts as some of OL dimensions on innovative performance but such impact was insignificant.

In conclusion, many studies have been conducted and found all four organizational learning dimensions such as information acquisition, information distribution, information interpretation, and organizational memory were significantly positively related to innovative performance (Comlek et al., 2012; Fernandez-Mesa & Alegre, 2015; Sanz-Valle et al., 2011; Wang, 2008; Wang & Ellinger, 2011).
. Therefore, it is hypothesized that:

H2: There is positive relationship between organizational learning and innovative performance
H2a: There is positive relationship between information acquisition and innovative performance
H2b: There is positive relationship between information distribution and innovative performance
H2c: There is positive relationship between information interpretation and innovative performance
H2d: There is positive between organizational memory and innovative performance

2.6 Theoretical Framework

As a result, the intellectual capital and organizational learning appear to be major interests in order to develop the capacity for innovative performance in organizations. Consequently, the above discussion leads to the theoretical framework as given in Figure 1.
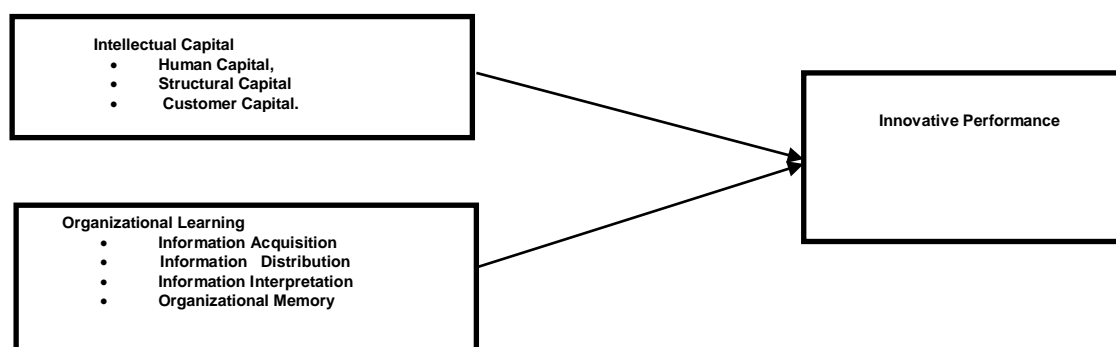
Fig. 1: Theoretical Framework

3. RESEARCH METHODOLOGY
3.1 Respondents of the Study

The total number of the SMEs in Jordan is 43091 (Social Security Corporation, 2016). However, for practical reasons, only 11227 SMEs in Amman, Irbid and Zarqa that have been in operation for more than 3 years were chosen in the population for this study. These cities were chosen as they are among the cities that have the most SMEs in Jordan.

A systematic random sampling method was applied and a total of 600 questionnaires were distributed through a representative appointed at each city. The distribution and collection of the survey

instruments took about four months. Of the 600 questionnaires distributed to managers/owners of SMEs, only 325 questionnaires were found to be useful for further analysis, which indicates a response rate of 54.1%.The respondents of this study consisted of 82.5% of the 325 SMEs in this survey were in Amman. Majority of the age of the SMEs (61.2%) were above ten years. According to type of industry that 51.4% of SMEs were manufacturing. In terms of the total number of employee in the SMEs, the category of 20 to 99 (medium enterprises) was the largest group (64.9%). Most of the ownership of SMEs had (46.2%) of limited liability.

3.2 Measurements

Five-point Likert scale was used in all measures, whereby 1 represents 'strongly disagree', 2 represents 'disagree', 3 represents 'neutral', 4 represents 'agree' and 5 represents 'strongly agree'. Firstly, innovative performance measured by seven items developed by Gunday et al., (2011). Intellectual capital was measure using by three dimensions namely, human capital, structural capital and customer capital. Human capital was measured by six items scale adopted from Wu, et al. (2008), while structural capital was measure using by seven items scale adopted from Wu, et al. (2008). Customer capital is measured by six items. Lastly, organizational learning was measured using by four dimensions namely, information acquisition, information distribution, information interpretation and organizational memory. Organizational learning is measured by 25 items developed by Wang and Ellinger (2011). Information acquisition was measured by seven items scale while information distribution was measure using by five items scale. Information interpretation is measured by five items and organizational memory was measured by eight items.

4. DATA ANALYSIS

This study employed SPSS 20.0 for all descriptive analysis and partial least squares (PLS) path modeling using Smart PLS 2.0 software to perform data analysis (Wold, 1985; Hair, Hult, Ringle, & Sarstedt, 2014; Wong, 2013; Henseler, Ringle & Sinkovics, 2009). A PLS model is normally analyzed and interpreted in two stages (Hair et al, 2014; Valerie, 2012); the measurement model and structural model to test the hypothesis.

4.1 Measurement Model

According to Hair, Ringle and Sarstedt (2011), and Gotz, Liehr-Gobbers, and Krafft (2010), there are three step procedures for evaluating the measurement model namely, individual item reliabilities, convergent validity and discriminant validity. According to Hair et al. (2014) and Hair et al. (2011), indicator loadings (factor loadings) should be higher than 0.70. Based on the above recommendations, this study used a cut-off value for factor loadings at 0.70 as being significant. As shown in Table 1 and Figure 2, all item loads a range from 0.71 to 0.89 into their respective construct. Next, the convergent validity of each construct was assessed. Convergent validity refers to the extent to which item truly represents the intended latent construct and indeed correlate with other measures of the same latent construct (Hair et al., 2011; Valerie, 2012). Convergent validity was assessed by examining the average variance extracted (AVE) and composite reliability (CR) of 0.70 (Hair et al., 2011; Valerie, 2012). Chin (1998) recommends that AVE of more than 0.5 and the CR of 0.7 or above are deemed acceptable. As can be seen from Table 1, all loadings and AVE are above 0.5 and the composite reliability values are more than 0.7. Therefore, it can be concluded that convergent validity has been established.
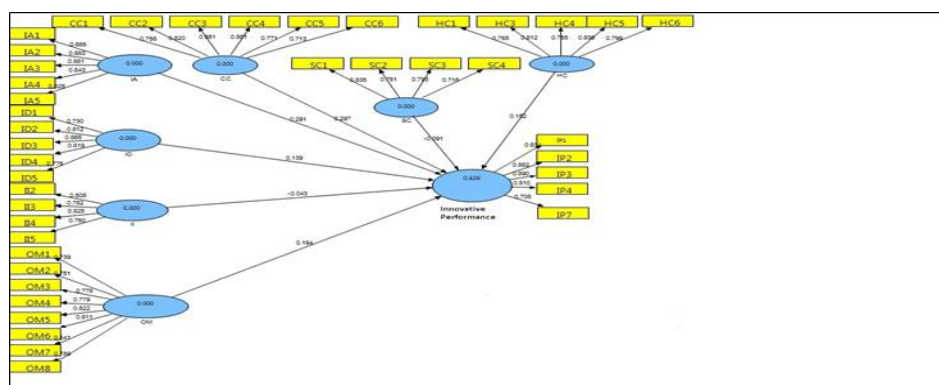
Fig. 2: Construct Validity for Study Model

Table 1: Result of the Measurement Model – Convergent Validity

Constructs	Items	Loading	Average Variance Extracted (AVE)	CR
Innovative Performance	IP1	0.83	0.68	0.92
	IP2	0.88		
	IP3	0.89		
	IP4	0.81		
	IP7	0.71		
Human Capital	HC1	0.76	0.63	0.90
	HC3	0.81		
	HC4	0.76		
	HC5	0.84		
	HC6	0.80		
Structural Capital	SC1	0.83	0.60	0.86
	SC2	0.76		
	SC3	0.79		
	SC4	0.72		
Customer Capital	CC1	0.76	0.64	0.91
	CC2	0.82		
	CC3	0.85		
	CC4	0.86		
	CC5	0.77		
	CC6	0.71		
Information Acquisition	IA1	0.89	0.75	0.94
	IA2	0.88		
	IA3	0.88		
	IA4	0.84		
	IA5	0.83		
Information Distribution	ID1	0.73	0.64	0.90
	ID2	0.81		
	ID3	0.86		
	ID4	0.82		
	ID5	0.78		
Information Interpretation	II2	0.81	0.63	0.87
	II3	0.78		
	II4	0.83		
	II5	0.76		
Organizational Memory	OM1	0.74	0.62	0.93

OM2	0.75	
OM3	0.78	
OM4	0.78	
OM5	0.82	
OM6	0.81	
OM7	0.84	
OM8	0.79	

The discriminant validity as next step, according to Hair et al. (2011) stated that discriminant validity stipulates that each latent constructs' AVE should be higher than the construct's highest squared correlation with other latent construct (Fornell–Larcker's, 1981) and the indicators loadings should be greater than all its cross loadings. In the present study, discriminant validity of the measures was assessed through the Fornell and Larcker's (1981) criterion. Similar with correlation matrix depicted in Table 2.

Table 2: Discriminant validity of construct

	Customer Capital	Human Capital	Information Acquisition	Information Distribution	Information Interpretation	Innovative Performance	Organizational Memory	Structural Capital
Customer Capital	0.80							
Human Capital	0.67	0.80						
Information Acquisition	0.58	0.50	0.86					
Information Distribution	0.64	0.61	0.46	0.80				
Information Interpretation	0.59	0.56	0.45	0.53	0.79			
Innovative Performance	0.70	0.60	0.64	0.60	0.49	0.83		
Organizational Memory	0.69	0.55	0.56	0.63	0.58	0.65	0.79	
Structural Capital	0.63	0.65	0.55	0.61	0.46	0.53	0.55	0.78

Note: Diagonal represents the square root of Average Variance Extracted (AVE) while the other entries represent squared correlations

4.2 Structural Model

The structural model illustrates the relationships between latent variables or constructs that were hypothesized in the model of research. The significance of all path estimates and the variance explained (R^2) of the endogenous constructs were applied to determine the goodness of the theoretical model (Chin, 2010). As presented in Table 3 and Figure 3, the results of the structural model from the PLS output.

Human capital was found positively and significantly related to innovative performance (β = 0.152, t = 2.518, p< 0.05), hence, supporting Hypothesis 1a. In addition Hypothesis 1b showed no significant relationship between structural capital and innovative performance (β = -0.091, t = 1.492, p > 0.10), thus, this Hypothesis 1b was not supported. Customer capital was found positively and significantly related to innovative performance (β = 0.297, t = 3.745, p< 0.05), hence, supporting Hypothesis 1c.

Information acquisition was found positively and significantly related to innovative performance (β = 0.291, t = 5.207, p< 0.05), hence, supporting Hypothesis 2a. Similarly, Hypothesis 1b showed positive relationship and significant between information distribution and innovative performance (β = 0.139, t = 2.035, p< 0.05), thus, this Hypothesis 2b was supported. In addition, information interpretation was found negatively and non-significantly related to innovative performance (β = -0.043, t = 0.991, p >

0.10), hence, Hypothesis 2c was not supported. Lastly, organizational memory was found positively and significantly related to innovative performance (β = 0.194, t = 3.329, p< 0.05), hence, supporting Hypothesis 2d.
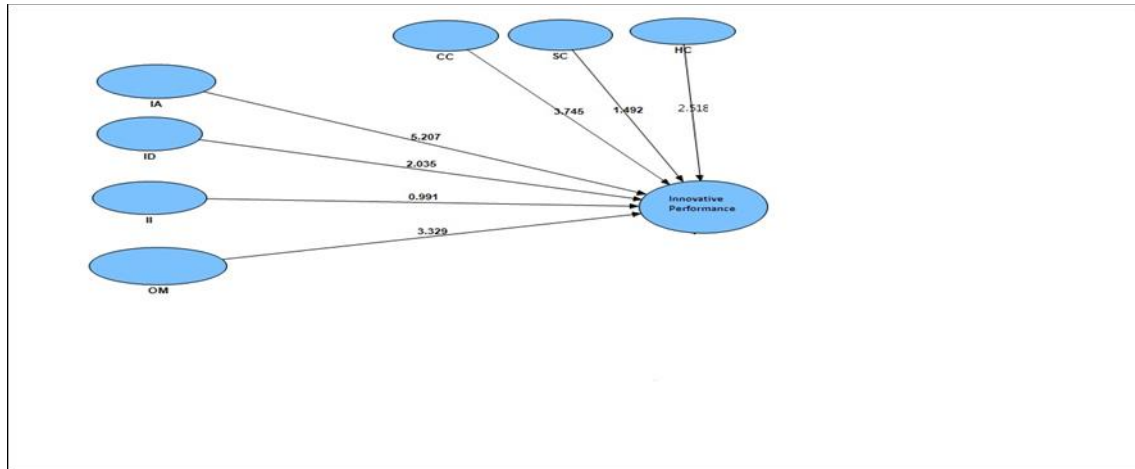
Figure 3: The Structural Model

Table 3: Summary of the Structural Model

Hypothesis	Relation	Beta	Standard Error	T-Value	P-value	Decision
H1a	Human Capital -> Innovative Performance	0.152	0.062	2.518	0.01**	Supported
H1b	Structural Capital -> Innovative Performance	-0.091	0.062	1.492	0.07	Not Supported
H1c	Customer Capital -> Innovative Performance	0.297	0.084	3.745	0.00***	Supported
H2a	Information Acquisition -> Innovative Performance	0.291	0.056	5.207	0.00***	Supported
H2b	Information Distribution -> Innovative Performance	0.139	0.067	2.035	0.02**	Supported
H2c	Information Interpretation -> Innovative Performance	-0.043	0.042	0.991	0.16	Not Supported
H2d	Organizational Memory -> Innovative Performance	0.194	0.056	3.329	0.00***	Supported

Note: ***Significant at 0.01 (1-tailed), **significant at 0.05 (1-tailed), *significant at 0.1 (1-tailed).

5. RESULTS AND DISCUSSION

In general, intellectual capital is significantly related to innovative performance; the findings of this study support previous findings, except the finding regarding to structural capital. The finding relating to structural capital is not as hypothesized; it shows that there is no relationship between structural capital and innovative performance. Hence, let's examine this finding first. The current findings showed that structural capital is not a factor that could influence innovative performance, one possible

explanation for this situation is that structural capital included all non-human storehouses of knowledge in organizations, but SMEs do not have enough of these resources that enhance the environment for innovation in its production, because of their small size and recent establishment. Hence, SMEs need longer time to increase and improve level of innovative performance.

The findings of the study also revealed that human, capital customer capital and innovative performance were positively related. It seemed that the findings of this study confirm the findings of previous research (Alpkan et al., 2010; El Telbani, 2013; Halim et al., 2014; Han & Li, 2014; Wu et al., 2008 ; Zerenler et al., 2008). In other words, human capital is important for innovative performance. Indeed, when SMEs are highly acquired with their human capital they are able to do their performance better and thus is able to higher innovation. Another factor that was found to have a positive effect on innovative performance is customer capital. SMEs that is supportive of its customer capital means that the firms value the contribution of their level of innovative performance.

From the findings, H2 (organizational learning and innovative performance) is supported; the findings of this study support previous findings, except the finding regarding to information interpretation. The findings relating information interpretation are not as hypothesized; it shows that there is no relationship between information interpretation and innovative performance. Hence, let's examine this finding first. Unexpectedly,

According to findings of the study also revealed that information interpretation and innovative performance was not significantly related. However, a plausible explanation for this inconsistent finding might be due to the information interpretation that included the sharing of the organization of its aims, knowledge and experience to its committed employees and the development of internal rotation programs for employee shifting from one department to the next while providing learning opportunities (Wang & Ellinger, 2011). Jordanian SMEs due to the obvious weakness in its internal environment to work, especially in teamwork, as well as Jordanian SMEs (especially small companies) continue to suffer in the training process and maybe this is due to the limited size of the companies and shortage of the government support to SMEs.

The result from the present study indicated that an information acquisition, information distribution and organizational memory were positively related to innovative performance. This finding supports previous studies conducted by Comlek et al. (2012), Fernandez-Mesa and Alegre, (2015), Sanz-Valle et al. (2011), Wang (2008) and Wang and Ellinger (2011). Information acquisition is the important factor to gain new knowledge to improve performance of companies. In the context of Jordanian SMEs, external sources for new knowledge production are needed to development new innovation for performance. The current findings showed that information distribution is a factor that could influence innovative performance, due to information distribution is the spread of knowledge among the members of the organization to assist transference through individual organizational level of learning (Wang & Ellinger, 2011). In addition, the present findings of this study showed that Jordanian SMEs focus on distribution of the knowledge which is one of the fundamentals that make the knowledge more valuable for all employees, due to the organizational culture and lack of resources. Lastly, the findings indicated that organizational memory was the important predictor to innovative performance, although organizational memory consider as final stage in the organizational learning process. In addition, it is important for SMEs to own and use updated databases to keep abreast of the current knowledge and experience.

6. CONCLUSION

In conclusion, intellectual capital and organizational learning are good for enhancing innovative performance, which implies that SMEs must do to enhance these dimensions of intellectual capital (human capital and customer capital). In addition, this study supports the effect of organizational learning (information acquisition, information distribution, and organizational memory) with innovative performance among SMEs in Jordan.

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FACTORS THAT INFLUENCE THE CONSUMER PURCHASE INTENTION IN SOCIAL MEDIA WEBSITES

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Abstract: The market shares of different online social networking websites have grown rapidly in the recent years. The growth of social media and social network not only created a new way for people to communicate and interact with each other regardless of geographical distance, it also created a new style of commerce at the same time, known as social commerce. Social commerce evolved from E-commerce and it exists in a community where consumers can share and refer experiences of electronic transactions with each other before making purchase decision. Hence, the purpose of this study is to examine the factors that influence consumer purchase intention in social media websites. Majority of previous literatures focus more on E-commerce. In order to have a deeper understanding on consumer purchase intention in social media websites, a research model is designed suggest that perceived ease of use, perceived usefulness, social influences, trust, perceived enjoyment may influence consumer purchase intention in social media websites. This model also suggests that there may have differences of consumer purchase intention in social media websites among demographic characteristics. Online questionnaires are conducted during this study. Also, several data analyses such as reliability test, descriptive test, t-test, One-Way ANOVA and Multiple Linear Regression are conducted. The result of this study proved that consumer perceived ease of use, consumer perceived usefulness, social influences, trust and consumer perceived enjoyment have an impact on consumer purchase intention in social media websites. Lastly, there is a difference of consumer purchase intention in social media websites among Malaysian consumer with different demographic characteristics.

Keywords: Consumer Purchase Intention, Social Media, Social Commerce, Social Media Websites, Online Purchase, E-Commerce

1. INTRODUCTION

Internet is one of the successful technologies that connecting many people in the world and changed the way of people live (Bidin et al., 2011). In Malaysia, the number of internet population exceeds 12 million people in year 2014 (Internet live stats, 2015). The increasing world internet population provides a huge market entity to business. Internet websites are valuable to business because it is global reach and ubiquitous without the limitation of geographical location and cost. Therefore, many companies realize the opportunities of internet and transform or expand their businesses from traditional physical stores to online stores in order to provide products and services or serving their customer through electronic system. This new way of conducting business is now called electronic commerce or E-commerce. Today, most of the company use internet as a channel to conduct business and have an official websites.

Nowadays, there is a new style of E-commerce emerging and business is conducted via social media which is called social commerce. Social media is a tool for sharing information among communities such as product and service information. According to Smith (2015), social media is the important driver of online purchase and sale of goods and its share increased nearly 200% in E-commerce from previous year to current year. According to Manjur (2015), there is a high potential of social commerce in Malaysia, more than 50% of Malaysian consumers found their desired products from company advertise and marketing in Facebook. Moreover, Malaysian citizens login into and browse on social network sites 14 billion times in every month. However, there are many previous study on consumer purchase intention is still focus in the context of E-commerce environment. There is still insufficient research specifically study on the consumer purchase intention in social media websites. In addition, it is not clear whether the finding of previous study in the context of E-commerce

consistent with the consumer purchase intention in social media websites. Many factors that influence customer purchasing intentions on social media websites have not been identified in previous studies. The emergence of social commerce totally change the way of people purchase products and services and this trend causes business to rethink their operating and marketing strategy. Therefore, this research aims to identify and examine different factors that may affect consumer purchase intention through social media websites including perceived ease of use, perceived usefulness, social influences, trust, perceived enjoyment and demographic characteristics.

2. LITERATURE REVIEW

Internet is a technology that dramatically change the way people live. In Malaysia, the number of internet population exceeds 12 million people in year 2014, which mean nearly half of Malaysia citizens' access to internet frequently (Internet Live Stats, 2015). Business, consumer and government engage in E-commerce because of the advantages of geographical reach through communication network, high speed of interactions between E-commerce participants, low cost of business transactions, increase productivity, ease of information sharing and transfer, gaining competitive advantage by implement E-commerce strategy (Senn, 2004). Malaysia government established Multimedia Super Corridor (MSC) to reduce the telecommunication tariffs and remove the censorship on Internet and develop the IT infrastructure to promote the internet usage and E-commerce adoption (Sulaiman et al., 2001). The advancement of E-commerce has extended to the introduction of social commerce through social media. Social media can be defined as internet-based applications which allow user to create, generate, and exchange content (Kaplan & Haenlein, 2010). Social network is one of the services of social media which allow users to create their webpages and connect and share information with friends and family (Mayfield, 2008). Facebook, Twitter, LinkedIn, Google+ outlined the most important social network today (Milanovic, 2015). Social commerce is an evolution of social media by associating shopping activities into it (Cohen, 2011). According to Cohen (2011), shopping has always been a social activity and it takes place in social media has facilitated the buying and selling process in recent years. In 2013, $5 billion of E-commerce revenue was generated through social media. In 2015, revenue generated in social commerce is expected to reach $14 billion (PacNet Services Ltd, 2014). Social commerce become popular and it is influential in the purchase and selling good and service in the virtual world because of its increase of generated revenue. Social commerce exists in a community where consumers share their personal experience of electronic transactions and other users refer their experience before making purchasing decision in order to select a good product (You, 2011). There is lack of a standard definition of social commerce. IBM defines social commerce as the concept within the context of E-commerce that connects customer and improve customer shopping experience (IBM Corporation, 2009). In addition, social commerce is a subset of E-commerce which performs E-commerce transactions with social media technologies (Liang & Turban, 2011).

Purchase intention is evolves from the term intention. Intention comes from behavioral science. The subjective probability that a person performs a particular action is intention (Fishbein, 1975). Intention is a plan to instruct a person to behave in a certain way and it implies in the way of "I should do", "I am going do" and "I will do" (Triandis, 1979). Purchase intention is also regarded as an element of a consumer's cognitive behaviour revealing the way an individual intends to purchase a specific brand (Huang & Su, 2011). Purchase intention can be used to predict what products or brands consumers will buy next time when they do shopping (Fandos & Flavian, 2006). According to Moorman et al. (1993), consumer loyal towards a particular products and brands is shown in a positive purchase intention and indicates the probability of actual purchase. A customer with purchase intention not absolutely will make the purchasing decision. There are many factors that might affect the purchase intention including price, quality perception and value perception (Zeithaml, 1988) and (Grewal et al., 1998). The desirability of a person to purchase a particular product or service through the website is called online purchase intention (Chen et al., 2010; Fygenson & Pavlou, 2006).

Perceived ease of use is the degree which a person believes that using a particular system will be easily with less or no effort (Davis, 1989). Consumer perceived ease of use not only cover the ability of person to use an innovation with no difficulty, it also represent that their ability to identify a best product or services with the ability to compare the function and benefits of a series of product and services. From consumers perspective, perceived ease of use reflect in their belief that they are able to use a particular product or services properly after reading the instruction or after using a product or services in a reasonable period of time. In social media websites context, people are motivated to use social networks services to seek the information (Borgatti & Cross, 2003). Consumers require reliable and good information to make purchase decision because they cannot touch and test the product (Li

& Suomi, 2009). As a result, easiness to access product and services information in social media websites affects their purchasing intention.

Social influence or subjective norms represent the effect of social pressure to a person to behave (Ajzen, 1991). According to Aaronson (2004), social influence is the effect on an individual based on behaviours of others. Friends, family, peers, co-workers and individuals or group of individuals who are related to a person behavioral intention can alter a person's thought, thinking and action (Ajzen, 1991). When social influences apply into social media shopping, it refers to a person can be influenced by other social media user on whether he or she should purchases something or not. Social influence in the adoption of a new product can be divided into two forms. Normative social influence creates social pressure for people to use a product or a service to avoid people being out-dated or left behind by other people in the communities regardless whether people has interest on that product or service or not (Bearden & Micheal, 1982). Informational social influence is defined as the process of social media users purchasing decision making by learning and observing the experience of other users who had adopted the products in social media websites (Bearden & Micheal, 1982). In social media websites, opinions, experience and other information shared among users influence their purchasing intention.

Perceived usefulness is the degree to which a person believes that using a particular system would enhance his or her job performance (Davis, 1989). Perceived usefulness reflect in the outcome or results of a person use a particular system. Consumer perceived a product or service is useful when they achieve their purpose effectively after using it. Perceived usefulness is the extent to which an innovation is perceived as providing advantage to users. The advantage may in the form of economic profit or social prestige (Rogers, 1995). Customer more tends to online shopping if it will increase his or her efficiency and enhance the process of purchase a product (Zhou et al., 2007). In other words, consumers show his or her willingness to use the same retail websites that they believe that retail website is capable to help them find out the products or services they want (Chui et al., 2005).

Shopping has been long regarded as an entertainment that brings people fun and joy (Jin & Sternquist, 2004). In online environment, perceived enjoyment come from an experience in website or online shop (Ingham et al., 2015). Perceived enjoyment refer to the extent to which consumers feel pleasure when they purchase product or services on internet. The possibility of consumers to make transactions is higher when they feel pleasure on an online shop (Carr et al., 2001; Dellaert et al., 2004). They feel fun and enjoy when searching the desired item on website (Seock & Bailey, 2008). Logically, when consumer receives enjoyment, they also satisfy on online shopping and more willing to purchase product and services on internet (Ramayah & Ignatius, 2003).

Trust as the belief that the other party will behave in a dependable manner in an exchange relationship (Kim et al., 2004). In this study, trust is specifically analyzed and discussed in the context of social media shopping and the concept of trust other researchers in the dimensions of traditional purchase, E-commerce are used as a supporting evidence. Trust is divided into two aspects based on previous research, there are benevolence and credibility (Ba & Pavlou, 2002). Benevolence defined as the confidence on other party because repeat transaction and the relationship between party (Ba & Pavlou, 2002). Credibility means a trust on other party is dependable based on reputation. Therefore, trust on consumer form in their relationship in several transactions with an online retailer, consumer familiar with that online retailers believe that online retailer will not cheating. As a result, consumer tends to purchase with familiar sellers based on their confident on them.

In the perspective of E-commerce, demographic characteristic of online buyers can predict internet purchase intention (Fram & Grady, 1997). One of the most important factors which affect online purchase intention is age (Madahi & Sukati, 2012). Different generations may have different behaviour. A research shows that some young consumers are more concerned on the labelled products than other consumers (Nabil & Imed, 2010). Another factor which affects online purchase intention is gender (Madahi & Sukati, 2012). Many women perceive shopping as a channel to socialize with other consumers. Hence, they prefer to shop from brick establishments rather than online stores. Men lay more emphasis on hassle free purchases in the comfort of their homes or workplaces and mind less on the hedonistic benefits of store shopping (Teo, 2001). The consumer behaviour also affected by their races which represent one of the demographic characteristic (Arnould et al., 2004). A previous research proves people with same culture tend to share the same values and beliefs which guide their action (Schiffman & Kanuk, 2007). Furthermore, people with higher education level tend to online shopping than people with lower educational level (Cunningham & Cunningham, 1973). For less educated people, anxiety exists in his or her perceived towards information technology and reluctant to purchase online (Parasuraman & Igbaria, 1990). Similarly, income level of consumers will also have impact on consumers purchase intention. People with higher income tend to have more transaction with online retailers (Fogg et al., 2001).

3. METHODOLOGY

After reviewing and concluding the result from literature review, the study purposed a research framework which is illustrated in Fig 1.
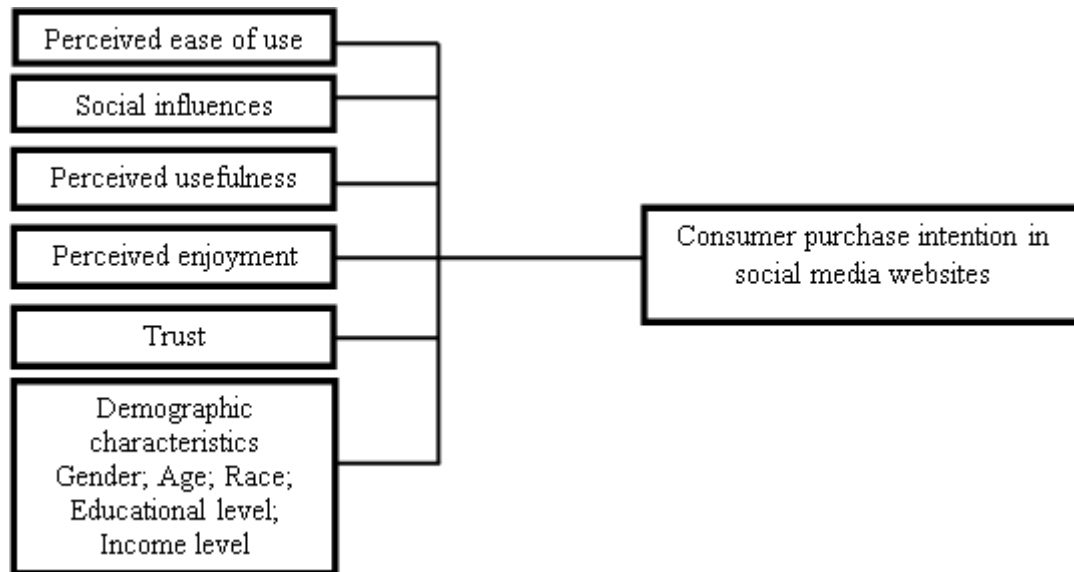
Fig 1: Research Framework

Hypotheses Development

H1: There is a difference of consumer purchase intention in social media website between genders.

H2: There is a difference of consumer purchase intention in social media website between age groups.

H3: There is a difference of consumer purchase intention in social media website between races.

H4: There is a difference of consumer purchase intention in social media website between educational levels.

H5: There is a difference of consumer purchase intention in social media website between income levels.

H6: There is a significant relationship between perceived ease of use and consumer purchase intention in social media websites.

H7: There is a significant relationship between social influences and consumer purchase intention in social media websites.

H8: There is a significant relationship between perceived usefulness and consumer purchase intention in social media websites.

H9: There is a significant relationship between perceived enjoyment and consumer purchase intention in social media websites.

H10: There is a significant relationship between trust and consumer purchase intention in social media websites.

In this study, online questionnaire is used to gather data from respondents. A questionnaire is a form which consists of set of questions for respondents to answer and then collected. In designing a questionnaire, question asked is based on the variables involved in this study (Sekaran, 2003). A 6 point Likert scale will be applied in this study. This study aim to find out the factor that affects consumer purchase intention in social media websites. The 6 point Likert scale is consist of the selection of "Strongly disagree, Disagree, Somewhat disagree, Somewhat agree, Agree, Strongly agree" (Losby & Wetmore, 2012). Quota sampling is a sampling method in which a pre-determined group of people are sampled from different groups in a convenient way. It is useful for researchers to ensure that sufficient numbers of respondents of all subgroups are tested during data collection process (Sekaran, 2003). Since the demographic characteristic is an independent variable in this study, this method is suitable to include adequate respondents for each different demographic characteristic. The data analysis applied in this study consists of Reliability test, t-test, One-Way ANOVA and Multiple Linear Regression.

4. RESULTS & DISCUSSION
4.1 Assessment of Reliability
Based on the result shown in the Table 1, all variables obtained Cronbach's Alpha exceeds 0.8. Therefore, all variables in this study are highly reliable.

Table 1: Summary of reliability test

Dependent variable	Cronbach's Alpha	Number of item
Consumer purchase intention	0.968	5
Independent variables	**Cronbach's Alpha**	**Number of item**
Perceived ease of use	0.974	5
Perceived usefulness	0.947	5
Social influences	0.949	5
Trust	0.950	5
Perceived enjoyment	0.967	5

4.2 The Profile of Respondents
In this study, quota sampling is selected as a sampling method in which a pre-determined group of people are sampled from different groups in a convenient way. Author chooses this method in order to ensure that sufficient numbers of respondents of all subgroups are tested during data collection process. As a result, all age groups have 30 respondents (16.7%). The frequency of male is 102 respondents (56.7%) which are higher than the female with the frequency of 78 respondents (43.3%). Race is one of the demographic variables in this study including Chinese, Malay and Indian. The race with highest frequency is Malay, with 65 respondents (36.1%) whereas the lowest is Indian with frequency of 51 respondents (28.3%). There are five range of education level in this study: SPM, STPM, Diploma, Degree and others such as Master Degree and PhD. Majority of the participants has education level of STPM with 46 respondents (26.1%). Minority of participants of this online questionnaire are in the others education level groups which includes Master Degree and PhD with the frequency of 20 respondents (11.1%). Majority of the participants of this online questionnaire has the income level between RM1000-RM1999. There are 61 respondents has income level between RM1000-RM1999 (33.9%). Minority of the participants of this online questionnaire has the income level above RM4000. There are 10 respondents has income level above RM4000 (5.6%).

4.3 Hypothesis Testing

Table 2: Summary of Hypothesis Testing for t-Test and One-Way ANOVA

Ha	Variable	Sig.	t-Test & One-Way ANOVA	Finding
H1	Gender	0.000	t = 7.523	Supported
H2	Age	0.000	F = 33.071	Supported
H3	Race	0.000	F = 21.613	Supported
H4	Educational Level	0.000	F = 19.486	Supported
H5	Income Level	0.000	F = 10.126	Supported

Note: Significant at 0.05 level

Based on Table 2, all the variables were tested significant at 0.05 level. Table 2 reveals that the p-value of gender, age, race, educational level and income level were below 0.05. As a result, there is a difference of consumer purchase intention in social media websites with different demographic characteristics. For gender, the study shows that men have stronger purchase intention in social media websites than women. Men are also less emphasis on hedonistic benefits of store shopping. This explains why men prefer purchase through social media website. For age groups, the study reveals that younger consumers have stronger influence on online purchase intention. In addition, they are more responsive to the online information and basically navigating in social media websites is not a problem. For races, Chinese respondents found to be more agreeable with the questionnaire statements and have more purchase intention through social media websites. For education level, the study reveals that respondents with higher qualification tend to have higher purchase intention through social media websites than lower education level. For income level, the result reveals that respondents with higher income have stronger purchase intention through social media websites.

Table 3: Summary of Multiple Linear Regression

Ha	Variable	Dependent – Consumer Purchase Intention		
		Standardized Beta	Sig.	Finding
H6	Perceived ease of use	0.355	0.000	Supported
H7	Social influences	0.105	0.035	Supported
H8	Perceived usefulness	0.337	0.000	Supported
H9	Perceived enjoyment	0.110	0.021	Supported
H10	Trust	0.160	0.000	Supported
R²		0.911		
Adjusted R²		0.909		
F-value		357.419		

Note: Significant at 0.05 level

The multiple linear regression analysis was conducted to determine the relationship between perceived ease of use, social influences, perceived usefulness, perceived enjoyment and trust toward consumer purchase intention. Based on Table 3, all variables were tested significant at 0.05 level. R^2 presented with a strong inference, 0.911. About 91.1% of consumer purchase intention can be explained by all the five variables as tested. The value of adjusted R^2 is 0.909. From the table above, it shows that perceived ease of use has the highest standardize Beta (β-value = 0.355) followed by perceived usefulness (β-value = 0.337). This means that perceived ease of use and perceived usefulness are the most important independent variables that influence consumer purchase intention through social media websites.

Ease of use of social media websites allows users to search product information easily and complete the ordering process without complication. The results also indicated a positive relationship between consumers' perceived usefulness and consumer purchase intention. This indicates that respondents tend to purchase item through social media websites because it enhances their purchase experience. Besides, user purchase item through social media websites because it helps them to save time in searching products with lower price and increases their possibilities to search for desired item. In addition, a positive relationship between social influences and consumer purchase intention is apparent. This result is consistent with past study conducted in Malaysia by See at al. (2012). It indicated that consumer may be influenced by the opinions and comments posted by other users during the purchasing process. The results show that consumers' perceived enjoyment has positive impact on consumer purchase intention through social media websites. According to Triandis (1980), perceived enjoyment can have same effect on the intention to online shopping and shopping in physical store. This finding is coherent to previous study which shows that perceived enjoyment is highly correlated to consumer purchase intention on internet shopping (Siti Rapidah et al., 2014). Table 3 also shows that trust have a positive impact on consumers' purchasing intention in social media websites. It means that the confidence of customer on the seller will generate the intention to purchase. Although there is no evidence to directly prove the relationship between trust and consumer purchase intention through social media websites but previous study revealed that trust impact on people desire to online purchase (Cheng & Yee, 2014).

5. CONCLUSION

In conclusion, this study provides valuable insight for social media websites users and sellers, institution, international business and future researchers. Major findings such as the positive influence of perceived ease of use, perceived usefulness and perceived enjoyment on consumer purchase intention through social media websites reinforce the need for social media websites to improve their function and advantage in order to be user friendly and provide them a joyful purchase experience. This study also confirms that trust have impact on consumer purchase intention through social media websites too. It also implies the need for international business to build its reputation and provide detailed information about their products and business. The effects of social influences on consumer purchase intention through social media website also provide business an idea to market their products through word of mouth communication. The differences of consumer purchase intention through social media websites among demographic characteristics indicate who are the key clients of social commerce is. In other words, it provides a direction to international business with who their strategy and operation should target on.

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LEADERSHIP STYLE IN TRANSFORMING THE BUSINESS LANDSCAPE

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Abstract: This study focuses on the attributes of prominent Malaysian woman leader. Specifically, this study attempts to understand how a woman business leader from the healthcare industry has succeeded in her career, the attributes that have contributed to her success, and her leadership style. An interview with the woman business leader was conducted to gather the information. Results reveal that the attributes portrays by participant is consistent with top qualities of great leaders, include being visionary, being meticulous, being determined, having integrity, being passionate and being an eloquent speaker. In addition, a participative leadership style has proven to be able to transform the private healthcare landscape in Malaysia. The findings would add to the existing literature on leadership attributes and styles of women business leaders, particularly in the ASEAN region. Practically, the findings would be of importance to young entrepreneurs who aspire to be industry leaders.

Keywords: Leadership Style, Business, Woman, Great Leaders

1. INTRODUCTION

Malaysia is now in the midst of various transformation initiatives to adjust to the demands and challenges of a globalised and borderless world. These transformation initiatives are enshrined in the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP). In the public sector, the Malaysian government has recognised the crucial role that women play in nation building. Women now hold 23% of the posts of Director-General and Secretary-General in Ministries. In addition, 30 out of 62 High-Court judges are women (New Straits Times, 2013). The percentage of women working in the public services grew steadily to 32.3% in 2010 from 18.8% in 2004 (The Star, 2011). Notwithstanding a positive trend of women's involvement in the public sector, the increase in women's participation in the private sector is not as promising. However, the rate is now picking up with at least 16% of women holding the top level management positions in business organisations, such as human resource director, Chief Financial Officer and other senior positions. It is expected that women's involvement would grow considerably due to the government's policy of having 30% women in top management and decision-making positions in the corporate sector.

This study is motivated by the findings of several foreign studies that posit that women are more likely than men to possess the leadership qualities that are associated with success. In other words, women are said to be more transformational than men (Riggio, 2010), the reasons being women care more about developing their followers, listening to their followers and stimulating their followers to think 'outside the box'. Study finds that women tend to be better corporate leaders because of their decision-making abilities (Bart & McQueen, 2013). Having said that, it is not the intention of the researchers to delve into a discussion on whether or not women leaders are better than men, as both genders have their own unique capabilities. However, the researchers are of the opinion that there is a dire need in Malaysia for greater gender diversity, especially in leadership positions, not because women are better leaders, but because they make up 49% of the population. It is therefore timely that leadership positions are also reflective of this.

This paper highlights on the attributes of prominent Malaysian woman leader is undertaken in response to a positive trend of women's involvement at the top level management positions in business. With this idea in mind, this study has the following objectives: 1) to describe how this prominent woman business leader lead and influence the business performance; 2) to understand the leadership style of prominent woman business leader; and 3) to illustrate the attributes of prominent

woman business leader. The contribution of this study is that theoretically, the findings will add to the limited literature on the success factors of women business leaders in Malaysia. They could be different to those documented overseas. The findings provide empirical evidence on the important attributes that women business leaders should possess which could be different from the attributes of their male counterparts, considering the uniqueness of women business leaders.

2. LITERATURE REVIEW

The issue of women's participation at the top management level arises because the educational level of women has improved tremendously. Given an increasing number of women with a higher level of education, there should be a pool of women with the potential to assume management positions successfully.

2.1 Women Leaders

Studies found that a significant improvement in the proportion of woman leaders over the last decade in some developed countries. For instance, in the United States (US), the proportion of female leaders was only 4.7% in 1987 but it rose to 13.6% in 2003 (Catalyst, 2004) and to 16% in 2006 (Spencer Stuart, 2006). A similar pattern was also observed in the United Kingdom (UK) where the proportion of female managers on the UK FTSE 100 increased from a mere 3.7% in 1995 to 8.6% in 2003 (Singh, 2001). In Australia, the proportion improved slightly from 8.6% to 10.37% in 2003 (Kang, 2007).

Research by Daily, Certo and Dalton (1999) found that women's representation in corporate management has increased. There is, however, no evidence of a progress in, or towards, the CEO's suite. The results also suggest that there has been substantial progress for women with respect to both their presence on Fortune 500 companies and their roles in management. From 1987 to 1996, women's management seats increased from 270 to 602. At the same time, there is compelling evidence that women's profiles have changed fundamentally. While in France, women's credibility received a boost when the Finance Minister, Christine Lagarde, became the first woman to lead the International Monetary Fund (IMF). In Norway, however, the picture is considerably different. The approach taken by the Norwegian government is to increase female managers through legislation. Large firms in Norway are required to have at least 40% women in management positions effective 2006. The proportion of women managers increased from 6% in 2000 to 22% in 2003, i.e., before the law was enforced (Smith, Smith & Verner, 2006).

A survey by the Malaysian Ministry of Women, Family and Social Development (MWFSD) reveals that the participation of women in the management from 2001 to 2005 was constant at about 10.2%. Regrettably, the figure decreased significantly to 7.6% and 5.3% in 2006 and 2007, respectively. However, women's participation in government-linked companies (GLCs) showed an increasing trend with 11% in 2005 and 14% in 2007 (Ministry of Finance, 2007). Study evidences only 47 companies (out of 831 companies) have 30% women directors on boards, and 366 companies (44%) have women representation on boards. The evidence highlights that the policy is not warmly accepted by Malaysian listed companies. Most listed companies still reluctant to include women at the decision making process (Amran, Ku-Ismail, Aripin, Hassan & Abdul-Manaf, 2014).

In Malaysia, women directors who found to be older in age and have a degree qualification help to improve firm performance. However, women involvement in a company as shareholders does not contribute to the incremental of firm performance (Ishak, Amran & Abdul-Manaf, 2015a). The appointment of women directors on the boards are influence by networking, relationships or family ties (Amran, Abdul-Manaf & Ishak, 2015). Study also proved that women are more likely to be appointed as board members or firms that are controlled by family and have high growth (Ishak, Amran & Abdul-Manaf, 2015b).

2.2 Leaders' Attributes

Many qualities have been identified as important attributes that great leaders must have. For instance, an empirical study of more than 200 European CEOs and their key subordinates has revealed five core attributes, i.e., great leaders must be: (i) tolerant, motivational, inspirational and supportive; (ii) respectful, trusting, reliable and fair; (iii) trustworthy; (iv) innovative, visionary, courageous and confident; and (v) obsessed with new ideas, curious, energetic and participative (Tracy, 2016). Tracy (2016) has revealed the attributes of great leaders as outlay in Table 1 below.

Table 1: Attributes of Great Leaders

Attributes	Description
Visionary	Have a clear and exciting idea of where they are going and what they are trying to accomplish.
Courage	Willingness to take risks in the achievement of their goals with no assurance of success.
Integrity	Always tell the truth to all people and in every situation.
Humility	Having self-confidence and self-awareness to recognise the value of others without feeling threatened.
Strategic planning	Ability to look ahead, to anticipate with some accuracy where the industry and markets are going.
Focus	Ability to make sure that everyone is focused on the most valuable use of their time. Able to focus on the strengths in themselves, and in others.
Cooperation	Ability to gain cooperation of others by making commitment to get along well with each key person.

Source: Tracy (2016)

In addition to the above, the attributes of great leaders as: (i) ability to delegate; (ii) communication skills; (iii) confidence; (iv) commitment; (v) positive attitude; (vi) creativity; (vii) intuition; (viii) inspirational; and (ix) diverse approach (Forbes, 2016).

2.3 Leadership Styles

A review of literature shows various types of leadership styles, such as authoritarian, democratic, laissez-faire, transactional, paternalistic, participative and transformational styles. Authoritarian leadership style stipulates that leaders normally keep strict, close control over followers by imposing policies and regulations. This type of leadership style is normally seen in enforcement authorities, like the police department, and schools. The democratic leadership style suggests that leaders normally share decision-making with their subordinates to promote the interests of the group and social equality. Such leaders usually avail the time to allow people to contribute, develop a plan and vote before making final decisions. Laissez-faire leadership style is sometimes regarded as 'hands-off' leadership because the leaders delegate the tasks to their followers with little or no direction. They expect employees to be proactive in pursuing the mission of the organisation (Sorenson, 2000), which may hamper its productivity.

The transactional leadership style suggests the use of rewards and punishment system to motivate the employees (Sashkin, 2004). Transactional leadership is based on exercising bureaucratic authority and legitimate power in the organisation, and such leaders emphasise task assignments, work standards and employee compliance. Transactional leadership styles may also be associated with a leader's moral and ethical orientation where they share an interest in protecting the rights of others but tend to be more concerned with utility maximisation (Groves, 2010). Paternalistic leaders, on the other hand, act as a father or mother figure, where they portray complete concern for their followers and workers. In this work culture, relationships are arranged hierarchically. The leaders retain all information and decision-making authority; and managers closely supervise employees, giving employees little discretionary. However, this leadership style has been criticised for generating antagonism and resentment among the subordinates, particularly those who do not like their interests to be looked after by a 'godfather' (Sashkin, 2004).

Participative leadership is a managerial style that invites input from employees on all company decisions. The staff are given pertinent information regarding company issues, and a majority vote determines the course of action the company will take. Participative leadership can sometimes be a slower form of decision-making, but it has several advantages that may make it the right managerial method for business. The advantages are: acceptance, morale, creativity, and retention. Transformational leaders motivate followers by appealing to higher ideals and moral values. They define and articulate a vision for the firm, and inspire followers to carry it out (Sashkin, 2004). Research has shown that transformational leadership embodies four primary dimensions: idealised influence, inspirational motivation, intellectual stimulation and individualised consideration. These leadership characteristics are important because they invoke: strong responses from followers, such as performance beyond expectations, changes in the fundamental values held by followers and devotion to the leader, and a willingness on the part of subordinates to sacrifice their personal interests for the collective good (Howell & Shamir, 2005).

Transformational leadership style may be associated with a leader's moral and ethical orientation. Transformational leaders tend to be fundamentally concerned with doing what is ''morally right'' and protecting the rights and dignity of individuals (Groves, 2010). Consistent with this perspective, transformational leaders have been shown to demonstrate higher perceived integrity; greater moral development; and a higher degree of ethical behaviour. Given the link between moral development and diversity, it is anticipated that transformational leaders will take actions that are more consistent with the spirit of inclusivity and social responsibility. Transformational leaders may also be better able to convince followers that managing diversity is an important moral obligation and not simply an issue of legal compliance with a government mandate (Nishii & Mayer, 2009).

Transformational leaders are inclined to place a strong emphasis on protecting the welfare of individuals in society and ensuring the fair treatment of all people in their actions. In this regard, transformational leaders may be drawn to managing diversity because it will enhance the well-being of the organisation and its members (Eric & Diether, 2009).

3. RESEARCH METHODOLOGY

As indicated earlier, this is a case study of a prominent woman business leader in Malaysia, i.e. Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir. She was choosen because she was the first Malay lady that venture into the healthcare industry and commercialize the healhcare industry into a profitable business. In order to ensure richer and more accurate data, an interview was conducted with the participant at her office in Kuala Lumpur. The interview session was tape-recorded and transcribed.

4. FINDINGS AND DISCUSSION
4.1 Profile of the Participant

Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir, aged 63, is an Independent Non-Executive Director of KPJ Healthcare Berhad (KPJ), re-designated on 1 May 2015, from Non-Independent Non-Executive Director. Tan Sri served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012. From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor. She holds a Bachelor of Economics from Universiti Malaya and an MBA from Henley Business School, University of Reading, London, UK. Her career with Johor Corporation (JCorp) commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. (KPJSB) from 1989 until the listing of KPJ in November 1994.

In addition to her position at KPJ, Tan Sri currently sits as a Director of Kulim (M) Berhad, Chemical Company of Malaysia Berhad (CCM) and CCM Duopharma Biotech Berhad. She served on the Board of Damansara REIT Managers Sdn. Bhd., The Manager for Al-'Aqar Healthcare REIT and Al-Salam REIT, from 2006 until March 2016. Tan Sri was also a Director of KFC (Holdings) Bhd. and QSR Brands from 2010 until their privatisation in 2013. She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010. Committed to promoting excellence in healthcare, Tan Sri is the President of the Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 to date. Currently, she also sits on many other councils and committees at the national level. In 2010, Tan Sri was named the 'CEO of the year 2009' by the New Straits Times Press and American Express. She received many more awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia.

4.2 Aura of the Leader

Tan Sri Datin Paduka Siti Sa'diah describes herself as an organised person with a keen eye for details. She feels that this is important as her working environment requires her to constantly think and make quick decisions. Further, she believes that as a well-paid Managing Director at KPJ, she needs to give her best commitment to the company. Her discernible commitment will certainly inspire her subordinates to show the same commitment in their own work.

Tan Sri is also a knowledgeable person as she is continuously learning and eager to acquire new knowledge. For example, she is not an accountant but she understands accounting numbers. She looks carefully into receivables and inventories, and understands them before making a decision. For her, to be a leader, a person must be competent and engage in lifelong learning.

According to Tan Sri, a leader is someone who can positively influence people. A leader is responsible to the organisation, its people and oneself. She opines that, "you have to also know how to speak and talk, if not, you cannot sell your ideas". She herself is a good speaker and hones her skills through public speaking sessions. Her demeanour as a charismatic leader is very obvious in the organisation.

Tan Sri Siti Sa'diah is a true professional. According to her, she does not bring office matters to her home as she believes if time is managed well, there is no need to carry your work home with you. Through good time management, she balances her time between her career, her family and the community, not forgetting time to acquire knowledge and time for worship to Allah. For her, an individual must have a balance between physical, emotional and spiritual aspects. She also believes that human touch is irreplaceable. "A person can talk, touch and feel, a robot cannot", she quips.

High level of integrity is another attribute pointed out by Tan Sri Siti Sa'diah. To be successful, one must have integrity and must not be complacent. For her, "integrity in leadership does not come with a price tag". She stresses that leaders need to inculcate the young generation with integrity. When she is recruiting new staff, she mostly looks for three qualities in an individual, i.e., integrity, intelligence and energy. She affirms that "if they don't have the first (integrity), the other two will kill you". She is seen as a strict leader, yet exuding sisterly love and warmth. She says, "I need to be tough in order to make people want to change. And I make sure that they grow". Whatever she does is for the employees to improve and grow. She says, "Never put only the smart person at the top; all staff have an equal chance of climbing the ladder". This is consistent with the philosophy of JCorp and KPJ, i.e., to take an average person and transform him or her to their full potential.

4.3 Leadership Style

Based on the interview conducted with the participant, it can be summed that Tan Sri Siti Sa'diah has a participative leadership style. As the Managing Director of KPJ Healthcare, she gets input from employees before making a company decision. The staff are given all relevant information regarding company issues, and a majority vote determines the course of action the company will take. For example, in achieving the corporate vision as a Preferred Healthcare Provider and the mission to Deliver Quality Healthcare Services, Tan Sri Siti Sa'diah must have good team members. So, what she did is that she selected good doctors, managers and a support team that will be the pull-factor for patients. She says that, "every organisation has a life cycle. Like a human being, an organisation has its embryonic stage and then proceeds to various states of development and then you die. While it is inevitable that a human dies, a company will die only if it is not rejuvenated. You rejuvenate the company by being relevant, offering new services and maintaining standards.

Staff are well aware of KPJ's policies and decisions. The staff are also given a personal stake in the success of any new company policy. Over the years, she has built a resilient team. For her, building the team is crucial. Once you have the right people in the right place, it makes your work a lot easier because you can delegate and trust your team to deliver. Such empowerment enables employees to use their creativity to develop more productive work processes and make the company more efficient. She can, in turn, focus on sharing her experience with her staff. She mentioned that, "your followers must believe in you and trust in you before you can see the results".

In ensuring the sustainability of KPJ Healthcare, as a Managing Director, the most important role she has to play is to position the company on a strong footing amidst the competition. Thus, one needs to be a visionary. She had to plan on how to transform the company into a public-listed company in a period of five years. Thus, she needs to have strong financial backing to build the company. She empowers her staff to be actively involved in the growth of the company and stay with the company to see their plans coming into fruition. In JCorp and KPJ, staff have an equal chance of being a leader and scaling greater heights.

The philosophy of JCorp and KPJ is to take an average person and convert him or her into a superhero. After recruiting staff, Tan Sri Siti Sa'diah focuses on honing their talent. In this way, employee retention is improved and costs of turnover are reduced significantly. The above criteria show the participative leadership style of Tan Sri Siti Sa'diah. Without all these attributes, it would not have been possible for Tan Sri Siti Sa'diah to lead KPJ Healthcare towards its first billion ringgit revenue.

5. CONCLUSION

The attributes of prominent woman business leader found from this study are consistent with the previous literature on top qualities of great leaders, include: (i) being visionary; (ii) being meticulous; (iii) being determined; (iv) having integrity; (v) being passionate; and (vi) being an eloquent speaker. These same criteria drive businessmen as well. The only difference is that business women usually have to run both their home and their business; while the businessmen may have the freedom to entirely focus on the business. Another unique attribute is the motherly/sisterly approach portrayed by the participant.

Practically, the implications of this study can be seen from at least three perspectives. First, is the implication on the education systems. Since the enrolment in the universities comprises mainly female

students, they are regarded as the potential leaders who will lead the industry. In order to perform that role, these female students should be groomed to have entrepreneurial attributes to enable them to survive successfully in the competitive environment. Second, the findings could be used to train young entrepreneurs to become future business leaders. Third, the success stories of prominent women business leaders could be inspiring to not only entrepreneurs but also to other people who would like to succeed in their career.

This study is not without its limitations. The researchers did not manage to interview the employees would limit the triangulation process of the information. The leadership style may be attributable to the nature of the industry that they are engaged in. However, no further test was done on such a possibility, which provides an avenue for future research. Further, the participant is from one ethnic group (i.e., Malays). It would be interesting for future studies to include Chinese and Indian women business leaders.

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OPPORTUNITIES OF APPLICATION OF CONTINUOUS TRAINING AS INTERNAL TRAINING IN MODERN ORGANIZATIONS

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Abstract: The paper presents a thorough study of the main features of continuous training as a concept and a method that could be successfully applied in organizations in the process of internal training. Some specific aspects are outlined as: training objectives, types of training, advantages of contemporary approaches, training need analyses and models, etc. The study is focused on the expert and procedural approaches to internal training as an activity concerning development of training programs, planning and implementation of training, factors of motivation, individual training and learning styles and others scrutinized in the context of increase in effectiveness of training and career development of staff.

Keywords: Training, Staff, Method, Approach, Instrument

Introduction
Industrial development, technology of various types of production and people's knowledge are developing very dynamically. World studies have shown that within a five-year period of time, the quantity of information doubles. Nowadays, it is impossible only the knowledge acquired in vocational schools or universities to be used in the course of the working life of a person (30-40 years).

In the 70s of the last century,a new concept for continuous training was developed in the economically developed countries, which has recently turned into one of the most effective instruments that enable the solving of the problems of conformity between the emerging manufacturing and human resources of the enterprise. This concept suggests that professional development is a permanent process, both for the company itself and for its employees [12].

The training within the company by special training centers generally enhances the knowledge acquired from education and adaptsit to the knowledge, required for the production and management of the company that provides acquisition of this knowledge through plans or programs for vocational training [2].

Among the main factors that influence the continuous training the following can be specified [11]:

1. Use of new equipment, technology, production of advanced modern products, developing new opportunities to replace outdated methods of work. In this regard, a new qualification, that cannot be ensured by the basic education, is required.
2. A globalization of the industrial market has been established. The countries that have a modern system for higher education for engineering and management and programs for continuous training, are leading within the engineering and technical competition. They are able to provide in short terms adequacy to increase the productivity of the engineering and management work.
3. Continuous and rapid change in technology and computing, which require continuous staff training.
4. The fact that it is more efficient and economical for companies to conduct continuous training than to attract new employees.

MAIN CHARACTERISTICS OF CONTINUOUS TRAINING
The general effect of a training is obtained if each separate occupation makes a significant contribution to improving the knowledge, skills andopening of new opportunities for the employees of the company [1]. Given the importance of the continuous training as a whole, it should be noted that the efficiency of the process depends on the success of each separate activity.In order to achieve more successful implementation of the classes for the trainees, the following should be taken into account [9]:

- Objectives and type of training program.
- Specifications of the communicative process between listeners and trainers.
- Specific work of the trainer, working with adults.
- Specificsof the audience of adults.

Two basic types of objectives can be determined in the training:

a) transferofknowledge;

b) development of certain skills which improve the performance of the employee.

The study programs for the implementation of such training should provide „supporting" and „innovative" knowledge.

The purpose of the „supporting" trainingis gaining fixed knowledge, methods and rules, in order to work withfamiliar and recurring situations, to develop the abilities of the employees to solve problems that are relevant for the company. These types of programs are especially effective for transferring of new knowledge to replace outdated knowledge and skills of the employees, and are intended to support the existing operations of the company.

Modern researchers of this process observe that supporting training is well developed and usedin many modern organizations. We should not forget that this type of training supportsthe current production situation in the organization. Preparation and training of employees correspond rather to „work in the past", than to „work in the future" and they are not aware of what could happen with the company and their work in future.

The purpose of the „innovative" training comprises in orientation of the perspective to prepare the company for work in new production and economic conditions. The development of innovative training programs should precede the predictions for the needs of the organization for changes of the composition of its professional staff, complying with the essential changes in the external environment, with the technology of work and the system of management. Innovative training most often faces with problems that could be unique and do not allow training by methods of trial and error. This is one of the reasons that innovative training is not „well-accepted" in companies, due to emerging ofconsiderable difficulties related to adaptation to the changing surrounding environment. The administrative and management staff is well prepared for the "supporting" training, but the management is obliged to be oriented towards the future development of the organization, i.e. to provide human resources for development which is only possible through „innovative" training.

The objectives of the training have twofold character- from the perspective of the employer and from the perspective of the trainedemployee [11].

From the perspective of the employer, the objectives of the continuous training are:
- Organization and formation of the management personnel.
- Acquiring knowledge to identify, understand and solve problems of the company.
- Reproduction of the staff.
- Integration of the staff.
- Conditions for flexible formation of the staff.
- Adaptation.
- Introduction of innovative methods in the production and management of the company.

From the perspective of the employee:
- Maintaining the appropriate level and improving the professional training.
- Acquiring professional knowledge beyond the professional work field.
- Acquiring additional professional knowledge related to users, finance and accounting, etc., affecting the performance of the company.
- Gaining additional skills in the planning and production organization field.

The planning of the program for continuous training is part of the general planning of the production staffmanagementof the company [7].

In order to determine the need for training and its planning it is necessary:
1. To use the results from the work evaluation, to distinguish the problems that the employees encounter the most.
2. To analyze the plan for technical renewal.
3. To evaluate the programs of the universities, from which specialists are employed in the company.
4. To determine the average level of the new employees.

According to the national and international practice, there are two models for training the employees of the organization:
- Training without interruption of work. The theoretical course and the practical training are conducted in the company.
- Training with interruption of work. It takes place in specialized training and technical schools and vocational training centers.

EXPERT AND PROCEDURAL APPROACHES TO INTERNAL TRAINING

Internal training is a very specific activity for training of adult employees (Figure 1). As a rule, the internal company training is developed specifically for a particular organization and is oriented

towards developing of its staff and preparation for changes in its future activities. On this basis, two main approaches to organization of the internal training have been developed [5]:

- expert;
- procedural.

The expert approach considers the possibility for implementation of the program fordevelopment of the company by preparing the management staff, based on knowledge and experience of specialized consulting organization. In this approach, the knowledge of the trainer-consultant provides new expert knowledge, which could be used in a particular situation in the company. The training program should provide the trainees knowledge of the typical problems that they may face with in their professional work. In this case, the training aims mainly at transferring specific knowledge.
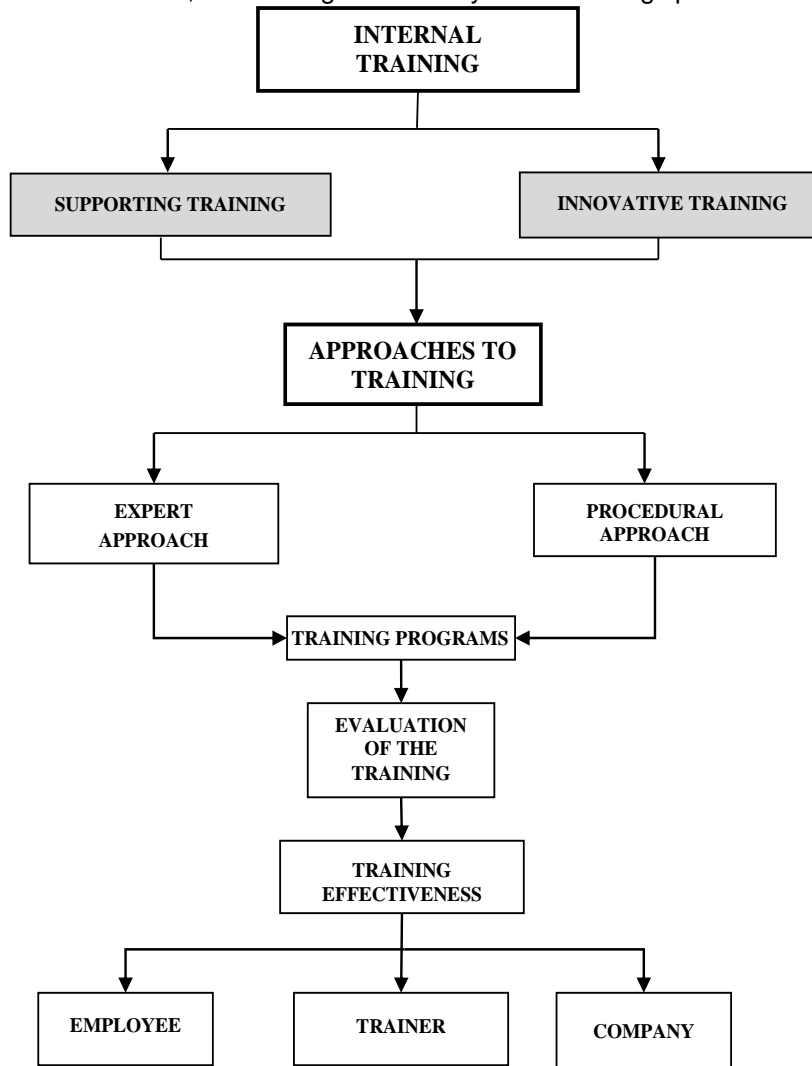
Figure 1.Structure of the internal training

The procedural approach is connected to thepossibility for implementation of the program for development of the company in collaboration of the trainer with the staff of the organization. This approach may only be implemented with the active participation of the senior executives of the company. The implementation of this approach surely involves additional duties of the management staff of the company related primarily to collaborative interaction with the trainer and active participation in the training process. In contrast to the first approach, this approach requires that the trainees, in addition to mastering certain professional knowledge,should also form a group to solve the new problems of the company, both individually and as a group work. In this case, the training does not provide certain amount of knowledge, but develops above all new skillsin the trainees to change their individual and group behavior.

When drawing up the training programs, the impact and adaptation to external factors and the internal integration of the organization should be taken into consideration [3-4].

The paper considers five possible situations wheretraining programs shall be developed (Table 1). This does not exclude the possibility that other combined situations or new ones are also possible [5-6].

When drawing up the training programs, the effectiveness of the internal training should be considered: the current situation to be analyzed; the prospects and the desired future situation to be assessed; the changes to be predicted and solutions to be prepared, the terms of implementation, including costs to be determined.

Another approach to evaluating the effectiveness of the conducted training is the assessment ofthe training quality by the involved in the process persons (participants).

Whenassessingtheeffectivenessofthetrainingitisappropriatetotakeintoconsiderationtheassessments of the three main involved parties of this process: trainer (teacher), trainee (client) and the party which ordered the training program.

Table 1. Development of training programs

SITUATION	TRAINING NEED	TRAINING METHODS
1	Specialized training programs (trainingson negotiations, sales, creativity)	Methods of behavioral communication
2	Management programs	Group and inter-group activity with subsequent reflection on the group process. Business and roleplaying games, analysis of the problems of the organization.
3	Development of interpersonal and in-house communications, formation of skills to overcome conflicts	Training of sensitivity, roleplaying games, imitation business games, design of corporate culture.
4	Training of the management personnel	Lectures, seminars, practical exercises, educational business games.
5	Training on innovation related to the management	Organizational games, project development, analysis of the market situation.

Each participant in this process has its own criteria for the effectiveness of the training.

The trainer (teacher), as a rule, evaluatesthe results according to the level of mastering the knowledge, skills, habits, activity of the traineesduring the process of training. Various criteria may be used for the evaluation - exams, tests, practical exercises, etc.

The trainee (client),as a rule, becomes acquainted with the established in the training process atmosphere, the increased or decreased interest in a certain topic, comprehension or lack of comprehension in conducting a certain work technology.Final tests on the training program and the interest in it, feedback on the result from the training, as well as surveys are used for the evaluation.

The party which ordered the training programe valuates the training quality by the types and number of these skills that have been applied by the trainee in the practical activities of the company. The attestation of the employees over a period of time (following the training) in an interview with the immediate superiorshall be used for evaluation.

SPECIFICS OF THE TRAINING PROCESS IN CONTINUOUS TRAINING

Trainers who work in the system of continuous training of citizens, regardless of their social status, work in a completely new situation that differs from their work in the vocational school or university.

The most important instruments that the trainer can use when conducting the training are (Table 2):

- Conducting the training process by using didactics and organization;
- Using professional knowledge and skills in the subject area;
- Using the specifics of the own personality.

This audience consists of morally and psychologically completedpeople who already have a certain life and professional experience with its benefits and limitations. Which are the main social and

psychological aspects of this "special" category of people which the trainers should conform with,whenconducting their training and teaching new knowledge and skills, required for the specific economic, public and social environment in which they work and live.

Motivationis one of the main psychological aspects of the behavior of adults who need to carry out further training, improving their knowledge and skills, most often caused by:

- Reconsideration of the current life, caused by thesociopolitical circumstances of the country;
- Need to find a new job that would improve the economic conditions of existence of the citizen and their family;
- Improving the social status in the organization where they work;
- Searching for such training which would provide "any" work for their social existence.

The first three categories of people deep inside realize the need for training in the field of the acquired knowledge. The requirements for the trainer (teacher) are more demanding, more accurate and comprehensive. The most complicated is the last group which covers people who have no actual desire to learn and acquire new knowledge and skills.

Table 2.Instruments for conducting the training

Typology of the training objectives	Fields of competence of the trainer		
	Didactic, organizational	Professional	Personal
1.Transfer of knowledge	1.Skills for speaking and conducting lectures and discussions in public. 2.Skills to diagnose the audience and formation of motivation among listeners.	Competence in the professional field, good grasp of professional instruments.	Skills for creating interest in their own experience, as well asin special experience in professional activities.
2.Formation of orientation for change	1.Creating problem situations that provoke listeners to assess their own experience and clarify some important restrictions. 2.Skills for planning and conducting group discussions.	To be familiar withnew approaches, habits for diagnosing the situation in the organization, distinguishingproblems	1.Summarizing their own experience of development, overcoming crisis situations. 2.Creating an image that the listeners expect- a presentation of a successful personand professional.
3.Formation of individual behavior	Skillsto design exercises for developing professional habits, skills to conduct an assessment of the effectiveness of professional activities, individual consulting and developing recommendations for personalizing the training.	Mastering various instruments for professional tools and habits for reflection of professional activities, as well as havingskills to transfer other instruments.	To have leadership skills such as authority,convincingness, psychological competence, insight, communication flexibility.
4.Formationof group (organizational) behavior	1.Skills to create specific training programs oriented towards solving of specific organizational problems,and to work with information on the organization upon its inclusion in the context of the training program. 2.Skills to design and conduct group procedures focused on	To have skills to diagnosethe corporate culture, several schemes for organization of the professional work at hand.	1.To tolerate other points of view, to be responsive. 2.Not to have leadership orientation.

	solving of problems, forming the programs, creation of projects. 3.Skills for modernization and improving group work.		

When working with this category of listeners the trainer should demonstrate the importance of their education. For this purpose, the trainer needs to know the individual goals, tendencies, motivations, as well as the situation in which they will fall after starting work, following the training. If it is possible, the trainer may obtain such information for their listeners in advance by the organizers of the training, through questionnaires, individual conversations, etc. If the trainer does not obtain such information, theyshould show enough wit and insight in order to obtain it during the training.

To obtain the necessary information for the trainer, related to the motivations for participation in this training course with this topic, a more detailed introduction to the participants before the start of the training is necessary. Usually, detailed questionnaires should be completed and information about their preferences with regards to what would be or not of interest for them, is collected during the training. If the trainer has this detailed information, they would not seek arguments to motivate the participation in the training course and to select individual methods for motivating individual listeners.

If the trainee has to attend the course, according to the internal rules of the organization, then the motivational talk should demonstrate the importance of the successful training that would give the trainee a chance for a stable career in their development.

If the listener is oriented towards further development of their professional promotion, then the program may focus on such issues that are more extensively and thoroughly developed,in order to determine the category of effective training and to ensure a certain chance for career development.

One of the most important aspects in terms of the organization of the training process is the **specifics of the mental functions of adults**. The differences between these people and the students are various - mental abilities are limited in a way, the adult person quickly getstired both physically and mentally, they need more time to focus. On the other hand, they have other important advantages, which students typically do not have - good habits of thinking. For this reason, the training programs for adults should have greater clarity in definitions and concepts, structuring the learning material, precise shaping and differentiation of the individual modules of the training course. A well-considered and practically reasonable structure of the training program enables maximizing the effect of the training so that the strongest features of the adults could be included when workingon the learning process.

An important aspect for the effectiveness of the training is also the understanding of the prevailing method of perception by the trainees in the training process. The specialists within the neuro-linguistic programming field determine three main types of perception, related to the predominance of one or another modality:

a) visual;
b) audial;
c) imaginary.

It appears that these three types of perception are developed to a different extent in different people.

People with visual perception - these are people who perceive mostly visual information. In order to best perceive the training, they need to use schemes, drawings, paintings, etc.

People with audial perception - thesearepeople, who perceive information mostly through the audial channel. They easily perceive verbal images, adjust to the language of the speaker, using the intonation as well as the paralinguistic effects.

People with mental imagination in most cases perceive through their own feelings and experienceabout the information received, realizing their outer peace through assimilation and experience of the processes which are to be perceived. They seem to shape the subject, structure, process which they learn in their mindand thus make themselves familiar with its meaning and mechanism.

This type of information for the trainees allows the trainers to maximize the options of the training material. For example, in addition to the verbal reproduction of knowledge, visual information (pictures, tables, diagrams) could also be used, and conditions for emotional experiences for the listeners could be created.

Another aspect that should be taken into account when considering the specifics of this kind of people is the professional experience of people. Here, the specifics of the activities of the trainee are of great importance.

According to the used typology, five types of professional activities that generally distinguish people from one another can be determined:
1. human-human;
2. human-technology;
3. human-punctual;
4. human-nature;
5. human-artistic image.

The professions of the type human-human (teachers, doctors, psychologists) typically develop in the person great insight,skills to understand other people, habits of communication, convincing skills in communication and how these could be used in conducting the training process. These professionals are easily involved in the active forms of the training process, they are proactive in group work and can take a leadership position in the group [10].

The professions of the type human-technology (mechanics, engineers, designers, inventors) generally develop in fields with high involvement of the subject of the training course. For these people it is important to see everything with their eyes, to try, to test in practice. They are particularly interested in obtaining specific and consistent knowledge [8].

The representatives of the professions of the type human-punctual (programmers, chemists, physicists, linguists) are particularly demanding in respect to the precise definition of concepts. These listeners require logic and strict way of organization of the course and its modules, consistent definitions and are especially intolerant to disagreements. They insist on strictly complying with the algorithm of actions. If there are no unsolvedissues they can work independently without the help of the trainer.

The most important factor that has a significant impact on the expectations of the audience in terms of the training process is the past experience and the new one that they will gainin the individual training style. Nowadays, there are four basic individual training styles that are used:
1. functional;
2. personal;
3. authoritarian;
4. project

The functional style of trainingsuggests gaining of knowledge by mastering certain algorithms of activity. This training is typical for technical training organizations that give people a strict idea of the rules and methods for implementation in a certain field of professional activity.

People, who prefer the personal style of training, acquireknowledge and skills by likening to an important specialist in the field by copying some of their habits. This experience is often applied in creative professions, where it is rather important to determine the ideology, the combination of important reasons, which determine the effective professional activity, than the algorithm of work.

In the authoritarian style of training, the acquisition of knowledge is realized through the identification of the trainee with the role that they have to fulfill. In this case, the trainee is not only bound to what they need to know and be able to do, but also to what they should change in themselves, so that they would be successful at their job. The training process is implemented with strict professional positions corresponding to their hierarchical structure, authority and responsibility, types of interactions, forms of responsibility. In this style of training, the trainee should fully comply with the relevant rules and regulations set by the management and / or the leader of the training. This style is particularly effective in the training of those professions that require total fulfillment of the instructions by the trainee. This applies to technicians, engineers, programmers, etc.

Listeners who prefer projectstyleof training are characterized by initiative in terms of the training situation as a whole. This refers both to the content of training material and the training process. For them, the training process should not be stopped and it is best implemented in a real environment. They are willing to be involved in different modules, to participate in various activities (from employees to managers). They are willing to turn the lectures into a discussion, and the business games to be full of many and important nuances. They need to know widely and deeply the complex and diverse activity that they are trained for and which, in their opinion, cannot be explicitly defined as a form of instruction. Furthermore, the listeners with a project style of training are characterized by the need for personal choice of a professional position and role, as well as the direction they deem of priority and important in terms of their own development. Orientation towards projectstyle of training is particularly effective in training managers from higher levels, consultants and of course teachers at various levels.

In order to increase the effectiveness of the training, the trainer should strive to move from the process of unilateral interaction- monologue (in transfer mode) to the active process of bilateral communication- dialogue (in the beginning in conversation mode and later in communication).

For a more accurate understandingof the specifics of the audience, the trainer should perform different functions and to take into account the specifics of the adults, their past life and professional experience, their motivation and their personal psychological characteristics.

Conclusion

Continuous training is a concept that can provide a number of competitive advantages to contemporary organizations functioning in a dynamic environment marked by the processes of globalization which require the application of innovative instruments and approaches in human resources development. Studying the peculiarities of continuous training in the context of the processes of internal training in organizations, is an important prerequisite to decision-making and should be a must in career development programs. Each organization should examine and apply the instruments individually and substantially. Consideration of expectations of participating parties, motivation, experience and psychology is the most significant aspect in the approaches and procedures needed to be elaborated in accordance to the real requirements and needs.

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LEAD-LAG RELATIONSHIP BETWEEN FUTURES AND SPOT PRICES: CASE OF THAILAND

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Abstract: The aim of this paper is to investigate the existence of long-run relationship and the short-run dynamic relationship between spot and futures prices in the context of Thai Markets. The two products selected under this study are Natural Rubber Ribbed Smoked Sheet No.3 (RSS3) and SET50 index. The daily spot and futures prices of RSS3 are gathered from May 28, 2004, the first day of futures trading on Agricultural Futures Exchange of Thailand (AFET), and from April 28, 2006, the first futures trading day on Thailand Futures Exchange (TFEX) for SET50 Index, until December 31, 2016. By applying Unit Root tests, all data series are found to be stationary at first difference. The Cointegration tests by both Engle-Granger and Johansen methods report long-run relationships between RSS3 spot prices and RSS3 futures prices; and between SET50 index spot prices and SET50 index futures prices. The results from Vector Error Correction Model (VECM) test shows that the relationship between RSS3 spot prices and RSS3 futures prices is bidirectional. However, in the case of SET50 index, it is found that only SET50 index spot price leads SET50 index futures price, but not vice versa. The Granger Causality tests confirm the bi-directional relationship of futures returns and spot returns for RSS3; but in the case of SET50, only spot return is found to Granger-Cause futures return, but not vice versa.

JEL Codes: C12, C22 and G13

1. Introduction

In an early school of thought, Kaldor (1940a, 1940b) suggest that the futures markets exist because it can offer price insurance. This idea views the futures contracts as instruments that businesses can utilize to avoid the risk of unfavorable movement in prices. Working (1962) proposes another explanation by relying on the assumption that there must be a compensation for speculators to bear the hedgers' price risks. Hence, futures markets exist since they offer speculators the chance to get positive returns. However, some may oppose that this price risk can also be hedged by using forward contracts, Telser (1981) argues that the futures markets exist since they offer cheaper transaction costs than forward markets. The futures market is also found to serve the dominant price discovery function (Mahalik, Acharya & Babu 2014; Sehgal, Rajput & Florent-Deisting 2013; Yang & Li 2013). At present, the futures products are considered to be the alternative financial products available to investors for the purpose of hedging, speculating, and arbitraging.

There is an intense investigation towards the relationships and interactions between the price of a particular product in spot market and its price in the futures market. The studies by Kenourgios and Samitas (2004); Thongthip (2010); Govind and Shakti (2011); Zakaria and Shamsuddin (2012); Choudhary and Bajaj (2012); and Songyoo (2013) have been conducted in the area of lead-lag relationship investigation. In general, the main focus of these investigations is to clarify whether futures price leads spot price, whether spot price leads futures price or whether there is a bi-directional feedback effect between these two markets or none. If the investors can understand the lead-lag relationship between these two markets, they will know how well these two markets are linked, and also how fast one market can react to the new information from another market. This information will help the investors in the decision making process. Hence, the participants in the spot market can use the futures position as a tool to minimize risk (Jackline & Deo 2011).

The different relationships across different markets and countries have been reported. This may be because of the differences in the level of economic development and particular market development. For commodities, Liu and Zhang (2006) find that the relationship between Chinese spot and futures markets is bidirectional (bilateral causality), while the study by Iyer and Pillai (2010) shows that the futures prices of most commodities in Indian market play their price discovery role by leading the spot prices. For stock indices, Fassas (2010) finds the bilateral causality running between Greece spot and futures stock indices. On the other hand, Zakaria and Shamsuddin (2012) reports that the spot price of Malaysian stock index leads its futures price.

In the context of Thailand, there are many studies that investigate this relationship. Nittayagasetwat and Nittayagasetwat (2010) study the lead-lag relationship between the spot and futures price of Ribbed Smoked Rubber Sheet No.3 (RSS3) from May 2004 to August 2009 and find out that futures prices lead spot prices. Thongthip (2010) studies the lead-lag relationship and mispricing between SET50 index cash and futures market by using both 5-minute prices and daily SET50 Index and SET50 Index futures in the trading period from October 1, 2008 to September 29, 2009. Songyoo (2013) studies the technical trading strategy in spot and futures markets by using 10-minute prices of

SET50 Index and SET50 Index futures in the trading period from September 12, 2011 to November 11, 2011. Both of them find out that futures prices lead spot prices.

In Thailand, although the Stock Exchange of Thailand was introduced in April 1975, the trading on futures products is considered to be relatively new to Thai investors. Originally, Thailand had two futures markets; Agricultural Futures Exchange of Thailand (AFET) and Thailand Futures Exchange (TFEX). On February 15, 2016, AFET was merged to TFEX and only Natural Rubber Ribbed Smoked Sheet Futures are carried forward to be available for trading in TFEX. AFET was established in 1999. It was the first futures trading marketplace in Thailand, and the first trading futures product was Natural Rubber Ribbed Smoked Sheet No.3 (RSS3). The first futures trading on RSS3 was on May 28 2004. Thailand Futures Exchange (TFEX) is regulated by the Securities and Exchange Commission (SEC). It was established under the derivatives ACT of B.E. 2546(2003). TFEX is allowed to trade Futures, Options and Options on Futures. The current trading includes Equity (SET50 Index Futures, SET50 Index Options, Sector Index Futures, and Single Stock Futures), Precious Metal (10 Baht Gold Futures and 50 Baht Gold Futures), Interest Rate Futures (3M BIBOR Futures and 5Y Government Bond Futures), Agriculture (RSS3 Futures and RSS3D Futures), and Currency (USD Futures)(Thailand Futures Exchange, 2017). The TFEX has lauched the first futures trading on SET50 Index Futures on April 28, 2006.

The empirical results of this paper provid the statistical evidences that may benefit both Thai and foreign investors and speculators who will participate in the trading of RSS3 and SET50 index. They can hedge their exposure or speculate their returns by investing in RSS3 futures and SET50 index futures more accurately. Moreover, the rubber tree planters may also get the benefit from the result of this paper in designing their hedging strategy to prevent themselves from unfavorable price movement during harvest time. In addition, the corporations that sell and/or export rubbers and related products and corporations that use rubbers as their main raw material may also use the result of this paper to construct their hedging program more accurately. In terms of academic contribution, the result of this study may add more updated empirical evidence on the studies regarding Thailand's futures market, which are considered to be limited at the present time.

2. Literature Review

Many Economics and Finance theories have been brought to discussion on the relationship between the spot price and the futures price. The first one is Law of one price which states that, in a competitive market, if two assets have the same risk and return, they should be sold at the same price (Bodie, Kane & Marcus, 2008). However, if the same assets are traded in two markets with different prices, arbitrage opportunity occurs. The simultaneous purchase and sale of the same or essentially similar assets in two different markets may provide the riskless profit from different prices until the equilibrium point is reached (Sharpe & Alexander, 1990).

Samuelson (1963), and Fama (1963, 1965a,b) developed the idea on the Efficient Market Hypothesis (EMH) which indicates that market will be efficient if the market price reflects all relevant information, and no one can achieve the abnormal return consistently on a risk-adjusted basis. In futures market, market efficiency theory indicates that the futures price would be equal to the expected future spot price plus or minus a time-varying risk premium. Hence, if markets are both efficient and have no risk premium, the futures price could be an unbiased predictor of future spot prices. In other words, the hypothesis that futures prices represent an unbiased predictor of spot prices in the future is a joint hypothesis of risk neutrality and market efficiency (Holt & Mckenzie, 1998). This theory generates the considerable controversy against the price-discovery process (Lo, 2008).

According to Lin and Stevenson (2001), the futures price is the spot price plus the cost of carry of the underlying asset to delivery date. In other words, the futures price is in effect a price in the future (the price at maturity) that takes into account the cost of carry. The cost of carry is the cost of storing the underlying asset until the maturity time that is specified in futures contract. It can include the cost for physical storage, as in commodity futures like rubber contracts, interest paid to finance the asset less the income earned on the asset, and also include the opportunity cost of selling the underlying asset in the future rather than the present. If the futures price does not correspond with the spot price adjusted for cost of carry, the arbitrage opportunity will incur and then market forces will bring the two back into balance (Brenner & Kroner, 1995). According to Cornell and French (1983), the Cost of Carry model implies that a pair of spot price and futures price should be cointegrated in the long-run assuming that the capital markets are perfect.

The existence and the source of a commodity futures risk premium has long been debated. According to Melolinna (2011), the risk premium is defined by the actions of hedgers and speculators in the market. Hedgers would like to pay for the protection against the risk that the futures provide, while the speculators also need the compensation for the risk they are taking. Two hypotheses related

to the source of a commodity futures risk premium have been discussed. The first hypothesis mentions that risk premium comes from the risk transfer or hedging pressure hypothesis introduced by Keynes (1930) and Hicks (1939). This hypothesis states that the risk premium will be accrued to the speculators as a reward for facing the price risk that the hedgers decide to transfer. The second hypothesis, introduced by Working (1949) and Brennan (1958), states that the variation in futures prices comes from the issues of storage and inventories rather than the risk transfer.

Empirically, the relationship between futures prices and spot prices is still a matter of controversy. Some report the unidirectional relationship, while others find bi-directional relationship or no relationship between two prices.

For the unidirectional relationship, most of the studies find that the futures market plays their price discovery role by leading the spot market. Kawaller, Koch, and Koch (1987) reports that futures price movement leads the spot index movement by around 20-45 minutes. Similarly, Stoll and Wheley (1990), who investigate the causal relationship between intraday returns on stock index and the returns on stock index futures, show that returns on S&P500 and Major Market index futures tend to lead the returns on stock market by around 5 minutes, on average. Tan, Mark, and Choi (1992) investigate the relationship between the Hang Seng index futures contracts that are traded in Hong Kong market and its underlying Hang Seng index in spot market. The results show that futures prices lead spot index price in pre-crash period. The results on the studies by Stoll and Whaley (1990), Chan (1992), and Tse (1999) also reveal that the futures market leads the spot market. Alphonse (2000) studies on the efficient price discovery in French stock index cash and futures markets. The result shows that deviations from the equilibrium relationship are transmitted from futures market to the cash market. Mattos and Garcia (2004) studu the relationship between cash and futures price in Brazil agricultural futures market by focusing on the trading activity impact on the price discovery process of futures market. They find that futures price plays more dominant role in the pricing process. Zapata, Fortenbery, and Armstrong (2005) investigate the relationship between the futures prices of sugar in New York and the world spot prices of exported sugar. They find that futures price of sugar leads the price in spot market in price discovery. Karnade (2006) studies the linkage between the castor seed futures in Indian market and spot market by applying the cointegration analysis. The results show that there was a unidirectional causality from futures to spot market (futures market leads spot market). Debasish (2009) investigates the causality of relationships between the Nifty stock market index in National Stock Exchange (NSE) in India and its options and futures contracts, and also the derivatives markets' interrelation by applying ARMA analysis, and finds that the futures price leads the spot price. However, this lead-lag relationship is found to be reducing slightly over time. Hernandez and Torero (2010) investigate the dynamic relationship between futures and spot prices of agricultural commodities. The results indicate that, most of the time, the changes in spot prices are led by the change in futures prices.

The spot prices are also found to lead the futures price in some markets. Ehrich (1969) studies the spot-futures price relationships of the live beef cattle markets from 1948 to 1966. The results suggest that there is a long-run price relationship between the spot and futures prices of the sample market and it is also found that the spot markets leads the futures markets. Shyy, Vijayraghavan and Scott-Quin (1996) investigate the lead-lag relationship between the cash market and stock index futures market by using the bid-ask quotes in the France context, and find that the spot or cash markets leads the stock index futures market. Under Malaysian context, the study by Zakaria and Shamsuddin (2012) also suggests that the spot market leads the futures market.

Another possible empirical result is bilateral causality of relationship, which is supported by the study of Tan, Mark, and Choi (1992). They study the relationship between the Hang Seng index futures contracts and its underlying Hang Seng index in spot market and report that a bilateral causality exists between these two variables in post-crash period. Similar results are found in the studies of Abhyankar (1998) who studies on UK stock index futures market, Liu and Zhang (2006) on Chinese spot-futures markets, and Mukherjee and Mishra (2006) on Indian stock index in spot-futures markets. In addition, Fassas (2010) examines the dynamic relationship between the spot price of FTSE/ASE-20 index and its futures price index, and also their respective volatilities. The results reveal that the bilateral causality is running between these spot and futures indices. Choudhary and Bajaj (2012) investigate the relationship between spot and futures markets in the Indian stock market in the role of assimilation of information and price discovery. They find that there is a bi-directional information flows or feedback effect between the spot and futures markets.

The independence between spot prices and futures prices is also reported. MacDonald and Taylor (1988b) investigate the efficiency and cointegration of metal prices traded in London Metal Exchange. They find that monthly price series of lead, tin and zinc are integrated of order one or I(1). However, none of the metals is cointegrated with each other. Kenourgios and Samitas (2004) study the

efficiency of copper futures market traded in London Metal Exchange where both long-run and short-run relationships are tested and reveal that this market is inefficient and futures prices do not provide unbiased estimates of the future spot prices. Chowdhury (1991) and Beck (1994) also conduct the studies on London Metal Exchange and find that the futures price and spot price movements are independent.

3. The Methodology and Model
The daily spot prices of RSS3 from May 28, 2004 to December 31, 2016 are gathered from The Rubber Replanting Aid fund's website. The daily spot prices of RSS3 in Hat Yai central rubber market, the first central rubber market in Thailand, are used as a proxy for spot price of RSS3 in all markets in Thailand, since the data on the other two markets are not fully available throughout the required study period. The daily futures prices of RSS3 used in this study are the daily settlement prices gathered from Agricultural Futures Exchange of Thailand (AFET)'s website and Thailand Futures Exchange (TFEX) of the same period. The RSS3 futures data were constructed by using a roll-over of the nearest month futures contract. Because of the merging process between AFET and TFEX, futures price on RSS3 is not available during February 1-14, 2016.

The daily close prices of SET50 index are gathered to represent the daily spot prices during April 28, 2006 to December 31, 2016 from SETSMART Multi-Market database of Stock Exchange of Thailand (SET). The daily settlement prices are used as the daily futures price of SET50 index futures collected from the same source for the same period of time. The SET50 index futures data are constructed by using a roll-over of the nearest month futures contract.

The purpose of this paper is to investigate the long-run and short-run relationships between spot prices and future prices; therefore, several tests are conducted. Hence, the time series analysis used in this paper are:- (1) Unit root test to check the stationarity properties of the time series, (2) Cointegration test to examine the existence of long-run relationship, and (3) Error-Correction tests to assess the short-run dynamics in the relationship between spot prices and futures prices. (4) Granger Causality test to investigate the direction of the relationship. All time series data are transformed to be in natural logarithm form. All of the four tests were taken from Ender (2010), Gujarati (2012), Gujarati and Porter (2009), and Stock and Watson (2012).

Unit Root Tests
The existence of unit roots in time series implied that a series is non-stationary. The Augmented Dickey-Fuller (ADF) tests (Dickey & Fuller, 1981) are applied in this study to test the unit root by running the OLS regression of the first difference of the time series on the time series lagged one period, lagged difference terms and optionally a constant and a time trend as shown in equation (1) for spot price and (2) for futures price:

$$\Delta \ln S_t = \beta_1 + \beta_2 t + \delta \ln S_{t-1} + \sum_{i=1}^{m} \beta_i \Delta \ln S_{t-i} + \varepsilon_t \ \ldots\ldots\ldots\ldots \quad (1)$$

$$\Delta \ln F_t = \beta_1 + \beta_2 t + \delta \ln F_{t-1} + \sum_{i=1}^{m} \beta_i \Delta \ln F_{t-i} + \varepsilon_t \ \ldots\ldots\ldots\ldots \quad (2)$$

where $\Delta \ln S_t$ and $\Delta \ln F_t$ represent the first difference of the natural log of spot price and futures price at time t, consecutively, t represents time trend, $\ln S_{t-1}$ and $\ln F_{t-1}$ represents the natural log time series lagged one period, $\Delta \ln S_{t-i}$ and $\Delta \ln F_{t-i}$ represents the lagged difference terms of natural log time series, and ε_t represents the error term. According to the ADF tests, the null hypothesis (H_o) of $\delta = 0$ is tested to identify whether the series holds a unit root and is then considered as non-stationary. If the calculated value of ADF statistics is greater than the McKinnon's critical values, then the null hypothesis will not be rejected and it can be concluded that the time series is non-stationary or not integrated of order zero, I(0). The failure to reject the null hypothesis allows the implementation of the test on the difference of the series. Thus, further differencing is implemented until stationarity is reached and the null hypothesis is rejected. In order to go to further steps, the unit root tests need to be carried out to make sure that all time series are integrated of the same order. Though the time series are non-stationary in their levels (I(0)), they can be integrated of order one, I(1), when their first differences are stationary.

Cointegration Tests
The cointegration test can be used to discover the existence of the long-run relationship between the spot and futures prices. If the result in unit root test shows that two or more time series are non-stationary in their levels but integrated of the same order, the cointegration test will be conducted to test whether their linear combination is stationary at I(0) implying that they are cointegrated, or long-

run relationship between the spot and futures prices exists. The two or more time series are said to be cointegrated when the residual of their cointegrating regression is stationary. Statistically, the long-term relationship implies that the variables move together in the long-run. Therefore the short-run deviations from the trend in long-run will be corrected (Manning and Andrianacos, 1993). Generally, the cointegration test will clarify that if two or more series move closely together in the long-run, although these series are trended, the difference between them is stationary. These series can be considered to have long-run equilibrium relationship. However, a lack of cointegration relationship means that the two or more series do not have a long-run relationship or they can deviate away from each other (Dickey, Jansen, & Thornton, 1991). There are two tests for cointegration that are widely used empirically; the single equation based on Engle and Granger (1987) test and the systems based on Johansen (1988) test.

Engle-Granger Method

The Engle and Granger (1987) propose the single equation based method by the two-step procedure in order to model the relationship between cointegrated variables. Their steps are as follows:-
First, estimating the long-run relationship cointegrating regression by OLS regression:

$$\ln S_t = \beta_1 + \beta_2 \ln F_t + Z_t \qquad \text{……………………………..} \qquad (3)$$

where $\ln S_t$ represents the natural log time series of spot prices, $\ln F_t$ represents the natural log time series of futures prices, and Z_t represents the residuals.
Second, retaining the residuals from cointegrating regression in first step:

$$Z_t = \ln S_t - \beta_1 - \beta_2 \ln F_t \qquad \text{………………………………...} \qquad (4)$$

Then applying the ADF tests to these residuals as in the equation below:

$$\Delta Z_t = \theta Z_{t-1} + \sum_{i=1}^{m} \emptyset_i \Delta Z_{t-1} + \varepsilon_t \qquad \text{………………………..} \qquad (5)$$

where ΔZ_t represents the first difference of residuals at time t, Z_{t-1} represents the residuals lagged one period, ΔZ_{t-1} represents the first difference of residuals lagged one period, and ε_t represents the error term. According to the equation in ADF tests above, the null hypothesis of $H_0 : \theta = 0$ will be tested against the alternative hypothesis of $H_a : \theta < 0$ using the appropriate critical values (Engle & Yoo 1987). If the null hypothesis is rejected, it means that spot price (S_t) and futures price (F_t) are cointegrated and the residual Z_t is an I(0) process or stationary.

Johansen Method

The second method is proposed by Johansen (1988). This method is considered as the system method which helps in finding out the number of cointegrated relationship. This approach is to test for multiple cointegrating vectors and will investigate the long run relationship between variables, by depending on the relations between the rank of a matrix and its characteristic roots (Eigen values). The estimated form of the model is

$$\Delta x_t = A_0 + \pi x_{t-1} + \pi_1 \Delta x_{t-1} + \varepsilon_t \qquad \text{……………….…………} \qquad (6)$$

where x_t denotes the vector [$\ln S_t, \ln F_t$] and ε represents the error term. The test for the number of characteristic roots that are insignificantly different from unity can be conducted using the following two test statistics:

$$\lambda_{trace}(r) = -T \sum_{i=t+1}^{n} \ln(1 - \hat{\lambda}_i) \qquad \text{………………………………..} \qquad (7)$$

where $\hat{\lambda}_i$ represents the number of the characteristic roots being estimated and T represents the number of the applicable observations. This model is used to test for the null hypothsies that the number of cointegrating vectors is less than or equal to r against a general alternative.

In addition, the following maximum Eigen value test statistic could also be applied:

$$\lambda_{max}(r, r+1) = -T \ln(1 - \hat{\lambda}_{r+1}) \qquad \text{……………………..} \qquad (8)$$

This model is to test the null hypothesis that the number of cointegrating vectors is r against the alternative of r+1 cointegrating vectors.

Critical values of the λ_{trace} and λ_{max} statististics are obtained using the MonteCarlo approach by Osterwald-Lenum (1992).

According to Charemza and Deadman (1992), the single equation based method of Engle-Granger and the systems based methods of Johansen should be seen as a complementary rather than substitute. Hence, this study uses both Engle-Granger and Johansen methods to test for long-run relationship (cointegration) between spot prices and futures prices.

Vector Error Correction Model (VECM) Tests

The above cointegration test considers only the long-run relationship between variables and does not explicitly capture the short-run dynamics in the relationship between spot prices and futures prices. If the time series are found to be cointegrated, their short-run dynamics may be deviated from this equilibrium. The next step is to test whether such disequilibrium converges to the long-run equilibrium or not. The dynamic model that is suitable for detecting the short-run dynamics between variables will be Error-Correction Mechanism (ECM) (Engle & Granger, 1987). ECM provides means whereby a proportion of the disequilibrium is corrected in the next period. The short-run dynamics in the relationship between spot price and futures price are dominated by any deviation from long-run equilibrium namely "error-correction terms (Z_{t-1})." The VECM (Johansen, 1995) extends the single-equation ECM to allow y and x to develop jointly over time. If natural log of futures price (lnF) and natural log of spot price (lnS) series are cointegrated, the VECM can be presented as:

$$\Delta lnS_t = a_0 + \varphi_s Z_{t-1} + \sum a_{1j} \Delta lnS_{t-j} + \sum a_{2j} \Delta lnF_{t-j} + \varepsilon_{st} \ldots\ldots\ldots \quad (9)$$
$$\Delta lnF_t = b_0 + \varphi_f Z_{t-1} + \sum b_{1j} \Delta lnS_{t-j} + \sum b_{2j} \Delta lnF_{t-j} + \varepsilon_{ft} \ldots\ldots\ldots \quad (10)$$

where the error-correction term is $Z_{t-1} = lnS_{t-1} - \beta_1 - \beta_2 lnF_{t-1}$, the β in error-correction term is a cointegrating coefficient, ΔlnS represents the first difference of natural log of spot prices, ΔlnF represents the first difference of natural log of futures prices, and ε represents the error term.

From the Error-Correction Model, the a_{1j} and b_{1j} are the coefficients of the lags of ΔlnS_t, capturing the short-run effects of spot price in prior period on dependent variable in the current period. And a_{2j} and b_{2j} are coefficients of lag of ΔlnF_t, capturing the short-run effects of futures price in the prior period on dependent variable in the current period. The φ_s and φ_f capture the rate at which the dependent variables adjust to the equilibrium state after a deviation. In other words, it captures the speeds of error-correction. And the magnitude of the residual Z_{t-1} is the deviation from long-run relationship in the prior period.

Granger Causality Test

This test is a procedure for testing whether current and lagged values of one time series help predict future values of another time series. Normally, the difference of natural log of prices is used to measure return, and this Granger Causality test will be applied to only stationary series; therefore, return from spot (ΔlnS_t) and return from futures (ΔlnF_t) which are stationary series will be used. The following pairs of regressions will be estimated:-

$$\Delta lnS_t = \sum_{i-1}^{m} \alpha_i \Delta lnS_{t-i} + \sum_{j=1}^{m} \beta_j \Delta lnF_{t-j} + \lambda_1 t + u_{1t} \ldots\ldots\ldots\ldots \quad (11)$$

$$\Delta lnF_t = \sum_{i-1}^{m} \gamma_i \Delta lnF_{t-i} + \sum_{j=1}^{m} \delta_j \Delta lnS_{t-j} + \lambda_2 t + u_{2t} \ldots\ldots\ldots\ldots \quad (12)$$

where t is the time or trend variable (if any) and it is assumed that the error terms u_{1t} and u_{2t} are uncorrelated.

The null hypothesis of equation (11) is that: $\beta_1 = \beta_{2=\ldots=}\beta_m = 0$; implying that the lagged values of returns from futures (ΔlnF_{t-j}) do not belong in the regression. To test the null hypothesis, F test will be applied. If the computed F value exceeds the critical F value at the chosen level of significance, the null hypothesis will be rejected implying that futures return Granger-Causes spot return. This means that the past values of futures returns appear to contain information that is useful for forecasting changes in spot returns, beyond that contained in past values of spot returns.

The same logic is applied in equation (12). The null hypothesis is that: $\delta_1 = \delta_2 = \ldots = \delta_m = 0$; that is, the lagged values of spot returns (ΔlnS_{t-j}) do not belong in the regression. If the null hypothesis is rejected, spot returns Granger-Causes futures returns or the past values of the spot returns appear to

contain information that is useful for forecasting changes in futures returns, beyond that contained in past values of futures returns.

4. The Findings

The empirical results obtained from Unit Root tests, Cointegration tests, Vector Error Correction Model (VECM) tests and Granger Causality tests are presented separately into four parts. For the first part, the results from Unit Root tests are presented to check for stationary properties of all data series. The second part reports the results of Cointegration tests to see the long-run relationships between spot and futures prices. The results on short-run relationships between spot and futures prices are presented in the third part. And the last part presents the result from Granger Causality tests to investigate the directional relationship between returns from spot market and from futures market.

Unit Root Tests

The results from the unit root tests are presented in Table 3. For the test on level series, all computed values of ADF statistics for all series are found not to be significant at one percent significance level. Hence, the test fails to reject the null hypothesis of unit root at level of the series, which indicates that all series being studied are not I(0) or being non-stationary at level. Consequently, the unit root test has been carried out at first difference of the series. The results indicate that all ADF statistics for first difference series are significant at 1 percent. The results from unit root tests indicated that the series are stationary at first difference or I(1).

Table 3: Results from Unit Root Tests

Series	Augmented Dickey-Fuller			
	Level		First Difference	
	t-Statistics	p-value	t-Statistics	p-value
RSS3 Spot	-1.91627	0.3250	-53.54521	0.0001*
RSS3 Futures	-1.819745	0.3712	-33.58156	0.0000*
SET50 Spot	-2.065526	0.5644	-64.41354	0.0001*
SET50 Futures	-2.085150	0.5534	-66.85106	0.0001*

* Denotes 1% significance level (MacKinnon (1996) one-sided p-value)

Cointegration Tests

After all data series are found to be stationary at first difference, the cointegration test is the next step. In order to conduct the Johansen cointegration test, the lag length selection process is made by using VAR lag order selection criteria. There are many criteria available in this process. However, this study follows the Schwarz Information Criterion (SIC) by choosing the lag order that gives the lowest SIC.

The lag length for Johansen cointegration tests for RSS3 is three lags and for VECM test is one lag. For SET50 index spot and futures price series, the lag for cointegration tests is three lags, and three lags are used for VECM test.

The cointegration tests has been carried out between spot price series and futures price series for RSS3 and also for SET50 index by using those appropriate lags. The results from the Johansen cointegration tests are presented in Table 4. Trace statistics in Table 4 for the cointegration rank tests between RSS3 spot prices and RSS3 futures prices indicate that there is one cointegrating equation existing between the two variables at 5 percent significance levels. Similarly for SET50 index, the trace test also revealed that there is one cointegrating equation between SET50 index spot prices and SET50 index futures prices. These results confirm the existence of a long-run relationship between RSS3 spot prices and RSS3 futures prices, and between SET50 index spot prices and SET50 index futures prices.

For the cointegration tests by Engle-Granger method, the results leads to the same conclusion as Johansen method. There are long-run relationships between RSS3 spot prices and RSS3 futures prices, and between SET50 index spot prices and SET50 index futures prices (result is not reported).

Table 4: Results from Johansen Cointegration Rank Test (Trace)

Variables	Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value (5%)	Prob.**	Result
RSS3	None* At most 1	0.020349 0.00000593	91.61812 0.026418	12.32090 4.129906	0.0001* 0.8943	1 cointegrating equation at the 0.05 level
SET50	None* At most 1	0.046266 0.001152	183.1747 4.349476	25.87211 12.51798	0.0000* 0.6911	1 cointegrating equation at the 0.05 level

*Denotes rejection of the hypothesis at the 5% significance level
**MacKinnon-Haug-Michelis (1999) p-values

Vector Error Correction Model (VECM)
After the long-run relationships are found in each pair of variables, the next step is to investigate the short-run relationship by Vector Error Correction Model (VECM). The results from VECM tests are presented in Table 5 and Table 6.

From Table 5, the results from running VECM test on RSS3 data (Equation 9 and 10) show that the speed of adjustment coefficients φ_s and φ_f of both RSS3 spot price and RSS3 futures price equations are statistically significant at 99% level of confidence. A negative φ_s and positive φ_f leads to the prediction that when spot return exceeds the futures return, the spot return is forecasted to fall in the future and the futures return is forecasted to rise. The coefficient of the error-correction term of about -0.043871 suggests that about 4.3871% of the discrepancy between the spot return and futures return in the previous day was corrected today.

For the lead-lag relationship in RSS3 spot price equation, the result shows that the RSS3 futures return in prior period ($\Delta \ln F_{t-1,T}$) leads the current return of RSS3 spot ($\Delta \ln S_{t,T}$) with 99% level of confidence. The coefficient of 0.196606 indicates that a 1% increase in futures return of last day will lead, on average, to a 19.66% increase in spot return today. For RSS3 futures price equation, the result also shows that the RSS3 spot returns in prior period ($\Delta \ln S_{t-1,T}$) leads the current return of RSS3 futures ($\Delta \ln F_{t,T}$). The coefficient of 0.136098 shows that a 1% increase in spot return of last day will lead, on average, to a 13.6098% increase in futures return today.

This result implies that there is a bi-directional relationship or feedback effect between spot price and futures price of RSS3. Futures prices may contain information to predict the prices in the spot market, and vice versa. The new information appears to be reflected by daily RSS3 spot and futures prices simultaneously. This result is consistent with the results of Tan, Mark, and Choi (1992), Abhyankar (1998), Liu and Zhang (2006), Mukherjee and Mishra (2006), Choudhary and Bajaj (2012), and Fassas (2010).

Table 5: Results from VECM Test for RSS3

RSS3	$\Delta \ln S_{t,T}$	$\Delta \ln F_{t,T}$
Z_{t-1}	-0.043871 * (-7.41690)	-0.019781 * (-3.57481)
$\Delta \ln S_{t-1,T}$	0.099674 * (5.76869)	0.136098 * (8.41995)
$\Delta \ln F_{t-1,T}$	0.196606 * (10.4168)	0.045332 * (2.56746)
Constant	0.0000442 (0.20331)	0.0000618 (0.30408)

* Denotes that the values are significant at 1% level
t-statistics are presented in parentheses.

Table 6: Results from VECM Test for SET50 Index

SET 50 INDEX	$\Delta \ln S_{t,T}$	$\Delta \ln F_{t,T}$
Z_{t-1}	-0.017421 (-0.55690)	0.118828* (3.42916)
$\Delta \ln S_{t-1,T}$	-0.132429** (-2.46388)	0.195922* (3.29068)
$\Delta \ln S_{t-2,T}$	0.025046 (0.46022)	0.175059* (2.90392)

$\Delta lnS_{t-3,T}$	-0.061583 (-1.22703)	0.017063 (0.30691)
$\Delta lnF_{t-1,T}$	0.082729 (1.67358)	-0.237938* (-4.34530)
$\Delta lnF_{t-2,T}$	0.016799 (0.33529)	-0.123679** (-2.22843)
$\Delta lnF_{t-3,T}$	0.058473 (1.27421)	-0.030652 (-0.60299)
Constant	0.000159 (0.78845)	0.000156 (0.69751)

* Denotes that the values are significant at 1% level
* Denotes that the values are significant at 5% level
 t-statistics are presented in parentheses.

Table 6 presents the results of VECM test on SET50 index data. Only the speed of adjustment coefficient of φ_f in SET50 index futures price equation is statistically significant at 99% level of confidence. A positive φ_f led to the prediction that the SET50 index futures price will increase with 0.118828 speed of adjustment, when the actual SET50 index futures price is lower than the cost-of-carry fair value.

For the lead-lag relationship in SET50 index spot price equation, the result shows that SET50 index futures return in prior period ($\Delta lnF_{t-i,T}$) does not lead the current return of SET50 index spot ($\Delta lnS_{t,T}$) with a 95% level of confidence. However, for SET50 index futures price equation, both the first and second lag of SET50 index spot return ($\Delta lnS_{t-1,T}$ and $\Delta lnS_{t-2,T}$) lead the current return of SET50 index futures ($\Delta lnF_{t,T}$). The coefficient of 0.195922 shows that a 1% increase in spot return of yesterday will lead, on average, to a 19.59% increase in futures return today. The coefficient of 0.175059 shows that a 1% increase in spot return of last two days will lead, on average, to a 17.51% increase in futures return today. This means that under the SET50 index data, only spot price leads the futures price. This result is consistent with the results of Ehrich (1969), Shyy, Vijayraghavan and Scott-Quin (1996), and Zakaria and Shamsuddin (2012).

Granger Causality Test
Granger Causality test is conducted in order to test whether current and lagged values of spot return and futures return help predict future values of spot return and futures returns. Table 7 shows that, for RSS3 series, null hypotheses that futures return does not Granger Cause Spot return, and spot return does not Granger Cause futures return are both rejected at 1% significance level. Past values of the futures return appears to contain information that is useful for forecasting changes in the spot return beyond that contained in past values of the spot return, and also past values of the spot return appears to contain information that is useful for forecasting changes in the futures return beyond that contained in past values of the futures return. This implies bilateral causality between spot returns and futures return.

However, the results for SET50 index are found to be different. Only the null hypothesis that spot return does not Granger Cause futures return is rejected at 1% significance level. Only that past values of the spot return appears to contain information that is useful for forecasting changes in the futures return beyond that contained in past values of the futures return, but not vice versa. This implies that only unidirectional causality from spot return to futures return occus.

Table 7: Result of Granger Causality Test

Null Hypothesis:	Obs.	F-Statistic	Prob.
RSS3 series			
Futures return does not Granger Cause Spot return	4461	137.709	0.0000*
Spot return does not Granger Cause Futures return		83.1188	0.0000*
SET 50 index series			
Futures return does not Granger Cause Spot return	3775	2.04540	0.1054
Spot return does not Granger Cause Futures return		10.1773	0.0000*

 *Denotes rejection of the hypothesis at the 1% significance level

5. Summary and Conclusions
There are two main objectives in this paper. The first one is to empirically investigate the existence of long-run relationship between spot and futures prices in context of Thai Markets by using the daily

prices of the most active futures products from Agricultural Futures Exchange of Thailand (AFET) (now AFET is merged to TFEX) and Thailand Futures Exchange (TFEX). The Natural Rubber Ribbed Smoked Sheet No.3 (RSS3) and SET50 index are selected for this study because this paper intends to use the long-term data and these two products are the first product traded in each market. All data series are found to be stationary at first difference under the process of Unit Root tests. The Cointegration tests are then applied, using both Johansen and Engle-Granger tests to test for long-run relationships. Both Johansen and Engle-Granger methods lead to the same results showing that there are long-run relationships between RSS3 spot prices and RSS3 futures prices and between SET50 index spot prices and SET50 index futures prices. This implies that the spot and futures prices move together in the long-run. Therefore, the short-run deviations from the trend in long-run will be corrected (Manning and Andrianacos, 1993).

The second objective is to detect the short-run dynamic relationship between spot and futures prices in context of Thai Markets. The Vector Error Correction Model (VECM) is applied to investigate the speed of adjustment to long-run equilibrium after any short-run deviation and the short-run lead-lag relationship between spot and futures prices of both RSS3 and SET50 index. The results shows that RSS3 futures price leads the RSS3 spot price. In addition, the RSS3 spot price also leads the RSS3 futures price. However, in case of SET50 index, the results show that the SET50 index futures price does not lead the SET50 index spot price, while the first and second lag of SET50 index spot price have a predictive power on SET50 index futures price. The results are confirmed by Granger Causality Test.

The finding implies that, in the case of Thailand, there is a bi-directional relationship between the spot and futures prices of RSS3. This also implies that the new information appears to be reflected in daily RSS3 spot and futures prices simultaneously. This result is consistent with the results of Tan, Mark, and Choi (1992), Abhyankar (1998), Liu and Zhang (2006), Mukherjee and Mishra (2006), Choudhary and Bajaj (2012), and Fassas (2010). However, for SET50 index, the results indicates that only the spot prices leads the futures prices. This result is consistent with the results of Ehrich (1969), Shyy, Vijayraghavan and Scott-Quin (1996), and Zakaria and Shamsuddin (2012).

As the spot prices in both RSS3 and SET50 index can help predict its futures prices, it implies that, in the context of Thailand, the spot prices seem to have more predictive power to lead the futures prices than the other way round. This contradicts the findings from the majority of previous studies in the case of developed markets where futures prices lead spot prices. However, the findings from this study is consistent with the studies done by Zakaria and Shamsuddin (2012) where the opposite result as spot prices lead futures prices is reported in Malaysia. Chan, Chan and Karoryi (1991) states that this result can be interpreted that spurious leads are induced by infrequent trading in futures market. These results suggest that in the case of Thai Markets, the information flows from spot market to futures market. This may imply that the price in spot market in Thailand reflects the information faster than the futures market, or futures market in Thailand may not play a price discovery role for stock index price. Consequently, the futures stock index prices cannot be used as an indicator for the movements in the stock index in Thailand. The results can also imply that investors in Thailand may use information in spot market to trade in futures market, but not vice versa. This may be due to the fact that the investors in Thailand trade more actively in the stock market than in futures market, which is still considered new to Thai investors.

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FOREIGN FUND FLOWS AND ASYMMETRIC INFORMATION: THE CASE OF PACIFIC RIM EMERGING MARKETS IN ASIA

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Abstract: This study investigates the asymmetric information contained in the foreign investment by analyzing the influence of foreign fund flows on the daily returns of stock indices from 5 Pacific Rim Emerging Markets in Asian countries including Indonesia, Korea, Philippine, Taiwan, and Thailand. The data starts from December 2008, after the first Quantitative Easing was announced, to the end of 2016. The results provide supportive evidence of market efficiency and the possibility of demand or supply shock when the foreign fund flows come to the market. The existence of asymmetric informational advantage of foreign investors over the local investors is inconclusive. The findings suggest that the information on the expected foreign fund flows is the valuable information for investors would like to earn abnormal return

INTRODUCTION

The foreign capital movement to exploit new investment opportunities around the world becomes very common nowadays. Two important drivers are, first, the emerging capital markets are less restricted and more open to the global investors and, second, huge capital is inflated into the hand of professional investors as a result of the quantitative easing monetary policy by Federal Reserve at the end of 2008.

In general, stock could be sometimes priced different from their fundamental value. To gain positive abnormal return, investors need to invest their funds in undervalued assets and sell these assets when they are overvalued. The research by (Brennan and Cao 1997) indicates that investors purchase assets during the time of high return. Several investors believe that foreign investors know if the market prices are right or not when they decide to move their funds into or out of a particular market. Accordingly, foreign fund flows should provide some valuable information to use for the prediction of stock returns' direction, the decrease or the increase of the overall stock prices.

However, many investors and academic scholars also doubt of the ability to acquire better information of foreign investors over the local investors. The increase in the stock prices might be the result of the demand shock when a lot of foreign capital flows into the emerging market and the decrease in the stock price might be caused by the supply shock when these foreign investors move their funds out. Besides, the impact from foreign capital might not be significant any more since most emerging markets become more efficient. Numerous researchers try hard to find the truth but the results are diverse. Whether the foreign investors generally hold superior information over the local investors or not is unclear. More researches should be done in this area.

To examine the existence of the asymmetric information possessed by foreign investors, this research uses the data of foreign fund flows and stock market daily returns from the beginning of December 2008, after the first quantitative easing policy was announced, to the end of December 2016 from 5 Pacific Rim Emerging markets in Asian countries including Indonesia, Korea, Philippine, Taiwan, and Thailand to study the existence of the linkage between foreign fund flows and the stock daily returns. The daily data are purposely used in the analysis to examine the instant response of the stock return for the foreign flows.

For the study's contribution, this research's findings are somewhat important to both academic scholars and investors. The evidences concerning the existence of the impact from foreign fund flows can be used for the proving of the efficiency of emerging market. The in-depth evidence about the information containing in the foreign fund flows provides the reason for the market inefficiency or efficiency. The finding of the relationship between foreign fund flows and the stock market movement

informs investors whether they should pay attention on the information concerning foreign fund flows when they form their portfolio strategy.

LITERATURE REVIEW

Several research paper show the existence of the fund flows' impact on stock prices or returns and many studies point out the flow of foreign capital as the important factor that influences the stock market return in emerging markets, for example, (Clark and Berko 1997), (Bekaert and Harvey 2000), (Froot, O'connell et al. 2001), (Boyer and Zheng 2003), (Alexakis, Niarchos et al. 2005) (Richards 2005), (Oh and Parwada 2007) (Chai-Anant and Ho 2008).

Among the studies which try to explain the linkage between foreign fund flows and the performance of stock markets, two interesting groups are the group focusing on demand and supply shocks and the group pertaining to asymmetric information of foreign investors as the reasons for the influence.

The explanation of the first group is that when the foreigners carry fund to invest, the demand for stocks increases rapidly and pulls the stock prices up. Meanwhile, the immediate increase in supply when foreigners sell their shares to get money back brings about the decrease in the stock prices. According to (Warther 1995), the rapid change in demand for stocks may push up the stock prices in short-run only. Accordingly, in long-run the prices tend to move back to their fundamental values. (Frankel and Schmukler 1996) study fund flows in Mexico during the economic crisis and find that the surge of supply from investors' panic lowers the stock prices significantly. (Pavabutr and Yan 2007) claim that the unpredictable shock of foreign fund flows strongly impacts stocks' return in Thailand.

For the second group, the reason of foreign investment is because the foreign investors find that the stocks are underpriced. Later on, the stock prices will move up to the right price when most investors know. The purchase of these stocks, then, provides positively abnormal return. In contrast, when foreign investors know that the stock prices are overvalued, they would sell their stocks before the stock prices drop. In other words, foreign investors have informational advantage over local investors. Therefore; they could make proper decision before other group of investors. Their purchase, hence, signals that the stocks are undervalued and their sale signals that the stocks are overvalued. (Seasholes 2000) reports the asymmetric information held by foreign investors and suggests that their trade provides valuable information for predicting the stock market's return. (Grinblatt and Keloharju 2000) presents the supported evidence of superior asymmetric information in foreign investors' hands in Finland. (Cha and Lee 2001) conclude that fund flows are driven by investors' forecast on stocks' fundamental value. (Razin, Sadka et al. 1999) claim that, with superior information, foreign investors could sell their stocks at high price. (Ciner and Karagozoglu 2008) also report that foreign investors could earn higher return in their trading since they are well-informed investors.

Nevertheless, some researches provide evidence against the informational advantage of foreign investors. For instance, (Edelen and Warner 2001) (Chakrabarti 2001) claim that the foreign investors take action by using the return information from the emerging market.

The results from this study will contribute additional evidence on the influence of fund flows on the stock market performance and the reason for the effect.

DATA COLLECTION & RESEARCH METHODOLOGY
Data Collection

This paper collects the data of daily foreign fund flows and stock markets' daily returns during December 2008 to December 2016 of 5 Pacific Rim Emerging markets in Asian countries including Indonesia, South Korea, Philippine, Taiwan, and Thailand from Reuter Database. The period of study starts after the first quantitative easing was launched because the quantitative easing policy inflates a lot of money to be used for investment and causes the important movement of fund flows around the world. The scope of the data should be large and long enough to draw general conclusion on the existence of the linkage between foreign fund flows and the stock returns. The daily data are used for the investigation to find out the immediate impact from the fund inflow and outflow on the market return.

Research Methodology

First, the daily returns are calculated from the total return indices as follows:

$$R_{it} = \frac{(RI_{i,t} - RI_{i,t-1})}{RI_{i,t-1}} (1)$$

Where $R_{i,t}$ is the daily return of market i for period t
$RI_{i,t}$ is the total return index for period t
$RI_{i,t-1}$ is the total return index for period t-1

The correlation between the net fund flows and its lags and the daily return are calculated to provide additional evidence to support the existence of relevant information concerning the stock return provided by foreign fund flows. The correlation coefficient could be calculated with the following formula:

$$\rho_{R,NF} = \frac{\sum(R_{i,t} - \overline{R_{i,}})(NF_{i,t-n} - \overline{NF_{i,t-n,}})}{\left[\sum(R_{i,t} - \overline{R_{i,}})^2 \sum(NF_{i,t-n} - \overline{NF_{i,t-n}})^2\right]^{0.5}} \quad (2)$$

Where $NF_{i,t-n}$ is the net foreign fund flows of market i for period t
n is the lag of n periods

If the correlation coefficient is positive, the stock return and the fund flow move in the same direction. If the correlation coefficient is negative, the stock return and the fund flow move in the opposite direction. In addition, the closer the correlation coefficient to 1, the stronger the co-movement between the stock return and the fund flow in the same direction. The closer the correlation coefficient to -1, the stronger the opposite movement between the stock return and the fund flow in the different direction. For the analysis, the high correlation implies the existence of valuable information in the foreign fund flows.

In order to find in-depth evidence of the existence of the information contained in foreign fund flows, the relationship between the daily returns and the net foreign fund flows is presented under the regression model as follows:

$$R_{i,t} = \alpha + \beta_{i,t-0}(NF_{i,t-0}) + \beta_{i,t-1}(NF_{i,t-1}) + \ldots + \beta_{i,t-n}(NF_{i,t-n}) \quad (3)$$

The regression model would keep adding the next additional lag variable of foreign fund flows until the statistic insignificance appears on the model. If the longer lags of net foreign fund flows could explain the market daily return in the same direction as the net foreign fund flows, the fund flows should contain more information to be used for trader. The reverse impact of the lags may imply the demand or supply shock when foreign fund flows come to the market.

FINDING
Descriptive Analysis
The paper starts with the descriptive analysis which presents the characteristics of daily returns of the 5 Pacific Rim Emerging Markets in Asian countries in Table 1. Based on the stock indices' daily return data from the beginning of December 2008 to the end of December 2016, the average daily returns of stock indices are in the range of 0.04% to 0.08%. Indonesia and Thailand's average daily returns are at the top rank of 0.08%. The daily return of Indonesia's stock index is also ranked at the top for its maximum value, minimum value, standard deviation, and the kurtosis. For the returns' fluctuation, Taiwan's stock exchange has lowest standard deviation of 1.06%. All stock exchanges' standard deviations are between 1.06% to 1.18%. Interestingly, all of the indices' daily return data are skewed to the left and their kurtosis value are in the narrow range of 6.64 to 8.45, a lot higher than the normal distribution level of 3.00.

Table 1 Descriptive Data of the Daily Returns of 5 Pacific Rim Emerging Markets in Asia Countries during December 2008 to December 2016.

	INDONESIA	SOUTH KORIA	PHILIPPINE	TAIWAN	THAILAND
Mean	0.08%	0.06%	0.04%	0.04%	0.08%
Median	0.05%	0.00%	0.00%	0.03%	0.05%
Maximum	7.63%	5.70%	7.48%	6.74%	6.38%
Minimum	-8.88%	-6.75%	-6.22%	-5.58%	-5.64%
Std. Dev.	1.18%	1.09%	1.08%	1.06%	1.11%
Skewness	-0.037	-0.39	-0.10	-0.19	-0.11
Kurtosis	8.46	6.95	7.97	6.77	6.64

Source: Reuter Database

For the correlation of the daily return of the 5 Pacific Rim Emerging Markets, Table 2 shows that the movements of the daily returns of these markets are in the same direction. Most pairs of correlation are at the medium positive level ranging from 0.34 to 0.67. The relationship between the daily return of Taiwan's Stock Exchange and Philippine's Stock Exchange are strongest at the correlation coefficient of 0.67 and the relationship between the daily return of Thailand's Stock Exchange and South Korea's Stock Exchange is lowest, at the correlation coefficient of 0.34.

Table 2 The Correlation Coefficients of Daily Return of 5 Pacific Rim Emerging Markets in Asia Countries during December 2008 to December 2016.

	INDONESIA	SOUTH KORIA	PHILIPPINE	TAIWAN	THAILAND
INDONESIA	1	0.44	0.46	0.47	0.50
KORIA (SOUTH)	0.44	1	0.37	0.40	0.34
PHILIPPINE	0.46	0.37	1	0.67	0.40
TAIWAN	0.47	0.40	0.67	1	0.39
THAILAND	0.50	0.34	0.40	0.39	1

Source: Reuter Database

For the correlation of the net foreign fund flows of the 5 Pacific Rim Emerging Markets in Asian countries, Table 3 shows that the movements of net foreign fund flows in these countries are in the same direction. However, most pairs of correlation are at the low level ranging from 0.00 to 0.31. The relationship between the net fund flow movement of Taiwan's Stock Exchange and Thailand's Stock Exchange are strongest at the correlation coefficient of 0.31 and the relationship between fund flow movement Thailand's Stock Exchange and Taiwan's Stock Exchange is lowest, at the correlation coefficient of 0.00.

Table 3 Correlation Coefficients of Fund Flows' from 5 Pacific Rim Emerging Markets in Asian Countries during December 2008 to December 2016.

	INDONESIA	SOUTH KORIA	PHILIPPINE	TAIWAN	THAILAND
INDONESIA	1	0.01	0.10	0.22	0.23
KORIA (SOUTH)	0.01	1	0.00	0.17	0.11
PHILIPPINE	0.10	0.00	1	0.15	0.13
TAIWAN	0.22	0.17	0.15	1	0.31
THAILAND	0.23	0.11	0.13	0.31	1

Source: Reuter Database

Analysis for Informational Asymmetry
The analysis for informational asymmetry begins with correlation analysis of the stock indices' daily returns and the lag of net foreign fund flows (up to 3 days). Table 4 reports that, in general, the value of correlation coefficients dropped rapidly. The phenomenon might imply that the value of information from foreign fund flows disappear very fast. It might not be useful for investors to form investment

strategies which rely on the past fund flow information. In other words, stock markets appear to be efficient. The stock prices quickly reflect relevant data conveyed in foreign fund flows. The past information is not quite useful for investors.

Table 4 Correlation between Fund Flows and Lags of Fund Flow and Daily Market Return of 5 Pacific Rim Emerging Markets In Asian Countries during December 2008 to December 2016.

	INDONESIA	SOUTH KORIA	PHILIPPINE	TAIWAN	THAILAND
NF_{t-O}	0.26	0.09	0.06	0.58	0.26
NF_{t-1}	-0.00	-0.01	-0.02	0.06	0.10
NF_{t-2}	-0.01	-0.06	0.00	-0.03	0.03
NF_{t-3}	-0.02	-0.01	-0.03	-0.02	-0.02

Source: Reuter Database

Next, the regression analysis is conducted. The mix of the regression results on the significance of the lag of daily foreign fund flow data is found. Table 5 shows that the lags of daily fund flows up to 4 days are statistically significant for explaining the daily return of Taiwan's Stock Exchange and one day lag of daily fund flows are statistically significant for explaining the daily return of Indonesia's stock market. However, the beta coefficients of the lags have negative signs which are different from the beta coefficients of the original foreign fund flows. The result indicates the supportive evidence of demand or supply shock occurring when foreign fund flows hits the markets. For South Korea, Philippine and Thailand's stock market, none lag are statistically significantly useful to be included in the regression model. Overall, the results do not provide enough evidence for the existence of the informational advantage of foreign investors over local investors. The existence of asymmetric informational advantage of foreign investors over the local investors is still inconclusive.

Table 5 The Multiple Regression Models of the Daily Market Return From Each 5 Pacific Rim Emerging Markets In Asian Countries against Its Net Foreign Fund Flows and the Lags of the Net Foreign Fund Flows during December 2008 to December 2016

	INDONESIA	SOUTH KORIA	PHILIPPINE	TAIWAN	THAILAND
C	0.000617**	0.000588**	0.000315	8.06E-05	0.000942***
NF_{t-O}	3.97E-09***	4.00E-08***	3.19E-07***	1.15E-06***	1.36E-06***
NF_{t-1}	-1.06E-09***			-3.62E-07***	
NF_{t-2}				-1.77E-07***	
NF_{t-3}				-5.47E-08*	
NF_{t-4}				-1.58E-07***	
Adjusted R^2	0.068904	0.008447	0.003348	0.456510	0.066072

* Significant at 0.10   ** Significant at 0.05   *** Significant at 0.01

CONCLUSION

The paper uses daily data to test the influence of foreign fund flows on the return of stock market in 5 Pacific Rim Emerging Market in Asian countries including Indonesia, Philippine, South Korea, Taiwan, and Thailand. Both correlation and regression analysis indicates the statistically significant relationship of foreign fund flows and the market return.

The lags of daily foreign fund flows are introduced into correlation and regression analysis. The correlation analysis shows that the influence of foreign fund flows quickly disappears. This evidence implies the high level of market efficiency in these markets. Nevertheless, the regression analysis does not show the unique results in overall markets. These lags are statistically meaningful only in the stock exchanges of Indonesia and Taiwan. The reverse signs of the lags' beta coefficients indicate the possibility of demand or supply shock when the foreign fund flows come to these two markets. Overall, the existence of asymmetric informational advantage of foreign investors over the local investors is inconclusive.

For investors' application, the research results suggest that the past information on foreign fund flows might not be useful in forming good investment strategies. However, the information on the expected foreign fund flows is the valuable information for investors would like to earn abnormal return.

The further studies concerning the influence of foreign fund flows on the stock return should be done and the studies should include more stock markets to produce a clearer result. In addition, the backward test should be applied to test for the reverse influence of the return on foreign fund flows.

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DIVERSITY IN BOARDROOM AND FIRM VALUE IN MALAYSIA

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Abstract: This study aims to determine the effect of board diversity towards firm value in Malaysia. The composition of the board diversity of interest are gender, age and ethnic and it is consistent with the disclosure of board and workplace diversity required by Bursa Malaysia on public listed companies. The study theorized that the diversity of the board of directors is related to firm value which can be explained base on the resource dependence theory and agency theory. Using 200 public listed companies from year 2009 to 2013 as the targeted sample, the empirical evidence shows a positive impact between gender and ethnic diversity of the board directors on firm value, and in contrast, the age diversity on firm value has negative effect. The results suggest that the enforcement of gender quotas and ethnic heterogeneity in boardroom will be beneficial to the firm as it can increase the firm value. On the other hand, the negative impact of age diversity on firm value suggests that the existence of generation gap will slower down the decision making process. This study is timely and relevant to both national and international movement towards board and workplace diversity agenda. The implication of the study implies that the board diversity characteristics (gender, age and ethnic) will have different impact on firm value.

Keywords: Board Diversity, Gender Diversity, Age Diversity, Ethnicity, Market Capitalisation, Economic Value Added

1. INTRODUCTION

Board of director is the pillar of an organisation. They govern the company, make decision and lead the company to achieve its' mission. Thus, the composition of board plays an important role in company's achievement. In recent years, there are lots of debates on the necessity to have diversity in board composition and the implementation of regulation on board diversity has been performed in several countries. For example, the New Zealand Exchanges and the Australian Securities Exchange Corporate Governance Council have required their listed entities to include diversity policies in their annual reports. The Hong Kong Exchanges and Clearing Limited required the board of listed companies to have a balance of skills, experience and should have a policy concerning board diversity. Likewise other countries, Malaysia is not exempted in implementing this policy. Prime Minister Datuk Seri Mohammad Najib Tun Abdul Razak on 27th June 2011, announced that the corporate companies to have a minimum of 30% female representatives holding decision making post for a better gender equality. The focus on board diversity policy was also supported by National Annual Corporate Reports Awards (NACRA) as announced at NACRA 2014 that they would introduce a new award category for Inclusiveness & Diversity Reporting for NACRA 2015. However, the issues of diversity in boardroom is not only a question on equality or to fulfil the regulatory pressure. More than that, is it value relevance to the firm?

Therefore, the main issue focuses in this study is to identify whether diversity in boardroom increases firm value. The study will provide insights to the existing literature in different ways. First, most of the previous studies on board diversity focus on one or two board diversity characteristic, for example; gender diversity (Gallego-Álvarez, García-Sánchez, & Rodríguez-Dominguez, 2010); age diversity (Dagsson, Larsson, & Salberg, 2011); ethnic and gender diversity (Carter, D'Souza,Simkins & Simpsons, 2010) and gender and nationality diversity (Schwizer, Soana, & Cucinelli, 2013). This study offers a new insight by investigating three board diversity characteristics (gender, ethnicity and age) that has been highlighted by Bursa Malaysia disclosure requirement. Second, this study will also provide another perspective on the association between board diversity and firm value by using

market capitalisation (MC) and economic value added (EVA) as a measurement of firm value. When compared to most of previous study that employed accounting measurement such as return on asset (ROA) and market value such as Tobin Q, the use of MC and EVA in measuring the firm value will reflect value based measurement. MC is total market value of all the company's outstanding stock which computed by multiplying the share price with the number of shares. On the other hand, EVA is a useful tool and the most important performance measure on value creation by the management for the owners (Shil & Paramanik, 2009). However, despite the advantages of EVA, the developing countries is still far behind compared to others developed countries in using value based performance to measure their firm value (Mamun & Mansor, 2012).

The remainder of this paper is organised as follows. Section 2 discusses the theories, reviews the literature and states the hypotheses, Section 3 explains the research methodology, Section 4 presents the results and Section 5 concludes the study.

2. THEORIES

This study employs resource dependence theory (RDT) and agency theory in order to explain the relationship between the board diversity and firm value (Carter et.al, 2010).

2.1 Resource dependence theory (RDT)

The RDT states that board members provide tangible and intangible assets and that they are the primary factors in influencing the performance of a firm (Pfeffer & Salancik, 1978). It is suggested that a diverse board will have different approach in achieving the firm's vision and different styles of solving problem. Also, they have different access on resources as they come from different experience and expertise.

2.2 Agency theory

In the agency theory, board of directors represent the primary internal mechanism for controlling managers' opportunistic behaviour (Fan, 2012). Controlling for opportunistic behaviour of manager is essential to reduce agency cost which would possible to incur when the management acts on behalf of their own interest rather than prioritizing the welfare of shareholders. Therefore, the reduction in agency cost will lead to the improvement in firm value (Prihatiningtias, 2012). Specifically, it is suggested that a more diverse board would be able to monitor managers better as board diversity increases the board independence (Carter et al., 2010).

2.3 Literature Review

In this study, the board diversity is referred as heterogeneity in board of director characteristics which build a variety of knowledge, behaviour and ideology in director's composition. Zainal and Zulkifli (2013) pointed that different characteristic in demographic factors are related to the visible or readily detectable attributes including ethnicity and gender, while cognitive diversity relates to the unobservable or invisible attributes of directors, such as educational, functional and experience.

2.3.1 Gender Diversity and Firm Value

Gender diversity refers to the process of exploiting various characteristics and skills in male and female (Julizarman and Mohamad, 2012). Survey by Bank Negara show that the percentage of women in senior position in 200 companies listed on Bursa Malaysia in November 2011 was only 7.6% (Amran, Ku Ismail, Aripin, Hassan, Abdul Manaf & Abdullah, 2014). The findings depicts that there is still a long journey for Malaysia to achieve minimum 30% women participation on board. However, although the number for women participation in board of director position crawl slowly, it is expected that it will increase due to serious government effort in implementing this policy. Moreover, the gender diversity issues have attracted lots of attention from researchers for instance whether gender diversity affect innovation (Chen, Leung & Evans, 2015) and lead to risk taking (Loukill & Yousfi, 2015). Not limited to that, researchers are also interested to know whether gender diversity affect firm value. In Malaysia context, Abdullah, et al. (2013) found a positively significant relationship between the existing of women directors and ROA. Meanwhile, utilising a sample of Asian firms from Hong Kong, South Korea, Malaysia and Singapore, Low, Roberts and Whiting (2015) showed that as the numbers of female directors on the board increased, return on equity (ROE) will be higher as well. Garcia Meca, Sanchaz and Ferraro (2015) conducted a study and analysed the effect of gender and nationality diversity on performance in bank sectors. By using sample of 159 banks within 9 countries for the years of 2004 until 2010, they found that gender diversity positively influenced bank performance, whereas national diversity inhibits it. Based on the theories and review of literatures, this study proposes the following hypothesis:

H1:   There is positive significant impact between board gender diversity and firm value

2.3.2 Ethnic Diversity and Firm Value
Malaysia is one of the most ethnicity diverse countries, consist of 61.5% Bumiputera (Malay), 21.0% Chinese, 6.3% Indian, 0.9% others and 10.3% of non-citizen (Department of Statistic, Malaysia, 2017). Being a multi-racial country, all companies in Malaysia should make fullest use of this opportunity as increased in ethnic diversity could improves firm value because having different ethnic in board forces directors to express their ideas clearly and logically, which in turn will enhances the quality of decision making in the firm (Abdul, Azmi, & Barrett, 2013). Other studies have investigated the impact of board ethnic diversity on firm performance instead of firm value, for example studies conducted in Malaysia by Abdul et al. (2013) revealed that board ethnic diversity enable to contribute to firm performance. Another study conducted in Malaysia by Abdullah and Ismail (2013) showed mixed results. The ethnic diversity reported a positive influence on ROA but showed insignificant result on Tobin Q. Therefore, this study develops the following hypothesis based on the argument from theories and prior studies:
H2: There is positive significant impact between board ethnic diversity and firm value

2.3.3 Age Diversity and Firm Value
Another characteristic of board diversity investigated in this study is age diversity. If the board of directors are comprise of same age group, the decision making and leadership styles of the board might be biased towards a particular age group as they might have similar experience. Therefore, hiring board of directors from various age groups will help the board to gain different information from directors who can understand better the sensitivity and the need of others within their age group. In the context of age diversity, Fan (2012) has found that board age diversity is not significant towards ROE and Tobin Q. Another research by Dagsson et al. (2011) had investigated the impact of board age diversity on firm performance for the companies listed on OMX Stockholm Exchange between 2005 and 2009. Their study ended with mixed findings whereby the board age diversity was positive and significant on ROA and became insignificant on Tobin Q. A study by Abdullah and Ismail (2013) showed that board age diversity negatively affected ROA, which indicated that the higher the age diversity, the higher the profit in accounting-based measurement. Based on the mix findings from the above discussion, it is hypothesised that:
H3: There is no association between board age diversity and firm value

3. RESEARCH METHODOLOGY
Data were collected from the annual reports of 200 public listed companies in Malaysia from year 2009 to 2013. Malaysia as the context of study represents an interesting case for board directors' diversity because of several reasons. First, most of companies in Malaysia have been dominance by family owned business whereby in their normal practice the position for directors is inherited from one generation to another generation. The implementation on board diversity agenda for example heterogeneity in ethnic will be contradict to their normal practice as they usually prefer their family members to be in the board. Second, the increase number of female students in higher education institution in Malaysia is expected to contribute to the gender diversity in boardroom composition. Based on the statistic by Malaysia Informative Data Centre, Department of Statistic Malaysia, there are 663,349 female students in higher education institution in year 2013 compared to 513,897 male students. As women have opportunity in gaining placed in higher education there is undeniable that women will also have potential to participate in decision making process and play their role as board of director. However, it is interesting to find out whether Malaysia is able to break the 'glass ceiling' of male dominance in the board of directors.

The sampling was based on stratified random sampling method. The companies were stratified in accordance to their industry and also the percentage for each industry. Then, the number of company was determined from each industry randomly. The "Mathematic and Trigonometry, Rand' function in Excel was used to conduct the random process for selecting the companies. The use of computer in randomization process will enable the study to avoid bias and conflict of interest in selecting the sample.

Model
In this study two equations have been developed to test hypotheses H1, H2 and H3.
Firm Value (MC) = $\beta_0 + \beta_1$ GENDER + β_2 ETHNIC + β_3 AGE + β_4BODSIZE + $\beta5_6$ BODIND + β_6BODMEET + $\beta7_8$ ACCSIZE + β_8 ACCIND + β_9 ACCMEET + β_{10}SUB + β_{11}YEAR DUMMIES + β_{12}INDUSTRY DUMMIES + e................   (1)

Firm Value (EVA) = $\beta_0 + \beta_1$ GENDER + β_2 ETHNIC + β_3 AGE + β_4BODSIZE + β_5 BODIND + β_6 BODMEET + β_7 ACCSIZE+ β_8 ACCIND + β_9 ACCMEET +β_{10}SUB + β_{11}YEAR DUMMIES+ β_{12}INDUSTRY DUMMIES + e…………….. (2)

Whereby,

Firm value measured by MC in equation 1 and firm value measured by EVA in equation 2; GENDER (gender diversity) measured using percentage of female representation on the board; ETHNIC (ethnic diversity) measured using Blau's Index of variety in ethnic diversity (Malay, Chinese, Indian and others); AGE (age diversity) measured by dispersion in age of the board members using coefficient of variation; BODSIZE (board size) measured as total number of directors on the board in a particular financial year; BODIND (board independence) measured using the ratio of independent director to total directors; BODMEET (board meeting) measured using number of meetings during the fiscal year; ACCSIZE (size of audit committee) measured using the number of members serving on the audit committee; ACCIND (independent audit committee) measure using the number of members serving on the audit committee; ACCMEET (audit committee meeting) is measured by the frequency of audit committee meetings during the year; SUB (substantial shareholder) measured as shareholder owns more than 30% of the company's share.

4. RESULTS AND DISCUSSION
4.1 Descriptive Analysis
Table 1 shows descriptive statistics for board diversity characteristics, board mechanism, audit committee mechanism, substantial shareholder and firm value (natural log MC and EVA). The mean for gender, age and ethnic is 0.0840, 0.1589 and 0.3757 respectively. The minimum values of gender and ethnic is 0.000 which reveals there are companies that are homogeneous in gender and ethnic. In addition board size shows a mean value of 7.475 with minimum of 4.00 directors and maximum of 13.00 while the mean for board independence is 0.446 ranges from 0.25 to 0.80. Furthermore, the mean for frequency of board meeting and audit committee meeting is 5.50 and 4.96. Minimum size of audit committed in this study is 2.00 and maximum size of audit committee is 5.00. The mean for substantial shareholder is 0.55. In terms of firm value, the two measurements adopted in this study are MC and EVA. MC is reported in two values which is in Ringgit Malaysia (RM) and natural log. This study found that the mean for MC is 1,400,000,000 while the mean for natural log is 12.96.

Table 1: Descriptive Statistics

Variables	Mean	Standard Deviation	Min	Max	25% Perc	50% Perc	75% Perc
GENDER	0.0840	0.1097	0.0000	0.4000	0.0000	0.000	0.1429
AGE	0.1589	0.0455	0.0842	0.2493	0.1226	0.1554	0.1969
ETHNIC	0.3757	0.1938	0.000	0.8300	0.2500	0.4100	0.5100
BODSIZE	7.475	1.8206	4.0000	13.0000	6.0000	7.0000	9.0000
BODIND	0.4462	0.1236	0.2500	0.8000	0.3300	0.4300	0.5000
BODMEET	5.503	1.9570	3.000	14.000	4.000	5.000	6.000
ACSIZE	3.247	0.529	2.000	5.000	3.000	3.000	3.000
ACIND	0.8870	0.1465	0.6700	1.000	0.7500	1.0000	1.0000
ACMEET	4.9620	0.9238	4.0000	9.0000	4.0000	5.0000	5.0000
SUBSTANTIAL	0.5513	0.1855	0.00	0.99	0.44	0.56	0.68
MC (RM'000)	1400000	5400000	560000	59400000	48400000	126000000	398000000
MC (NAT LOG)	18.938	1.8208	16	25	18	19	20
EVA	12.956	36.16	-7	249	0	2	7

4.2 Regression result
Data were analysed using pooled Ordinary Least Square (OLS) in STATA software programme. 4 models were developed and presented in Table 2. All models were enhanced with 'robust' command to encounter the heteroscedasticity problem. Model 1 represents the result for the relationship between board mechanism and MC. The analysis found that board size (coef = 0.341, p < 0.01), frequency of board meeting (coef = 0.138, p <0.01) and substantial shareholder (coef = 5.77, p < 0.01) are positively associated with MC while board independence (coef =-0.447, p > 0.05) is insignificant. With R square value of 0.2760, all industries except consumer product industry show a positive impact on MC. Meanwhile, Model 2 included audit committee mechanism. Both size of audit committee (coef =0.135, p > 0.01) and frequency of audit committee (coef =0.074, p > 0.05) are insignificant on MC while independence audit committee (coef = -1.685, p <0.10) show a negative

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effect. The findings for board mechanisms proxies are in line with the result in Model 1. Then, the board diversity characteristics were incorporated in Model 3. With R squared value of 0.313, the result shows a positive association between gender (coef = 0.929, p <0.10), ethnic (coef = 1.034, p<0.01) and MC. However, the age diversity (coef = -2.382, p < 0.01) is negatively significant on MC. The proxies for board and audit committee mechanisms shows a consistent results with Model 1 and Model 2. Finally Model 4 was based on the different measurement of board gender, age and ethnic diversity. The results are consistent with Model 3 with R squared improved to 0.314.

Table 2: Board diversity and firm value (MC)

	Predict sign	MODEL 1 Coef t statistic	MODEL 2 Coef t statistic	MODEL 3 Coef t statistic	MODEL 4 Coef t statistic
Board Diversity					
GENDER	+			**0.929** **1.93***	**0.273** **2.66****
ETHNIC	+			**1.034** **4.48****	**0.960** **3.43****
AGE	+			**-2.382** **-2.27****	**-1.380** **-3.41****
Control Variables					
ACSIZE	+		0.135 1.07	0.122 0.99	0.114 0.93
ACIND	+		**-1.685** **-4.52****	**-1.659** **-4.55****	**-1.592** **-4.32****
ACMEET	+		0.074 1.07	0.695 0.99	0.668 0.96
BODSIZE	+	**0.341** **10.33****	**0.342** **9.67****	**0.330** **9.41****	**0.314** **9.04****
BOARDIND	+	-0.447 -1.17	0.091 0.21	-0.119 -0.27	-0.118 -0.27
BOARDMEET	+	**0.138** **4.19****	**0.099** **2.76****	**0.106** **2.95****	**0.106** **2.91****
SUBSTANTIAL	+	**1.737** **5.77****	**1.708** **5.82****	**1.529** **5.18****	**1.483** **5.00****
CONSUMER	+	-0.368 -0.24	-0.100 -0.69	-0.119 -0.83	-0.069 -0.48
PROP/CONS/IPC	+	**0.321** **2.22****	**0.380** **2.61****	**0.392** **2.66****	**0.440** **2.94****
PLANT/TECH/HOTEL	+	**0.654** **4.50****	**0.559** **3.66****	**0.629** **4.02****	**0.656** **4.15****
TRAD & SERV	+	**0.712** **4.61****	**0.725** **4.77****	**0.685** **4.55****	**0.718** **4.84****
_CONS	+	**14.60** **36.70****	**15.29** **27.16****	**15.47** **26.88****	**15.37** **27.78****
N		1000	1000	1000	1000
F /Wald chi^2		30.17	24.45	22.33	22.60
PROB > F		0.00	0.00	0.00	0.00
R-SQUARED		0.2760	0.2968	0.3131	0.3137

***,**, and * indicate that the variable is significant at 0.01, 0.05 and 0.10 respectively

The analysis was continue by supersede the measurement of firm value from MC to EVA. Likewise the previous analysis, 4 models were developed. The results are presented in Table 3. The findings show that all the proxies of board mechanisms are positive and significant on EVA. In addition, substantial shareholders (coef = 21.21, p <0.01) also show a positive and significant impact on EVA. From industry perspectives, property, construction and infrastructure project industry (coef = 4.719, p < 0.10) is positively significant while trading and services industry is negatively significant on EVA. Other industries are insignificant on EVA. Model 2 of Table 3 shown that for audit committee mechanism only independent audit committee (coef = -15.35, p < 0.10) is significant on EVA (negative direction) while size of audit committee (coef =-0.371, p > 0.10) and frequency of audit committee (coef = -1.37, p > 0.10) are insignificant. In model 3, the results for board diversity

characteristic is consistent with the result when MC was employed as a measurement for firm value whereby gender (coef =25.18, p<0.05) and ethnic (coef = 8.21, p<0.05) are positively significant on EVA while age diversity (coef = -71.15, p < 0.01) is insignificant. The finding for proxies of board and audit committee mechanism in this Model is consistent with the findings in Model 1 and Model 2. Subsequently, Model 4 was generated using other alternative measurement for board gender, ethnic and age diversity. It is found that ethnic (coef = 7.67, p > 0.10) and independence audit committee turn out to be insignificant while the findings for other variables are consistent with Model 1, 2 and 3. The R square for regression analysis using EVA as firm performance's measurement is lower compared to R square when firm performance measured using MC. The highest R square in table 3 is for Model 3 with value of 0.108.

Table 3: Board diversity and firm value (EVA)

	Predict sign	MODEL 1 Coef t statistic	MODEL 2 Coef t statistic	MODEL 3 Coef t statistic	MODEL 4 Coef t statistic
Board Diversity					
GENDER	+			25.18 2.60**	5.131 2.42**
ETHNIC	+			8.21 1.90**	7.67 1.46
AGE	-			-71.15 -3.31***	-15.95 -2.49**
Control Variables					
ACSIZE	+		-0.371 -0.11	-0.601 -0.18	-0.597 -0.18
ACIND	+		-15.352 -1.96**	-17.045 -2.20**	-14.39 -1.86
ACMEET	+		-1.37 -0.66	-1.578 -0.75	-1.576 -0.75
BODSIZE	+	5.723 5.86***	5.948 5.36***	5.817 5.24***	5.532 5.10***
BOARDIND	+	28.11 2.78**	35.86 2.86**	33.74 2.74***	33.74 2.70***
BOARDMEET	+	3.605 3.82***	3.776 3.17***	3.767 3.17***	3.88 3.23***
SUBSTANTIAL	+	21.21 4.03***	20.49 3.90***	17.06 3.39***	17.53 3.38***
CONSUMER	+	0.142 0.06	0.106 0.965	-0.733 -0.30	0.426 0.17
PROP/CONS/IPC	+	4.719 1.67*	5.417 1.97**	5.469 1.97*	5.919 2.11**
PLANT/TECH/HOTEL	+	-4.748 -2.52**	-4.933 -2.47**	-4.776 -2.23**	-3.981 -1.89*
TRAD & SERV	+	3.725 1.28	4.119 1.38	2.992 1.03	3.999 1.34
_CONS	+	-76.91 -5.91***	-60.98 -4.53***	-47.50 -3.72***	-58.71 -4.39***
N		1000	1000	1000	1000
F /Wald chi^2		6.47	5.28	4.83	4.72
PROB > F		0.00	0.00	0.00	0.00
R-SQUARED		0.1639	0.1681	0.1803	0.1753

***,**, and * indicate that the variable is significant at 0.01, 0.05 and 0.10 respectively

4.3 Discussion

This study was set out to address the question on whether board diversity has impact on firm value. Based on the results in Table 2 and 3, it is suggested that board gender diversity has a positive effect on firm value and that this is consistent with the study conducted by Garba and Abubakar (2014). Thus, the results support the first hypothesis. This outcome also supports the relationship between agency theory and RDT in understanding the board of directors' diversity and firm value. From agency theory perspective, it is argued that gender diversity will have better monitoring systems and it

increases board independence. A possible explanation for the argument is that gender diversity will minimise the dominance of homogeneous gender in using their power for decision making. For instance, female (male) directors might review the decision that usually conquer by male (female) director and this will restrict the male (female) power in governing the company. From RDT, the presence of different gender is expected to bring new ideology as they have different way of thinking. This process promotes to better governance and added value to the company. In this study, it was found that board ethnic diversity is positively associated with firm value and this supported the second hypothesis. This findings is in line with the findings reported by Abdul et al. (2013). It indicates that the ethnic heterogeneity in board composition is associated with firm value. It is believed that board ethnic diversity is more independence because they usually do not have close relations among members compared to homogeneous where in certain circumstances; the board members have family relationship. Another possible reason was by Cheong and Sinnakkannu (2014) when they have found that board ethnic diversity received a positive response from public as it is aligned with racial equality. Ethnic diversity in boardroom reflects diversification in terms of background and ideology. This diversification assists in creating new innovation and exploring alternatives. Equality in board ethnic composition also improve the firm reputation by signalling that company have multi-ethnic representatives. However, the results from table 2 and 3 shows that age diversity is negatively associated with firm value and the third hypothesis is not supported. The findings indicate that greater age diversity leads to lower firm value. A possible explanation for this result is that age diversity create a generation gap between younger and elderly board members which might drive difficulties in communication, coordination and decision making. Also, these factors are expected to reduce the business operation and management effectiveness.

5. CONCLUSIONS AND RECOMMENDATIONS

In conjunction with the demand on worldwide policy towards boardroom diversity, increasing attention has been given by researchers to explore various angles of board diversity. Diversity in boardroom becomes a debatable topic due its inconsistent impact on firm's efficiency. This study concludes that gender and ethnic diversity has positive and significant influence on firm value while age diversity has negative impact on firm value. This study offers managerial implication to the board diversity agenda in Malaysia as the positive association between gender diversity and ethnic diversity on firm value. This result will encourage the implementation of gender quotas as it was found to be value added to the company. On the other hand, the ethnic diversity in board composition will promotes the racial equality in the society which relevant to the multi-ethnic population in Malaysia. Several limitations occurred in the study. Firstly, the data was collected before implementation of the policy on the disclosure of board and workplace diversity in Malaysia. Future study might consider to look at differences in the data before and after the implementation of the policy. Secondly, the study only focuses on three board diversity characteristics which are gender, age and ethnicity. It is worth to add other characteristics in the diversity of board of directors such as education and nationality because both characteristics are important factors to affect skills, knowledge and resources of director.

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OPEN MARKET REPURCHASES AND FIRM STOCK RETURN VARIATION: EVIDENCE IN MALAYSIA STOCK MARKET

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Abstract: The main research objective of this research paper is to examine the effect of private information, which is extracted from stock price, on firm's open market repurchases (OMRs) activity. The finding of study is to provide evidence of presence of managerial market-timing of repurchases whereby managers could use variation of firm stock return to time open market repurchase. Evidence is however found only in the subsample analysis where target sample is separated to two subsamples periods and test separately based on stock market performance. The finding of the 1st subsample (Q12008-Q42013) for OMRs activity indicates that variation of stock return and firm size significantly and positively explains OMRs activity. The finding of 1st subsample is robust in terms of random and fixed effect model. It indicates that managers should observe and learn from firm-specific variation in stock return during financial crisis and recovery periods when performing open market repurchases. In line with past empirical findings, firm leverage and free cash flow are not significant. The result of the 2nd subsample (Q12014-Q42015) for OMRs activity shows that variation of firm's stock return is no useful for managers to time repurchase. Both findings may indicate that managers would have more chances in timing repurchase during market downtime.

Keywords: Open Market Repurchases, Stock Return Variation, Price Non-synchronicity, Informed Trading, Market Timing, Malaysia

1. INTRODUCTION

There is a commonly and strongly-held belief in finance literature that corporate insiders know more about their firm or possess more information than outsiders. Effects and implications of corporate insider trading are well-documented in the literatures. It is undeniably possible yet reasonable that corporate outsiders perhaps possess information that is unknown to insiders. That piece of information could allow this latter group to make more informed and better decisions. This argument should not be ruled out. More generally, investment bankers, professional fund managers, investment analyst, industrial experts and financial news journalists may be superior than firms at analyzing and interpreting publicly-available information in multi-perspectives, often more superior to firms by looking things at broader view and producing useful private information from analysis. Advancement of information technology and system make financial database available and accessible for analysis and research, is a catalyst for information production. Conversely, managers' time and endeavor could have been trapped in dealing with their firm-specific issues, resulting losing (divert) their attention and focus on (from) their competitors and the industry. Firms often seek for and recruit advisors, consultants and expertise to attain information that could be crucial and significant in the decision-making process. For instance, firm could observe its stock price to see recent development and to find comparison to its competitors in the industry.

An important channel for manager obtaining novel information on their firm is based on the observation of the level and dynamics of the firm's valuation on secondary financial markets (Bond, Edmans & Goldstein, 2012). As emphasized by Chen, Goldstein & Jiang (2007), stock prices can carry private information owned by market traders on the products demand, the investment opportunities, the competitive environment in which it operates, and the effects of the past decisions made by managers. Not denying that investors and market traders may have lack of detailed information, such as business model, strategy, innovation and technology used. Still, stock market may deliver information impounded in stock price that is auxiliary to the information held by the firm's managers. Thus, stock market is not simply an exchange in that it could influence decision making in the real side of the economy via an informational channel. The article is designed the following sections; the second will describe literature review and research framework. The data collection procedure and the methodology discussion will be explained in Section Three. The next part includes the empirical results in addition to the discussion of the finds. Final section will explain the conclusions of the study.

2. LITERATURE REVIEW

If variation of firm's stock return is useful to learn in the context of stock repurchase, one may ask: could managers learn and use information conveyed by firm's stock prices to take advantage of stock market? The rationale of firm performing stock buyback instead of cash dividend based on information-signaling hypothesis, documented mostly in finance literature, is that stock repurchase is perceived as a signal to manager's belief that firm's stock is undervalued. However, it could be also due to different motives such as stabilizing stock price, altering capital structure and cumulating shares for employee stock option plan. Further, how do managers know the current stock price is lower enough to perform stock repurchase even though they know the stock is currently undervalued? The market-timing hypothesis contends that managers purchase stock when they own more favorable information than when not buying stock. We do not oppose that hypothesis, instead we address the issue of poor managerial timing on repurchase. Leading to a key question of whether private information is useful to tell managers the right time to repurchase.

Brockman & Chung (2001) examine in managerial timing ability hypotheses in open market repurchases (OMRs) and find that managers could time open market repurchase (OMRs) via private information which is gauged by widening bid-ask spread. Ginglinger & Hamon (2007) find that stock repurchase significantly reduce liquidity of the market based on reduced bid-ask spread after repurchase (support liquidity hypothesis and hence reject the market-timing hypothesis). Opposing to the finding of Brockman & Chung (2001), Ginglinger & Hamon (2007) claims that share repurchase largely reflect contrarian trading rather than market timing.

The post-repurchase firm performance and stock performance are ignored in their research model. Lie (2005) documents evidence of operating performance improvement in post-actual repurchase suggesting that actual repurchases, and not announcements itself, foretell firm's future performance improvements. Chan, Ikenberry & Lee (2007) report evidence of abnormal stock performance following buyback announcements. Evidenced by Bozanic (2010) that the amount of share repurchase is negatively related to the stock return of the previous month but is positively related to that of the following three months. Yook (2010) finds strong evidence that repurchase shares actually experience significant long term abnormal returns. Those empirical evidences of post-buyback performance are supporting the notion that managers possess timing ability. The research paper here does not intend to validate whether OMRs favour market timing or liquidity hypothesis like Ginglinger & Hamon (2007) study. Rather, we extend and complement the existing literature on private information conveyed by stock prices toward OMRs, that has essentially overlooked its possible role play as determinant of OMRs, by testing with stock price non-synchronicity developed by Roll (1988) - a measure of private information.

Referring to the well-established literature that publicly-available information on variables such as debt level (Bagwell & Shoven, 1989), firm size (De Cesari et al, 2012), free cash flow (Chan, Ikenberry & Lee, 2004; De Cesari et al, 2012). The recent study De Cesari & Huang-Meier (2015) find evidence of the impact of variation of firm's stock return on cash dividend. Yet, the association between the information carried by firm's stock prices and stock repurchase has received little attention, to our best knowledge and considerable ambiguity about the impact of variation of firm's stock return on stock repurchases. Due to the fact that, private information derived from stock prices can be used by managers when deciding open market stock repurchase, is neglected by existing literature. The main objective of this study is to close this gap in the literature. In other words, this study provides a vital insight into the determinants of stock repurchase by taking informed trading into account.

2.1 Research Framework

Substantial empirical findings support the evidence that managers possess market timing ability in open market stock repurchases. (Brockman & Chung, 2001; Chan, Ikenberry & Lee, 2007; Chen & Lu, 2015; De Cesari, Espenlaub, Khurshed & Simkovic, 2012; Dittmar & Field, 2015) Despite the Ginglinger & Hamon (2007) empirical research find that shares repurchases largely reveal contrarian trading rather than managerial market timing ability, this paper relies on the existing literatures that give support to the presence of managerial market timing ability in stock repurchases. Market-timing hypthesis assume managers have an informational edge over other investors and trade on it (Ginglinger & Hamon, 2007). The main research objective of this paper is to examine the effect of public and private information on open market repurchases (OMRs) activity. The finding of this study is expected to be useful in managerial market timing ability whereby managers could use private information to time open market repurchase. In other words, managers may study new information from stock prices and use it in performing OMRs. With the market timing ability presented in OMRs,

managers could repurchase shares at lower prices at which increasing firm value and shareholders' wealth. The research framework of the study is constructed as follow:
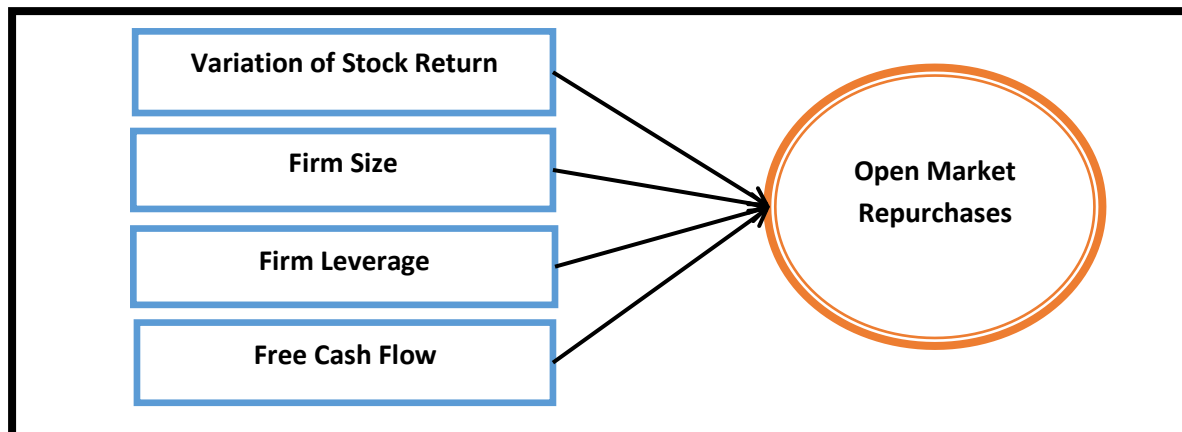
Fig 1: The Research Framework

2.1.1   Open Market Repurchases

A listed firm can repurchase its own stock by distributing wealth to existing shareholders instead of paying cash dividend in exchange for a fraction of the company's outstanding equity. That is, firm cash is exchanged for a reduction in the number of shares outstanding. The company usually keeps repurchase shares as treasury stock. This paper focuses on open market repurchases as it is most commonly used buyback approach as compared to other method such as privately negotiated repurchase and tender offer repurchase.

2.1.2   Variation of Firm's Stock Return

Suppose that managerial learning takes place based on information from variations in firm's stock return, lower variation indicates higher informed trading environment. Vice versa, higher variation shows less informed traders. Manager could exploit information of this variation when buyback firm's stock. Consider managers learn this information of variation before repurchases, a lag variable of variation of firm's stock return is applied and regressed on OMRs. The expected of relationship is unknown, but it is expected to be significant. Either positive or negative, its significance would indicate information of firm's stock return variation is useful for stock repurchase activity.

2.1.3   Firm Size

The fair value of the stocks of small companies is probable to be less specifically known by investors than that of large and well-known company. Hence, small companies stocks are likely to be undervalued and leads to more open market repurchase activity than large companies OMRs activity. Firm size is expected to have positive effect on OMRs activity.

2.1.4   Firm Leverage

Firm leverage simply refers to firm debt level. Higher the firm debt, higher the firm leverage. Firm leverage may also influence buyback decision. Since repurchasing stock will increase leverage, firm with higher debt are less tendency to repurchase stock because higher level of firm's leverage will increase expected bankruptcy cost (Boudry, Kallberg & Liu, 2013). Firm with higher debt ratio would tend not to repurchase, thus it is expected to have negative impact on repurchase. Though there are not standardized measure in the literature, firm debt ratio is the commonly used in the literature.

2.1.5   Free Cash Flow

Cash-rich companies are financially very flexible and can always find available cash to repurchase stock whenever their own stocks can be purchase at cheaper price. The firm may use its cash reserve for future investment, dividend distribution, and share repurchase (Jagannathan, Stephens & Weisbach, 2000). Higher free cash flow the firm has, managers tends to pay out this cash flow to investors in the form of repurchases to avoid agency costs (Boudry, Kallberg & Liu, 2013). Thus, it is expected to see positive relationship between free cash flow and OMRS.

3. DATA COLLECTION

A sample of 50 non-financial and non-utility Malaysia firms listed on Bursa Malaysia is manually selected. Firms that have new shares issuance or have outstanding preferred shares in the sample period of 2008-2015 are excluded. Firms with a negative free cash flow value at the beginning of the fiscal quarter and since these firms may have financial difficulty or covenant in place that restrict buyback. Only OMRs are included in the sample. A total of 908 firm-quarter observations is manually-hand-collected data from Bloomberg Database for each quarter over the period 2008–2015. Since certain firms start their repurchases at different quarter and few firms are listed within the sample period and cause some missing values in the data. Due to that, it thus results an unbalanced panel data set.

3.1 A Measure of Open Market Repurchase

Most past researches adopt repurchase program announcement as the proxy for open market repurchase, literature has documented that many announced repurchase programs were not executed (Haw, Ho, Hu & Zhang, 2011). This would cause overestimation on the OMRs. Actual shares repurchased are reflected in the firm treasury shares but repurchase literature contends that increase treasury shares may be related to common stock repurchase. They arise from Since firms with outstanding preferred shares are removed from the research sample, firm's treasury shares are still a valid measure for OMRs. Thus, firm treasury shares (TSTOCK) are employed as a proxy to OMRs activity (Firth, Leung & Rui, 2010). Another measure for OMRs activity is the percentage change in firm treasury shares which intends to capture the impact of public and private information on change in repurchase.

3.2 A Measure of Variation of Stock Return

A commonly used measure of variation of firm-specific stock return (or price non-synchronicity) is developed by Roll (1988). Follow Roll (1988), the measure reveals the variation in a stock return that unable to be explained by market and industry returns. For a stock i, variation of firm's stock return (denoted as vsr) can be defined as vsr = $\ln((1 - R^2)/R^2)$, where R^2 is estimated from the following regression model using Ordinary Least Squares (OLS): $r_{i,j,t} = \alpha_i + \beta_{i,m}r_{m,t} + \beta_{i,j}r_{j,t} + \varepsilon_{i,t}$

where $r_{i,j,t}$ is the daily stock return for firm i that is part of industry j at time t, $r_{m,t}$ represents the daily return of a stock market at time t, and $r_{j,t}$ is the daily return for industry/sector j at time t. Firm i is excluded from the market and industry indices when computing market and industry returns. The firm-specific return variation (vsr) is estimated by computing the R^2 generated by the regression above based on its definition. Daily returns of the market index and daily returns of the industrial index are regressed on daily stock over a quarterly sample based on calendar date. R^2 is extracted and manually-hand-collected from each quarter-OLS to make a series of quarterly data from 2008 to 2005. The procedures are repeated for 50 firms.

Roll (1988) claims that there is a relationship between firm-specific return variation and private information. Since trades of investors are holding private information that generally cause stock price movement, and finance literature relate that information held by traders to price non-synchronicity (e.g. Durnev, Morck and Yeung 2004; Piotroski and Roulstone 2004). There are substantial empirical research gives credence to the conception that firm-specific return variation is a valid measure of private information in stock prices (Durnev, Morck, Yeung & Zarowin, 2003; Morck, Yeung & Yu, 2000). Durnev, Morck, Yeung & Zarowin (2003) validates this measure in the most convincing way in their empirical research. Their finding reveals a negative relationship between R^2 and the strength of the relationship between current stock returns and future earnings, implying that the information conveyed by the current stock prices is more useful in anticipating future earnings when firm-specific return variation represents a larger portion of total return variation. In fact, firm-specific return variation is commonly chosen by finance researchers to gauge private information in stock prices.

3.3 Econometric Model

$$OMR_{i,t} = \alpha_{i,t} + \beta_1 VSR_{i,t} + \beta_2 Size_{i,t} + \beta_3 Debt_{i,t} + \beta_4 FCF_{i,t} + \varepsilon_{i,t}$$

$$\Delta OMR_{i,t} = \alpha_{i,t} + \beta_1 VSR_{i,t} + \beta_2 Size_{i,t} + \beta_3 Debt_{i,t} + \beta_4 FCF_{i,t} + \varepsilon_{i,t}$$

Where, OMR = Open market repurchase; ΔOMR = Growth in OMR; VSR = Variation of stock return; Size = Firm Size; Debt = Firm Leverage; FCF = Firm free cash flow
Once all quarter-R^2 for 50 firms are extracted and calculation of variation firm-specific returns is completed, conventional panel data estimator is employed to examine the relationships among

variables. The rationale of using panel data estimator is assuming heterogeneity among firms and the independent variables may be subject to firm-invariant and time-invariant that may affect stock repurchase (See: Baltagi, 2005). In other words, the independent variables vary with firm and time.

Firm market capitalization, a measure to firm size, has huge figures in billions, natural logarithm is therefore applied to that variable. Lvsr is the lagged-one-quarter variable based on the notion that managers learn information derived by firm's stock returns before repurchase. Since there two measures for OMRs thus two types of model are run.

4. EMPIRICAL FINDINGS

The empirical findings of Pooled OLS, which cover sample periods from 2008 to 2015, are shown as follow:

Table 1: Finding of Pooled OLS for the main sample (Q12008 to Q42015)

	Dependent variable: OMR		Dependent variable: ∆OMR	
	Coefficient	t-statistic	Coefficient	t-statistic
Constant	-18.0464	-0.65	-1.4845	-0.04
Lvsr	0.6787	0.17	0.7963	0.14
Size	5.1630	1.16	0.0455	0.01
Debt	0.1858	0.32	-0.9682	-0.12
Fcf	-0.0037	-0.04	-0.0241	-0.19
R^2	0.0016		0.0001	
F-statistic	0.8115		0.9994	

OMR = firm's open market repurchase; ∆OMR = changes in firm's open market repurchase

The finding above is disappointing since none of variables are significantly contributing any explanation to OMRs activity for both measures. The variation of firm's stock return, Lvsr, does not affect firm stock repurchase activity. The public information variables do not affect firm's OMR activity. Particularly on firm size, the finding of this paper makes inconclusive comparison with past empirical findings. De Cesari, Espenlaub, Khurshed & Simkovic (2012) finding show evidence of small size firms having better timing profits in repurchase than large firms. There is however no significant relationship between firm size and firm repurchase activity found in this paper. Both leverage and free cash flow are found have no effect on: stock repurchase activity (Firth, Leung & Rui, 2010); decision to repurchase (a dummy variable equal to one when firm repurchased shares) (Boudry, Kallberg & Liu, 2013); relative repurchase price - timing measure (Dittmar & Field, 2015). In term of firm leverage, its insignificance is in line with Chen & Lu (2015) findings.

4.1 Robustness Test

The data covers financial crisis periods such as US subprime mortgage crisis and European financial crisis are suspected to have big variation (volatility) in stock return since Malaysia stock market is somehow affected and stock prices were experiencing sharp decline and great fluctuation. Thus the sample is deliberately separated to two subsamples periods and test separately based on overall stock market performance. The 1st subsample covers period of 2008-2013 and 2nd subsample covers period of 2014-2015. The finding of the 1st subsample (Q12008-Q42013) in table 2, for OMR measure of firm's open market repurchase activity, appears variation of stock return significantly explain OMRs. Similar findings are found in random and fixed effect model, not shown here for brevity. The random effect model is found better than the fixed effect model after conducted Hausman test.

A measure of ∆OMRs activity, which is ∆OMR, all independent variables do not significantly explain on the dependent variable. Variation of firm's stock return is then significant and positive related to stock repurchase activity. Managers seem to learn from greater firm-specific variation in stock return and increase their repurchase activity during financial crisis and recovery period. In addition to that, managers have more chance and advantage to time repurchase as stocks are more likely to be undervalued during the downtime. Dittmar & Dittmar (2008) claim that there will be increasing need for repurchase during uncertain periods and they find that volatility in GDP growth positively and significantly explains repurchase activity. In addition to that, firm size is found positively affects to OMR activity indicating that larger firms are more buying back more shares through open market.

Table 2: Finding of Pooled OLS for the subsample (Q12008 to Q42013)

	Dependent variable: OMR		Dependent variable: ∆OMR	
	Coefficient	t-statistic	Coefficient	t-statistic
Constant	-14.6400	-6.65**	-0.1958	-0.73
Lvsr	0.5642	1.89*	0.0048	0.13
Size	3.7173	10.4**	0.0636	1.46
Debt	0.0286	0.64	-0.0064	-1.17
Fcf	-0.0077	-0.12	0.0009	1.2
R^2	0.1403		0.0075	
F-statistic	0.0000		0.2589	
Breush-Pagan LM test		6758.8***		

OMR = firm's open market repurchases; ∆OMR = changes in firm's open market repurchases
***/**/*   Significance at confidence level of 1%/5%10%

The result of the 2nd subsample (Q12014-Q42015) for OMR measure, reported in table 3, shows that variation of firm's stock return may not be useful for managers to time repurchase. It is also vital to note that managers could still repurchase in the absence of learning information of firm's stock return variation. Intuitively, the insignificance of information of stock return variation could be partly due to that the stock market in Malaysia is experiencing upward trend after financial crisis and recovery periods. The possible explanation to that finding is that stock undervaluation is fading and dying off or stock price tends not to be undervalued for that period, managers would have lesser advantage to time repurchases. Ditmar & Ditmar (2008) argue that wave of financing activity (either equity issuance and shares repurchase) are due to differing response to the economic stimulus. Specifically, economic expansion reduces the cost of equity relative to the cost of debt, inducing many firms to issue equity when stock price is higher instead of buying back shares.

Considering the economic growth and stock market performance were better during this period as compared to that of the period of the 1st subsample, managers may have reserved more cash for investments thus less cash are allocated for firm to perform repurchase. Correspondingly, firm free cash flow is found significant positive. Although the strength of relationship between firm free cash flow and repurchase activity is small, an increase in RM1 free cash flow results a rise in 0.0337 units of treasury shares, it still indicates that firms would increase repurchase activity if firms have more free cash flow. Firm size is found positively affects to OMRs activity indicating that larger firms are more buying back more shares via open market. Another OMRs measure, which is ∆OMR, produce similar finding to that of the 1st subsample, all independent variables do not significantly explain on ∆OMR.

Table 3: Finding of Pooled OLS for the subsample (Q1,2014 to Q42015)

	Dependent variable: OMR		Dependent variable: ∆OMR	
	Coefficient	t-statistic	Coefficient	t-statistic
Constant	-18.3297	-4.44**	-10.6446	-0.09
Lvsr	0.1097	0.19	4.2288	0.26
Size	4.7721	7.03**	-2.2799	-0.12
Debt	-0.0975	-1.11	-1.5758	-0.64
Fcf	0.0337	1.78*	-0.2999	-0.56
R^2	0.0028		0.1850	
F-statistic	0.9568		0.0000	

OMR = firm's open market repurchases; ∆OMR = changes in firm's open market repurchases
***/**/*   Significance at confidence level of 1%/5%10%

5. IMPLICATION STUDY
Numerous studies confirm that managers possess market timing ability to time open market repurchases whereby increase firm value and shareholders' wealth. The findings of research paper provide evidences to validate the effect of stock price informativeness on open market repurchasing activity thereby would be useful in timing open market repurchases. The finding of this paper implies that managers should learn information conveyed by firm's stock returns, which are derived from corporate outsiders and exploit the market when the stock market is bearish and weak, where firm's stock price is likely to be undervalued, to take advantages of mispricing and undervaluation. When stock market is strong and bullish, managers may miss the chance to exploit private information for

timing repurchases. During this period, decision for open market repurchases has to be made prudently and practically since firms need more cash for investments in the environment of good economic state. Managers should also need to cautious and concern having sufficient free cash flow for investments before allocating cash flow for open market repurchase.

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PARENT ATTACHMENT, PEER ATTACHMENT AND DEPRESSION AMONG ADOLESCENTS IN SELANGOR

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Abstract: This study aims to determine the relationship between parent and peer attachment with depression among adolescents in Selangor. A total of 402 adolescents were recruited using multi-stage cluster random sampling technique in Selangor. The measurements of parent and peer attachment, and depression were adopted from Inventory of Parent and Peer Attachment (Armsden & Greenberg, 1987) and Beck Depression Inventory Second Edition (Beck, Steer, & Brown, 1996). The findings of the study demonstrated that higher parent attachment and peer attachment were associated with lower depression among adolescents. Findings showed that male adolescents had higher level of peer attachment compared to female adolescents. The analysis findings of this study contributed crucial implications for the parents, adolescents, educators, and future researchers to understand the importance of knowledge on depression by identifying the root cause of problems and provided appropriate ways to solve the problem of depression. Future research has to carry out continually and consistently by using larger sample size, and different variables in determining depression.

Keywords: Parent Attachment, Peer Attachment, Depression

1. INTRODUCTION

One of the issues nowadays revolves around the level of depression amongst adolescents and this phenomenon is situated at an alarming period. Depression is a mental illness that causes mood of an individual to be in decline that can affect daily life of the individual including thoughts, feelings, behavior and well-being, and it can lead to suicide if not dealt with effectively (My Health Kementerian Kesihatan Malaysia, 2012). Based on Malaysian Mental Health Association (2012), depression among children and adolescents is getting increase and it reported depressive disorders are the forth leading factor of disease and disability, and is expected to rise to second place by 2020.

According to the World Health Statistics (2007), depression is an important global public health problem because it has relatively high lifetime prevalence and the significant disability that its causes. From year to year, depression in adolescents is common and it is potentially to threat health problem, and can give negative impact on their learning and quality of life (Orio, Cureton, & Canham, 2001). Research by Uslu and his colleagues (2008) revealed that depression can cause concentration difficulties and it may lead to academic underachievement.

A review of literature possible factors that may play a role in an adolescent's experience with depression are their attachment with parent and peer. A study by Armsden and Greenberg (1987) revealed that parent attachment is related to depression and there has a significant relationship to these two variables. Study by Maimon, Browing and Gunn (2010) indicated family attachment can promote adolescent mental health through successful communication, and then children are able to understand expectation from parents and get supported by them. In other hand, research by Wilkinson (2004) indicated parent attachment is negative significant withdepression. Besides that, life satisfaction and both physical and mental health is inter-connected, which improving the quality of parent and peer relationship can increase people's satisfaction with their lives, indirectly, mental health such as depression will be reduced (Schwarz et al., 2012).

Peer is important in influencing teenager's life including mental health (Sonego, Llácer, Galán, & Simón, 2012). A study by Shahar and Charn (2009) showed that those people who joined social activities, their depression level is low. A study by Herman, Hopman and Craig (2010) indicated obese youth showed high level of peer attachment because their social functioning is good as well. Indirectly, their depression is low. A study conducted by Armsden and Greenberg (1987) also showed that peer attachment is related with depression and there has a significant relationship in these two variables. Also, research by Wilkinson (2004) indicated that peer attachment is negative significant with depression.

Research by Allen, Moore, Kuperminc and Bell (1998) found that gender is related to internalizing behavior problems such as depression, anxiety, social withdrawal. Besides that, there are a lot of past studies showed that female is higher depression than male (Wilkinson, 2004; Whisman, Judd,

Whiteford & Gelhorn, 2012). A study by Campos and Goncalves (2011) showed that female is higher than male in 12 items over 21 items in Beck Depression Inventory Second Edition (BDI-II) which are sadness, suicidal thought or wishes, crying, indeciveness, worthlessness, loss of energy, changes in appetite, concentration difficulty, tiredness or fatigues, and loss of interest in sex. Similarly, study by Wu (2010) found that females are higher in all items (16 items), except pessimism, failure, loss of pleasure, interest in sex, while mean for female and male in sleeping pattern is same. In other hand, another study done in Hong Kong showed that male is more depressed than female (Chan, Leung, Fong, Leung, & Lee, 2010). While a study conducted by Uba, Siti and Rumaya (2010) revealed that there is no significant differences depression between female and male adolescents in the study.

Based on the previous research, the present research examine the relationship between parent attachment, peer attachment and depression among adolescents in Selangor. This curent study also determine the difference in parent attachment, peer attachment and depression based on gender.

2. METHODS
2.1 Samples and Procedure
The participants in this study were selected using multi-stage cluster sampling. Two districts out of ten districts in Selangor were randomly selected. The selected districts were Hulu Selangor and Gombak. A total of four secondary schools, two school in each district were randomly choosen. For each school, a class of students from Form 1, Form 2 and Form 4 was randomly selected. The sample of the study comprised of 402 school-going adolescents. Prior data collection, approval was obtained from Ministry of Education Malaysia and Department of Education in Selangor. The self-administered questionnaire was distributed to all students in the selected classes after giving a briefing.

2.2 Measures
Peronal and family characteristics information were collected from the respondents in this study. Respondents were asked to indicate their age, gender, parent's age, number of siblings and family monthly income.

Parent Attachment was measured by Inventory of Parent and Peer Attachment (IPPA) developed by Armsden and Greenberg (1987). There are 28 items that measured parent attachment with 5-point Likert scale. Response categories were almost always or always, often true, sometimes true, seldom true, and almost never or never. The two extreme responses were scored as 1 or 5, depending on whether an item was positively or negatively worded. Example of the items are 'I feel my parents are successful as parents' and 'I wish I had different parents'. Total score was based on summing up the scores which the sentences were included trust, communication, and alienation elements. Trust refers to felt security in the knowledge that attachment figures understand and are sensitive and responsive to the adolescent's emotional needs. Communication refers to the extent and quality of verbal communication with attachment figures. Alienation refers to anger toward or emotional detachment from attachment figures (insecure attachment). Lower score indicated higher level in parent attachment. The reliability of parent attachment subscale of IPPA is 0.93 (Armsden & Greenberg, 1987). While in present study, its reliability was 0.84.

Peer Attachment was measured by Inventory of Parent and Peer Attachment (IPPA) developed by Armsden and Greenberg (1987). There are 25 items content in this instrument were measured with 5-point Likert scale. Response categories were almost always or always, often true, sometimes true, seldom true, and almost never or never. The two extreme responses were scored as 1 or 5, depending on whether an item was positively or negatively worded. Example of the items are 'My friends understand me' and 'I feel alone or apart when I am with my friends.' Total score was based on sum up the scores which the sentences were included trust, communication, and alienation elements. Trust refers to felt security in the knowledge that attachment figures understand and are sensitive and responsive to the adolescent's emotional needs. Communication refers to the extent and quality of verbal communication with attachment figures. Alienation refers to anger toward or emotional detachment from attachment figures (insecure attachment). Lower scores indicated higher level in peer attachment. The reliability of peer attachment subscale of IPPA is 0.86 (Armsden & Greenberg, 1987). In the present study, its reliability was 0.82.

Depression was measured by the Beck Depression Inventory-second edition (BDI-II) developed by Beck, Steer and Brown (1996). It has revised the original version and consists of 21 items self-report instrument intended to assess the existence and severity of symptoms of depression as listed in the

American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders Fourth Edition (DSM-IV). This revised edition has change items to indicate increases or decrease in sleep and appetite, item labeled body image, work difficulty, weight loss and somatic preoccupation were replaced with items labeled agitation, concentration difficulty and loss of energy. In answering the statement, respondent is needed to pick up the one statement in each group that best describes the way you have been feeling during past two weeks, including today. In present study, the reliability of the scale was 0.83. Examples of the items are:

1. Sadness
   - 0   I do not feel sad
   - 1   I feel sad much of the time
   - 2   I am sad all the time
   - 3   I am so sad or unhappy that I can't stand it

2. Pessimism
   - 0   I am not discouraged about my future
   - 1   I feel more discouraged about my future than I used to be
   - 2   I do not expect things to work out for me
   - 3   I feel my future is hopeless and will only get worse

2.3 Data analysis

Descriptive analysis was conducted to provide a clearer picture of the data distribution. The magnitude and strength of the relationships of the study variables were quantitatively measured by Pearson Correlation. The independent t-test was used to determine mean difference in parent and peer attachment by gender.

3. RESULTS AND DISCUSSION
3.1 Personal Characteristics
The result showed that the respondents of the study aged from 14 to 17 years old with mean of 14.36 (SD=1.27). Most of the respondents were aged below or equal than 14 years old with 68.40% respondents followed by 27.60% of them were aged in between 15 to 16 years old, and 4.00% of them aged above or equal to 17 years old. This indicated that most of the respondents in this study were consisted of early and middle adolescents. There were almost equal number of females (48.00%) and males (52.00%).

3.2 Family Characteristics
The respondents' father age ranged between 31 and 72 years old with mean of 46.21 (SD=6.43). Furthermore, mother aged had a mean of 42.799 (SD=5.83) where the minimum value 30, and maximum value 60. Mean number of siblings in the family was 4.04 with the standard deviation of 1.68. The minimum value was 0, and maximum value was 11. Most of the respondents have 4 to 7 siblings in the family, which 56.50% people. It was showed that the size of respondents' families are in middle sizes. Almost half (49%) of the respondents had family monthly income below RM2000.

3.3 Correlates of Depression
The result showed that parent attachment was significantly correlated with adolescents' depression (r=0.37, p<0.01). In the study, the higher scoring in the IPPA scale indicated lower level of parent attachment. This means that as the parent attachment level of adolescents decreased, the adolescents' depression level was increased. The result in this study was in line with previous studies by found that parent attachment was significant with depression (Armsden & Greenberg, 1987; Wilkinson, 2004)

This study found peer attachment was associated with depression (r = 0.22, p < 0.01). This means that as the peer attachment level of adolescents decreased, the adolescents' depression level was increased because in this study the higher the score in the IPPA scale indicated lower level of peer attachment. This finding support a study done by Shahar and Charn (2009) and Herman et al. (2010) that found high level of peer attachment perceived by adolescents was tended to result in low depression.

Table 1: Correlation matrix of study variables

Variables	1	2	3
1. Parent Attachment	1		
2. Peer Attachment	0.31**	1	
3. Depression	0.37**	0.22**	1

Note: **p< .01

3.4 Differences of Parent Attachment, Peer Attachment and Depression between Male and Female Adolescents

Independent sample t-test analysis was used to compare the mean scores of two different groups of people (male and female) in parent attachment, peer attachment and depression. The findings showed that there was no significant difference in mean score of parent attachment between male and female adolescents. The present finding was not congruent with past research that revealed male adolescents perceived had high level parent attachment compare to female adolescents (Cavendish, Nielson & Montague, 2012). However there was significant difference in mean score for male and female adolescents (t=-4.88, p < 0.01) in peer attachment. The result was inconsistent with previous study done by Armsden and Greenberg (1987) depicted female has higher level of peer attachment than male. As presented in Table 2, there was no significant difference in means score of depression for male and female. The result of this study was not in line with study by Chan et al. (2010) that revealed male was more depressed than female.

Table 2: Differences in Parent Attachment, Peer Attachment and Depression
Between Male and Female Adolescents

Variables	Male	Female		
	M(SD)	M(SD)	t	p
Parent Attachment	70.62 (14.44)	70.29 (15.40)	-0.23	0.82
Peer Attachment	66.11 (12.12)	60.03 (12.89)	-4.88**	0.00
Depression	19.95 (8.65)	19.93 (9.57)	-0.02	0.98

Note: M =Mean, SD =Standard Deviation

4. CONCLUSION AND IMPLICATIONS

Current study demonstrated that higher level of parent attachment as perceived by adolescents will lead to lower depression. So the present study had provided more information for parents to understand and handle the problems faced by their children that causing them feel depressed. Besides, this study also beneficial to those parents that always busy with their career through gives awareness to them that parent-child interaction using two way communication is very important. The emotional problems faced by children in daily lives can be solved easily if parents rely takes their times with children to hear children's problems.

In other hand, peer attachment also related significantly to adolescents' depression level whereby lowed peer attachment leads to higher depression. Therefore, adolescents should be more explore themselves to engage variety of activities to interact with different friends in their lives. Through this movement, they can enable be happier and not keep optimistic in mind when faced failure in their lives. Moreover, enlarge their social lives with lot of peers are the most concerned things, especially during they are in early and middle development stage.

There are several recommendations that could be drawn from the present study. In the present only focus on four schools in total of two out of ten districts which located in Selangor. Since the small sample size in present study limit the generalization of results, so it is suggested that larger sample size should be studied in determining the relationship between parent attachment, peer attachment, and depression among adolescents in the future. This helps to generate more valid and accurate statistical data as larger sample size is considered to significantly representing the whole population of the study. Besides that, the present study is mainly focused on depressive symptoms among adolescents during past two week, and it makes the results unreliable due to some respondents are answered their depression out of the time frame that set up since earlier. Since the findings in present study was unclear to capture adolescents' lifetime experiences, therefore longitudinal study is recommended to use by future researchers in order to increase the accuracy result of the study. Finally, the present study only utilized quantitative data in studying relationship between parent attachment, peer attachment, and depression among adolescents. But there are still many other factors such as changing schools, physical or sexual abuse, and family conflict that may potentially affect depression should be noted in the future research. Meanwhile, qualitative method can also be

considered in the future research to obtain in depth understanding regarding effects of variables on depression among the participants of the study.

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FINDING THE ROLE OF FDI IN HOUSING AFFORDABILITY LEVEL IN MALAYSIA

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Abstract: As Malaysia is moving towards becoming a high-income nation, policies on FDI also been steered to sustain the investment flow into the country. To complement the attraction, policy such as pertaining to real estate has been revolutionized in 2009. Came along with the changes in residential landscape is high price of these houses which generates new problem – housing affordability among the locals. This research intends to examine the influence of house price, FDI and interest rate in 3 periods: full, pre-liberalization and post-liberalization periods. The findings suggest that the positive results between housing affordability level with house price, FDI and interest rate during the period indicated that inflows have significantly contributed to increase the affordability, however speculation activities played significant role as high house price and high interest rate do not lower the affordability level as expected.

Keywords: Foreign Direct Investment, Housing Affordability Level, Malaysia, Liberalization

INTRODUCTION

Malaysia is one of the 5th largest foreign direct investment (FDI) recipients in the world (UNCTAD, 2015). The country received RM15 billion in the first quarter of 2016 showing its resilience despite dwindling global economy and allegation of domestic scandal involving the Prime Minister. The largest investors came from Japan (21.2%), Singapore (14.6%), The Netherlands (14.5%) and Hong Kong (10.5%). The country continued to become of the investors' favourite destination due to its high-skilled and English speaking workforce and country's stability. FDI contributed significantly to the country's growth when the percentage of FDI inflows on the gross fixed capital formation (GFCF) reaches 12% average annually. Indirectly, FDI is eminent in alleviating the Malaysian's standard of living (Har et. Al, 2008; Goh and Tham, 2013).

As Malaysia is moving towards becoming a high-income nation, policies on FDI also been steered to sustain the investment flow into the country. If in the last decades focus on FDI were on export-oriented manufacturing products, in year 2000s, the country welcomes FDI which contribute to high-impact economic activities (Flaaen, Ghani and Mishra, 2013). In doing so, certain policies have been changed to attract intellectual capitals from other countries to participate actively in economy (Akhtar et. Al, 2015). To complement the attraction, policy such as pertaining to real estate has been revolutionized in 2009. Residential landscape has changed dramatically with obvious view of apartments and high-rises mushrooming in urban areas such Kuala Lumpur, Klang Valley and Penang. Came along with the changes in residential landscape is high price of these houses. House price jumped dramatically by 70% from 2009 to 2015. The transformation in real estate, particularly in residential sector generates new problem – housing affordability among the locals (Yusof, Chai and Johan, 2015).

In Malaysia, urban areas which are dynamic in its economic activities offer wider range of job opportunity. The income obtained, however, does not necessarily guarantee home ownership. According to the Malaysia Economic Monitor (2014), 51% Malaysians are considered as 'aspirational' group whose income is between RM2120 and RM 5900. Seventy six percent of the aspirational group lives in urban areas. Can these group afford to buy a home?

General rule of thumb suggested a person could afford a house which prices up to 4 times of a person's annual gross income. Thus, a person whose income is RM2120, the house price he could afford must be below than RM101,760. As average house price in the capital city Kuala Lumpur is RM292,564, therefore, only a person or a family with household income of RM6095 per month could afford to buy the house. This raise a vital issue on the significance of FDI inflows in raising the standard of living.

This research intends to seek answers to these questions: Firstly, does FDI affects the Malaysian housing affordability level. Secondly, does house price affects the housing affordability level and thirdly, does housing affordability level impacted by the introduction of liberalization? Generally home affordability level of a country is calculated based on one house type. By modifying the house affordability index calculation introduced by NAR Realty Organization, we calculated the HAI index of different house types in Malaysia (terrace, semi-detached (semi-D), detached and hi-rise).

LITERATURE REVIEW

Housing affordability level can be viewed in two perspectives. The first perspective concerns with the locals who are not able to own a house due to land issue. The case appears when a country has insufficient developable land and capital to build housing on a massive scale (Cooper, 2015). Second, is when a country has land but massively build houses which could only be afforded by middle-upper and upper income levels. The second perspective is related to influx of people migrating from rural to urban area due to job demand in urban areas (Cooper, 2015).

Housing price, cost of borrowings and household income are among the primary determinants for housing affordability (Yates and Milligan, 2007). House price is reflected not only on the dwelling itself but also on rents. They are themselves being influenced by supply and demand factor. According to Yates and Milligan (2007), it is not necessarily the supply and demand factors influence in one way direction, as they are also being influenced by house price, interest rates and household income.

The macroeconomic factors for housing affordability level are house price, income, interest rates, inflation, money supply and others and the economic intuition of this is quite straightforward. A higher house price would discourage the purchase of a house, while a higher income is associated with higher affordability level.

The relationship between house price and foreign direct investment in unclear although FDI is agreed to contribute to an economy's growth (Belloumi, 2014; Lall and Narula, 2013 and others). FDI as commonly quoted from UNCTAD is defined as "investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor." So far, no link has been made between FDI and house price although the spill over effect has certainly raise the standard of living of the host country through a positive influence on both host country welfare and knowledge infrastructure while the national governance positively mediates these relationships (Lehnert, Benmamoun and Zhao, 2013).

Studies on house price and FDI have not been ventured into although according to Popkova and Tinyakova (2013) liberalization of policy in forms of business of no equity could drives the economic growth to a higher level. Refer it to the first force, opening up of national markets and the introduction of free treatment for all types of FDI would benefit both the MNC and host country. The second force according to them is rapid technological progress with its rising cost and risk. The rising cost and risk forces companies to strengthen their activities in international markets. The third force is the consequence of the first two forces.

DATA & METHODOLOGY
3.1 Data and Sources

Our dependent variable is housing affordability index. We modified the formula for Housing Affordability Index (HAI) provided by The National Association of Realtors (NAR) due to several limitations in Malaysia data. HAI is normally used to calculate based on the average house price. In this study, instead, we measured the HAI for different levels of house type; terrace, semi-D, detached and high-rise. We believe different house types could represents different income group. Following interpretation of values given by the NAR, HAI value which equals to 100, it indicates that a family with the median income has exactly enough income to qualify for a mortgage on an averaged-price home.

Our independent variables are house price of different house types, FDI inflows and interest rate. We utilize house price index to represent house price of terrace, semi-D, detached and high-rise. The data is taken from the Annual Property Market Report from 1999 to 2015. Data for net FDI inflows and interest rate are taken from the Bank Negara Malaysia. All data is transformed to logarithm form and mathematically, the equation is as follow:

$$\ln \text{HAIj} = f(\ln \text{HPIj}, \ln \text{FDI}, \text{IR})$$

Where $\ln \text{HAIj}$ is housing affordability index for j house type, $\ln \text{HPIj}$ is house price index for j house type, $\ln \text{FDI}$ is net FDI and IR is lending interest rate. We examined the relationship based on quarterly period starting 2000:Q1 and 2015:Q4. Acknowledging that the time period is short (due to limited availability of data), however, we are keen to provide the pathway once the development of active data available in Malaysia. We also consider the effect of property sector liberalization in 2009, thus split the time period into two phases. Phase 1 represents period before the liberalization announcement (2000:Q1 to 2009:Q2) and Phase 2 represents post-liberalization period (2009:Q3 to 2015: Q4).

3.2 Methodology

We began our analysis by performing unit root test to examine whether our series suffer from unit root issue. Then we did correlation analysis to observe the association between the variables and to check whether multicollinearity issue arises. Next, we examined the long-run relationship by employing the Johansen Cointegration test, with the null hypothesis of no cointegration relationship in the equation system. This cointegration analysis determines the number of cointegrating vectors, r, using the maximal eigenvalue procedure as given in Johansen (1988). The number of cointegrating vectors is determined sequentially based on the log-likelihood ratio test statistics.

3.3 Hypotheses

This study has the followings hypotheses:
Housing affordability level is determined by house price, thus we hypothesize that high house price would cause the housing affordability index price to decline.
H1: House price affects housing affordability index negatively.

Based on notion that FDI promotes growth (Borensztein et al, 1998; Vu and Im, 2013; al-Sadig, 2013), we hypothesized that FDI spillover would contribute to a higher income as a whole, thus increase the affordability level.
H2: FDI inflows affect housing affordability index positively.

Lending interest rate is essential in home loan purchasing since potential buyers will look for financing their home with lower interest rate. Thus, lower interest rate will attract more potential buyers therefore, would drive housing demand, consequently the house price.
H3: Interest rate affects housing affordability level negatively.

RESULTS & DISCUSSION

This section elaborates on the findings of the long-run relationship analysis that we have conducted. Prior to the analysis, we conducted the unit root test to ensure our series (lnHAI, lnHPI, lnFDI, IR) are free from unit root which could cause spurious results later. By utilizing the ADF Unit Root test, we confirmed that all series are integrated of order 1, I (1).

Correlation Analysis

In order to examine the association between these variables, we perform correlation analysis (Table 1) and the results indicated a possibility of multicollinearity issue between HPI and interest rate (lnTER|lnIR=-0.914, lnSD|lnIR=-0.913, lnDET|lnIR=-0.893). Nonetheless, since there was no conclusive suggestion on the multicollinearity 'benchmark' figure, we treated the analysis in two ways; with and without IR. We found later that models with IR produces satisfactory results.

Back to correlation analysis, three findings can be obtained. First, the preliminary results showed that HAI has positive association with HPI ($lnHAI_T|lnTER = 0.342$, $lnHAI_{SD}|lnSD = 0.400$, $lnHAI_{DET}|lnDET = 0.404$). This early results do not support our hypotheses; where high house price could lead to a lower affordability. Second, HAI correlate positively with FDI ($lnHAI_T|lnFDI = 0.307$, $lnHAI_{SD}|lnFDI = 0.317$, $lnHAI_{DET}|lnDET = 0.355$, $lnHAI_{HR}|lnFDI = 0.373$). Third, HAI has negative association with IR ($lnHAI_T|lnIR = -0.338$, $lnHAI_{SD}|lnIR = -0.366$, $lnHAI_{DET}|lnIR = -0.471$, $lnHAI_{HR}|lnIR = -0.611$.

Table 1. Correlation analysis

	$lnHAI_T$	$lnHAI_{SD}$	$lnHAI_{DET}$	$lnHAI_H$	lnTER	lnSD	lnDET	lnNFDI	IR
$lnHAI_T$	1.000								
$lnHAI_{SD}$	0.970	1.000							
$lnHAI_{DET}$	0.950	0.955	1.000						
$lnHAI_H$	0.890	0.906	0.914	1.000					
lnTER	0.342	0.394	0.486	0.594	1.000				
lnSD	0.360	0.400	0.498	0.601	0.998	1.000			
lnDET	0.288	0.341	0.404	0.543	0.989	0.987	1.000		
lnNFDI	0.307	0.317	0.355	0.373	0.579	0.587	0.580	1.000	
IR	-0.338	-0.366	-0.471	-0.611	-0.914	-0.913	-0.893	-0.455	1.000

Cointegation Results

We proceeded by conducting the Johansen Cointegration analysis to examine the possibility of housing affordability level, house price, FDI inflows and interest rate cointegrate in the long-run. The

null hypothesis of no cointegrating relationship is assumed. We referred the outcomes against 5% critical value of the Trace and Max-Eigenvalue statistics (Table 2). The results show that all variables possess at least 1 cointegrating relationship in the system. To further confirm the impact of lnNFDI on lnHPI, we continued by checking the vector error correction model (VECM).

Table 2. Johansen Cointegration Test Results

	Trace	5% CV	Max-Eigen	5%CV
Terrace				
None *	52.923	47.856	28.135	27.584
At most 1	24.788	29.797	19.735	21.132
At most 2	5.053	15.495	4.754	14.265
At most 3	0.299	3.841	0.299	3.841
Semi-D				
None *	51.168	47.856	34.001	27.584
At most 1	17.167	29.797	13.504	21.131
At most 2	3.662	15.494	3.508	14.264
At most 3	0.153	3.841	0.153	3.841
Detached				
None *	77.137	47.856	46.656	27.584
At most 1 *	30.481	29.797	21.398	21.131
At most 2	9.082	15.494	7.033	14.264
At most 3	2.048	3.841	2.048	3.841
Hi-rise				
None *	57.287	47.856	36.166	27.584
At most 1	21.120	29.797	14.367	21.131
At most 2	6.752	15.494	5.489	14.264
At most 3	1.263	3.8414	1.263	3.841

VECM & long-run model

We divided the analysis into 3 parts which cover different time period. Full observation (1999:Q1 until 2015:Q4), phase 1: pre-liberalization (2000:Q1 to 2009:Q2) and phase 2: post liberalization (2009:Q3 to 2015:Q4). The finding shows that during full observation, the relationships between house price and affordability level were negative and significant in all house types. It signified that the increase in house price has increased the affordability level among the locals. The model fitness are however very poor and only increased for pre- and post-liberalization.

In pre-liberalization however, the results followed our hypotheses. Higher house price has caused the affordability level to be lower in period 2000 to 2009. Results in post 2009 on the other hand, shows that affordability level tend to be higher when house price increased.

In relation to FDI, the results are mixed. Before liberalization was introduced, a higher FDI level has caused the affordability level to reduce in terrace ($\beta_{Terrace}$= -0.086) and hi-rise ($\beta_{Hi-rise}$= -0.291) type. In semi-D and detached type however, the higher the inflows, the higher the affordability level were for the potential buyer (β_{Semi-D}= 0.0717 and $\beta_{Detached}$=0.222). The results strikes a new thought on whether the FDI spill over was only affecting the semi-D and detached potential buyers whose income were usually higher than that of buyers of terrace.

Table 3. Long-run relationship results

DV: Affordability level	Terrace			Semi-D			Detached			Hi-rise		
Variables	Full[a]	Phase 1[b]	Phase 2[c]	Full	Phase 1	Phase 2	Full	Phase 1	Phase 2	Full	Phase 1	Phase 2
$\ln HPI_i$	25.048**	-0.758**	2.220**	24.843**	-1.199**	0.014	3.505**	-1.779**	1.383**	1.903**	-1.646**	1.309**
	(5.52)	(-3.51)	(5.72)	(5.17)	(-8.75)	(0.10)	(4.75)	(-4.27)	(3.69)	(5.23)	(-2.27)	(2.66)
$\ln FDI$	-6.264**	-0.086*	0.187**	-6.829**	0.0717*	0.286**	-0.973**	0.222**	0.240**	-0.492**	-0.291**	0.426**
	(-6.76)	(-1.78)	(2.82)	(-6.72)	(2.53)	(6.11)	(-6.36)	(2.54)	(3.99)	(-6.28)	(-4.37)	(4.20)
IR	5.293**	-0.805**	3.586**	4.798**	-0.814**	-[d]	0.592**	-1.129**	2.200*	1.837**	0.414	2.131
	(4.87)	(-3.08)	(3.69)	(4.33)	(-5.20)		(3.81)	(-2.53)	(2.09)	(4.67)	(0.96)	(1.39)
C	8.263	-2.331	7.521	-3.184	5.287	-10.805	-3.131	1.769	-20.181	-6.051	8.751	-24.32
Ect (-1)	-0.005*	-0.827**	-0.137**	-0.005*	-0.919**	-0.345**	-0.038*	-0.452**	-0.153**	-0.085**	-0.172**	-0.104**
	(-1.78)	(-3.69)	(-3.01)	(-1.79)	(-3.43)	(-6.24)	(-1.71)	(-2.48)	(-3.01)	(-2.30)	(-3.26)	(-2.81)
VECM Diagnosis												
R^2	0.084	0.666	0.386	0.092	0.534	0.909	0.092	0.449	0.376	0.165	0.344	0.401
$\overline{R}^2$	0.052	0.286	0.205	0.061	0.232	0.777	0.063	0.091	0.192	0.094	0.235	0.225
s.e	0.069	0.040	0.051	0.052	0.051	0.021	0.081	0.073	0.051	0.062	0.076	0.057

Note: [a] indicates observation from 2000:Q1 to 2015:Q4, [b] indicates observation from 2000:Q1 to 2009:Q2, [c] indicates observation from 2009:Q3 to 2015:Q4, [d] VECM appeared positive if includes LIR. ** indicates coefficient is significant at 1% level, * indicates coefficient is significant at 5% level.

As for hi-rise, the negative relation between FDI and affordability level might owe to the shift in preference to semi-D and detached.

Meanwhile, during the post liberalization period, all house types show consistent positive and significant results with FDI. The increase in FDI has caused the affordability level to also increase. The finding signifies the FDI role in increasing the standard of living which eventually make it possible to raise the affordability level not only for the terrace potential buyers but also to semi-D and bungalows potential buyers.

The role of interest rate in influencing affordability level also mixed in pre-liberalization and post-liberalization period. During the former period, a higher level of interest rate would cause the affordability level to be low, following our hypothesis that higher cost of borrowing would discourage potential buyers of all sorts of houses. However, during post-liberalization, a higher interest rate have induced the affordability level to jump positively and significantly in terrace ($\beta_{Terrace}$ =3.58) and detached house ($\beta_{Detached}$ =2.22)

Briefly, results from post-liberalization period showed that affordability level would increase when the house price, FDI and interest rate increases. It reflects that the role of FDI in affecting standard of living might have been very significant while role of house price and interest rate which were supposed to affect affordability level negatively, have succumbed to speculation. Two factors might be useful in explaining the situation. First, the liberalization have opened up the Malaysia residential to foreigners who are at currency advantage plus the readiness of foreign buyers to purchase these houses at a higher price. These have indirectly stimulate speculation activities. As a result, even with a higher house price, Malaysians are automatically pushed to purchase properties price offered by the developers (though the real price is below the market price), worrying the price would climb higher in the future.

Second factor might be due to high cost of construction supply which has created the cost-push inflation. Together with it is high cost of living which consequently lead to a person having a higher income. Higher income however might have not caused the housing affordability level to drop as speculation activities continued to play role in increasing both the price of construction supply and overall price level as a whole. Therefore, explains why the higher house price has caused affordability level to grow.

Conclusion

Malaysia is the 5th largest FDI recipient in the world. In order to boost the inflows, the government has relaxed the country's real estate ownership and invited foreign participation in purchasing the real estate. Active foreign participation has caused the previously mundane residential market to be very dynamic. Demand from foreign potential buyers have caused the house price to increase in all house types such as terrace, semi-D, detached and hi-rise. The repercussion of the liberalization is the reduction in affordability level. This research examines the influence of house price, FDI and interest rate in 3 periods: full, pre-liberalization and post-liberalization periods. The findings were not consistent between pre- and post-liberalization periods. While pre-liberalization period findings mostly follow our hypotheses, the findings during post-liberalization period showed otherwise. Thus to answer our research question, it is indeed FDI has a positive impact on housing affordability in Malaysia during post-liberalization period in all house types. House price also influenced housing affordability, however in the contradictory manner during post liberalization period. Therefore, briefly, the difference in the results conducted before and after liberalization would suggest that housing affordability level does not entirely depending on the house price and FDI factors but also depending on the liberalization policy introduced by the government. The positive results between housing affordability level with house price, FDI and interest rate during the period indicated that inflows have significantly contributed to increase the affordability, however speculation activities played significant role as high house price and high interest rate do not lower the affordability level as expected. Nonetheless, this research is not without limitation. Future research needs to examine the multicollinearity issue in regards to variable interest rate.

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THE IMPACT OF BOARD OF DIRECTORS' CHARACTERISTICS ON THE EARNINGS QUALITY: EVIDENCE MANUFACTURING FIRMS IN AMMAN STOCK EXCHANGE

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Abstract: The study aims to investigate the corporate governance interpreting earnings quality of industrial companies listed on the Amman Stock Exchange (ASE), where using the modified Jones model (1991)by Dechow and et.al, (1995) for measuring earnings quality. The study using board size and board independence to measuring Corporate Governance. A sample of (50) firms had been selected, and data covering the period 2009-2014 had been collected from these companies, where (300) observations were used in the analysis. The study found that there is a significant relationship between Board size, earnings quality, but there is no significant association between Board Independency and earnings quality, which approves that corporate governance has a significant effect in interpreting earnings quality.

Keywords: Earnings quality, Board of Directors, Industrial Companies, Amman Stock Exchange (ASE).

Introduction:

The Following of corporate collapses such as Enron, WorldCom. Et al, by the end of the Twentieth Century (Shiri et al., 2012), an urgent need emerged for new regulations to restrict some creative accounting and manipulation activities. As a result, the idea of corporate governance recommended, and several principles and rules issued and adopted by most countries and business organizations, as an attempt to restrict illegal procedures and to support better decision-making process in both of business and nonbusiness organizations. When adopted, the rules of corporate governance are expected to regulate the practices of earnings management, and other creative accounting activities. In other words, it is anticipated that the adoption of corporate governance by a business organization will restrict the managements' interventions in financial reporting, through the high level of flexibility that available in the Generally Accepted Accounting Principles (GAAP) and also in International Financial Reporting Standards (Ortega and Grant, 2003). Corporate governance rules are expected to fill the gap of confidence that had been missed next to collapse in the financial reporting and auditing procedures. On the other hand, the accounting earnings is a measure of the performance of companies, and therefore a measure of the performance of the managers and give them bonuses from the point consideration by the shareholders. As is the earnings from the perspective of creditors, an important measure to make credit decisions, and investors rely on accounting profit to evaluate their investments through its contents profits from the ability to predict the continuity of earnings in the future. The financial analysts put it at the front of primary inputs necessary for the process of decision-making (Block, 1999).

Thus the activation of "corporate governance" system in adjusting the financial statements in proportion to the requirements of the standards, and the consequent increase in the quality of earnings, so this study reflecting of the impact of the application of "corporate governance" on the quality of earnings in the Jordanian industrial companies listed on the Amman Stock Exchange.

Problem Statement:

One of the main reasons cited by the previous study behind these collapses that occurred in most of the large companies is earnings management. Earnings management can be described as alteration of firms' financial performance by insiders to either manipulate outcomes; this phenomenon has led to the loss confident of investors and debtors in financial reporting (Uwuigbe e.t al., 2014). Thus, to revert confidence in financial reporting, many countries, including Jordan, have issued corporate governance codes. One of the primary purposes of which is to provide shareholders and investors

with accurate, precise, timely disclosure information. The problem of the study is that Jordanian authorities early developed and adopted corporate governance regulations, but for sure this adoption may affect similar aspects of financial performance of shareholding firms. The problem of the study is to identify whether the adoptions corporate governance regulations affect the earnings quality the problem of this study can be expressed throughout the following research questions:

1. Do Board size and earning quality affect the earnings quality?
2. Do Board Independence and earning quality affect the earnings quality?

Research Objective:
1. To determine the impact of the Board size on the earnings quality in Jordan.
2. To determine the impact of the Board independence on the earnings quality in Jordan.

Significant of the Study:
The subject of the study is considered necessary. Corporate governance as an idea and practice is seen as new Therefore, any ideas recently applied should be reconsidered and assessed enough period next to its application, because as a result of feedback received next to application, some amendments may appear necessary to be more efficient and effective. Considering the conditions that led to the development and adoption of corporate governance, it is necessary whether it can achieve its objectives and protect firms and interested parties.

Literature Review and Development Hypothesis:
Azoz, et al. (2016), the purpose of this studies to examine the impact of corporate governance characteristics on earnings quality and earnings management. The sample of this study consists of all financial companies listed on the ASE; the total number of companies was 73 companies. The board size, CEO duality, board composition, audit committee size, audit committee composition and audit committee activity are used to measure the corporate governance characteristics and the modified Jones model, are used to estimate earnings quality and earnings. The results provided that the audit committee size and audit committee activity has a relation with each of earnings quality and earnings management. The researcher recommends the Jordanian financial companies to reduce the number of board of director's members, to adjust the proportion of the outside directors and non-executive in each of the board of director and the audit committee.

Gaio and Raposo, (2014),This study aimed to test the relationship between corporate governance and the quality of earnings, so the application on a sample of 537 companies were selected from 35 countries for the period from 1990 to 2003, has been used several attributes related to earnings quality including: quality benefits, stability and predictability, harmony and appropriate and timely and the conservatism, and the study found an inverse relationship statistically differences between the corporate governance rankings and arrange the quality of earnings in the high economic countries, while the study pointed out that the poor quality of the earnings increase the demand for corporate governance mechanisms to compensate for the weakness in earnings quality.

Alves (2014)This study aimed to test the effect of the independence of the Board of Directors on the earnings quality has been the focus of this study, the non-executive independent members, and that the application of a sample of 402 companies for the period from 2003 to 2010, the model was used modified Jones in 1995 to measure the earnings quality, The results showed a positive relationship between earnings quality and independence of the Board of Directors where the greater the proportion was higher than the independent directors, the higher earnings quality.

Kumari and Pattanayak (2014), the purpose of this study was to examine the effect of the board of director characteristics (Board size, board independent, CEO duality) as independent variables on earning management, practices as dependent variable measured by discretionary accruals. The sample of this study consists of 12 Indian service companies. The study found the following: there is a significant positive relationship between the board sizes and earning management; there is a significant negative relationship between the absence of CEO duality and earnings management practices, and there is no relation between board independence and earnings management practices.

Fodio, et al., (2013), this study investigates the effect of corporate governance mechanisms on reported earnings quality of listed Insurance companies in Nigeria. To achieve this objective Using twenty-five (25) quoted insurance firms during the period 2007-2010, the model was used modified Jones in 1995 to measure the earnings quality, The study finds that board size, board independence and audit committee size are negatively and significantly associated with earnings management while audit committee independence and independent external review have positive relationship with discretionary accruals.

Chaharsoughi and Abdul Rahman, (2013), this study examines the relationship among independent boards of directors, board size, ownership of the Board of Directors and earnings quality. The study sample of 114 companies listed on the Tehran Stock Exchange (TSE) for the period from 2008 to 2010, the earnings quality is measured by using the discretionary accruals (DACC) model as modified by Jones (1991) and proposed by Dechow et al. (1995). The results showed the existence of a direct correlation, but not statistically significant between each of the independence of the Board of Directors and ownership Board of Directors with the earnings quality, as the study showed an inverse relationship was not statistically significant between the number of board members and the earnings quality and, finally, a negative relationship between firm size as a control variable and earnings quality.

Shiri, et al., (2012), This study aimed to investigate the impact of some of the corporate governance mechanisms (the proportion of board members independent and duplication between the Chairman of the Board and Chief Executive Officer) on the earnings quality. Has been used a model Dechow and Dichev 2002 to measure the earnings quality and to achieve objectives of the study was the application of a sample of 131 companies listed in Tehran Stock Exchange for the period between 2004 up to 2009, The results showed the existence of a statistically significant and positive relationship between the independent members of the proportion of and the separation of chairman and CEO and the earnings quality, results of the study also showed that a large-sized companies with high financial leverage corporate earnings quality and mechanisms of corporate governance more than other companies affected.

Development Hypothesis:
Based on the survey made of the related literature and prior researches corporate governance and earnings quality, two key hypotheses had been developed in their null form. These two hypotheses are as follows:
Board size and Earnings Quality:
The key determinant of the board's effectiveness is the board structure such as board size and board Independence. Large boards also give redundant control to the CEO (Eisenberg et al., 1998; Fernandez et al., 1997). Moreover, Jensen (1993) argues that as increment board size, the board's ability to monitor management decreases due to a greater ability to avoid an increase in decision-making time.
The Jordanian Code of Corporate Governance states that the size of the board of director members it should range from 5 to 13 members. Numerous studies have been conducted on the effect of board size on earnings quality, arriving at conclusions that are very inconclusive. Uwuigbe, et al., (2014); Kumari and Pattanayak (2014); Azoz, et al., (2016); Fodio, et al., (2013), studies find a significant positive relationship between board size and earnings quality. On the other hand, Sukeecheep et al., (2013) and Chaharsoughi and Abdul Rahman, (2013) studies, find no significant relationship between board size and earnings quality, For the purpose of this study, the board size is measured by some members of firm's board .

Ho₁: Board size has no impact on earnings quality of the manufacturing listed companies in Amman Stock Exchange
Board Independence and Earnings Quality:
The Sarbanes-Oxley Act (2002), cared the necessity for the board to have independent members to improve the earnings quality by minimizing earnings management. Following the 1997 Asian financial crisis, the Korean government introduced a series of corporate amendments which required among others a minimum of 25% of the board to be made up of outside directors (Choi, Park, & Yoo, 2007). The Jordanian Code of Corporate Governance defines independent member as a member who is not employed in the executive management of the company or any of its affiliates during the last three years before the nomination; When there is no personal interest, it is expected that the member on the board will help directly or indirectly in reducing the level of earnings management practices. Thus we have become an earnings quality on the financial reports.

Ho₂ Board independence has no impact on earnings quality of the manufacturing listed firms in Amman Stock Exchange

Methodology:
The population of the study includes all manufacturing listed firms in ASE. The number of listed manufacturing firms in ASE is 68 companies, by the end of 2013. A portion of needed data for the measurement of the study variables requires the availability of data one year before the period of the

study, which is extended over the period 2009-2014. Number of observations that were subject to analysis is (300), attributed to 50 listed manufacturing firms in ASE for 6 year period, so this composes (71.4%) percent of the total population of the study. Two terms should be available for a firm to be included in the sample. First, all needed data regarding the company should be accessible; whereas the second is that the firm was not stopped or merged with other entity during the period of the study. Based on the literature, the earnings quality is one of the most important factors in assessing and determining the value of an organization.

Prior researchers mentioned different measures for the determination of earnings quality level. Several recommendations for the interpretations of earnings quality are available; among these is the use of earnings continuity as the indicator for quality. Richardson, et al. (2005) developed a model for the measurement of future profits continuity. Other prior researchers used accruals method for measuring earnings quality using the absolute value of discretionary accruals. To compute discretionary accruals Jones method (1991), which adjusted by Dechow, et al. (1995) can be used. This method is the most common used method for measurement earnings quality. That is a higher absolute value of discretionary accruals suggests lower earning quality, and the prior research was used bored size and bored of a director to measured corporate governance.

The study adopted the Jones method (1991), which adjusted by Dechow and et al (1995) for measuring earnings quality, which is considered as the most famous model to detect earning quality nowadays. The model is based on using the discretionary accruals as an indicator of earnings quality. That is a higher absolute value of discretionary accruals suggests lower earning quality. The absolute value of discretionary accruals is viewed as an inverse measure of earnings quality. To compute the absolute value of discretionary accruals, the following equation can be used.

Total accruals (TA) are measured as follows:

$$TA_{i,t} = NI_{i,t} + CFO_{i,t} \text{ .... (1)}$$

Where:

NI $_{i,t}$: Net income of firm j for year t.

CFFO $_{i,t}$: Cash flows from operations of firm j for year t.

In order to estimate discretionary accruals for firm i in year t, we first estimate parameters of the cross-sectional modified Jones (1991) model using all other firms in the same industry (same first two-digit SIC as firm i). The model is as follows:

$$\frac{TA_{j,t}}{A_{j,t-1}} = \alpha_{j,t}\left(\frac{1}{A_{j,t-1}}\right) + \beta1_{j,t}\left[(\Delta REV_{j,t} - \Delta REC_{j,t})/A_{j,t-1}\right] + \beta2_{j,t}\left[\frac{PPE_{j,t}}{A_{j,t-1}}\right] + \varepsilon_{j,t} \text{ .. (2)}$$

Where:

TA $_{j,t}$ = Total accruals of industry j for year t.

ΔREV $_{j,t}$ = Change in revenue of industry J between year t and year t-1.

ΔRECE $_{j,t}$: Change in Receivables of industry j between year t and year t-1.

PPE $_{j,t}$: Gross property, plant, and equipment of industry j industry j for year t.

A $_{j,t-1}$: Total assets of industry j by the end of year t-1.

The industry-specific estimates of parameters from equation (2) imply an expected association between non-discretionary accruals and accounting variables for firms in industry j. Thus, the non-discretionary accruals for firm i in year t can be computed as follows:

$$NDA_{i,t} = \alpha_{j,t}\left(\frac{1}{A_{j,t-1}}\right) + \beta1_{j,t}\left[(\Delta REV_{j,t} - \Delta REC_{j,t})/A_{j,t-1}\right] + \beta2_{j,t}\left[\frac{PPE_{j,t}}{A_{j,t-1}}\right] + \varepsilon_{j,t} \text{ ..(3)}$$

The absolute value of discretionary accruals for firm i in year t is computed as follows:

$$| DA_{i,t} | = | TA_{i,t} - NDA_{i,t}| \text{ .... (4)}$$

Where:

$DA_{i,t}$: Discretionary accruals in year t, which used to measure earnings equality.

On the other hand, this study will applied number of members in the board of directors as proxy of board of director's size, while the proportion of non-executive members to the total members of the Board used as measure of board of directors independency. These measures are commonly applied by the prior studies (Uwuigbe, et al., (2014); Kumari and Pattanayak (2014) and Azoz, et al., (2016)) Finally, in order to increase the validity of the result, two internal control variables have been included

in the regression model (firm size measured by Log. Of Total Asset and leverage measured by Debit Ratio similarly as previous studies (Azoz, et al, (2016), Gaio and Raposo, (2014) and Alves, (2014))

Results and Analysis:

To examine whether the data is appropriate for analysis and measurement and whether it achieves the objectives of the study, several tests had been made such as normal distribution test, multicollinearity test, and correlation. Table (1) shows these tests.

Table No. (1): Test of Data Validity and Study Model

Variables	Multicollinearity		Autocorrelation
	Tolerance	VIF	Durbin-Watson
Board Size	.594	1.684	
Ind. Board	.701	1.427	
Firm's Size	.882	1.134	1.764
Lev.	.559	1.789	
EQ	.594	1.684	

About normal distribution, the study was conducted to include all available data to each firm listed in the study sample. Also, since the sample size composes about 71.4 percent from the total population of the study, then the model can be considered useful and valid. Tolerance coefficient is computed for each variable, to test the overlapping among variables. After that, the Variance Inflation Factor (VIF) had been used. Since VIF coefficient for each variable is not more than 5, it is concluded that no overlapping is available among variables, so this means that the model is highly appropriate for interpreting the effect of independent variables on the dependent one. Regarding autocorrelation, Durbin-Watson test (D-W) had been used, and its value is 1.764, so this is a good indicator that autocorrelation problem does not exist among variables. In the occasion, the optimal value of (D-W) test is between 1.5 and 2.5(Gujarati, 2003, P, 496).

Descriptive statistics

Table (2) shows the descriptive statistics for all variables. Based on information appears in the table, it is notable that the mean of the corporate governance (Board Size, Ind. Board) are small, which means that the corporate governance was quiet. When the corporate governance is weak, this creates an incentive for firms to practice the of earnings management. Thus, the quality of earnings in the financial reports is weakly.

Table No. (2): Descriptive Statistics of Variables for all companies: 2009-2014

Variable	Minimum	Maximum	Mean	Standard deviation
Board Size	00	13	3.2296	2.15742
Ind. Board	00	1	0.8802	0.15024
Firm's Size	6.23	9.09	7.2753	0.58229
Lev.	00	2.28	0.3691	0.27748
EQ	-.49	.54	0.0464	0.12238

Hypotheses Testing

Information appears in the table (3) demonstrate the existence of a significant linear relationship between the board of directors characteristics and earnings quality. The computed f-value equals 9.650, with a calculated coefficient of a significance of zero. When the coefficient of significance is compared with the predetermined corresponding one, which equals 0.05. Therefore, and based on this result, the null hypothesis is rejected while it's alternative one is accepted. This means that the Results revealed that the coefficient of determination (R^2) equals 11.6 percent, where this refers that independent variables interpret 11.6 percent in the variance of earnings quality. This is considered as the existence of the linear relationship between the corporate governance and earnings quality. This result means that board size has statistical significant influence effect on the earnings quality and that these factors play a role in interpreting earnings quality. But the Board Independency has no significant relationship between Board Independency and earnings quality

Table (3): The Model and Statistics of Corporate Governance

$EQ_t = \beta_0 + \beta_1 \text{ Bored Size}_{i,t} + \beta_2 \text{ Ind. Bored}_{i,t} + \beta_3 \text{ Firm's Size}_{i,t} + \beta_4 \text{Lev.}_{i,t} + \varepsilon_{i,t}.$				
Variable	Unstandardized Coefficient (B)	Standardized Coefficient (Beta)	(T)	Sig.
Constant	.233			
Bored Size	.010	.177	2.827	.005
Ind. Bored	-.025	-.031	-.515	.607
Firm's Size $_{i,t}$	-.041	-.193	-3.389	.001
Lev. $_{i,t}$	.140	.317	5.570	.000
R^2	.116			
Adj. R^2	.104			
F	9.650			
Sig.	.000			

a. Predictors:(Constant) Bored size $_{i,t}$, Ind.Bored $_{i,t}$, Firm's Size $_{i,t}$, Lev. $_{i,}$

b .Dependent variable: EQ

c. * Significant at the level ≤ 5%.

Conclusions and future research:

The primary objective of the study is to investigate the corporate governance in interpreting the earnings quality that the listed manufacturing firms in ASE may exercise. Based on the data analysis and hypotheses testing, the study finds that a linear regression relationship exists between the corporate governance to interpret earnings quality. The results indicate that there is a significant association between Bored size and earnings quality, but there is a no significant relationship between Bored Independency and earnings quality, which approves that corporate governance has a significant effect in interpreting earnings quality. There is a significant relationship between control variables (Firm size) and (Leverage ratio) and earnings quality. The recommendation in future research takes another scale to measure earnings management, corporate governance rules and set other variables as control variables such as performance, company risk and audit quality.

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MEDIATION EFFECTS OF KNOWLEDGE MANAGEMENT IN THE RELATIONSHIP BETWEEN MANAGING TALENT AND PRIVATE COLLEGES PERFORMANCE

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Abstract: The purpose of this study is to investigate the organizational performance of private colleges associated with managing talent practices and whether knowledge management mediates the relationship between managing talent attraction and recruitment, talent development and talent retention with respect to organizational performance of private colleges. PLS-SEM technique is deployed to test the hypothesized relationships in the model. A survey method is used to collect data for all variables of interest in this study. The non-probability sampling approach of convenience sampling is utilized due to the unavailability of a list of all the elements of the population. Unit of analysis is at individual level. A total of 1750 questionnaires survey forms are distributed to 350 private colleges in Malaysia and this provides a sample size of 243 representing 49 private colleges. A response rate of 13.9% is achieved. Empirical findings in this study highlight that managing talent development is a significant predictor contributing to knowledge management and organizational performance of private colleges. Knowledge management is shown to have a significant direct positive impact on performance level of private colleges. The management of talent attraction and recruitment, talent development and talent retention are each predicted to have a significance positive influence on knowledge management. The mediation effects of knowledge management are statistically significant and it partially mediates the relationship between managing talent attraction and recruitment, talent development and talent retention with organizational performance of private colleges. Both limitations of the study and managerial implications are also highlighted in this paper.

Keywords: Managing talent attraction and recruitment, Managing talent development, Managing talent retention, Knowledge management, Organizational performance, PLS-SEM.

1. Introduction

With the forces of commercialization and privatization driving contemporary higher education globally, the market for private higher education is rapidly expanding and the performance of private colleges is inevitably a function of the markets in which their businesses operate (Martin, 2010). According to Riggan (2012), the success of private higher learning institutions has been evaluated not only from the standpoint of financial metrics such as business performance, value of the enterprise and stability of earnings, but also from non-financial indicators like students and parents satisfaction, reputation as well as their comparative advantages. In relation to this, previous studies are concerned about the strategic practices of managing talent that have not been sufficiently put in place by private sector higher-education businesses to effect profitability and growth of the organizations (Lynch, 2007; Lavania, Sharma & Gupta, 2011). Other researchers such as Riccio (2010) and Cook (2012) have further advocated a systematic approach to talent management being institutionalized as a priority to develop administrative-academic leadership talent and increase competitiveness within the private higher learning institutions.

Moreover, the business of private higher education is unique in such a way that it arguably assumes the role of managing valuable knowledge among individual talents in encouraging learning and development to take place among other employees which in turn, helps sustain the competitiveness of educational organizations in today's globalized knowledge-based economy (Arokiasamy, Ismail, Ahmad & Othman, 2009). By managing key talent strategically is further claimed to facilitate the activities for which organizational knowledge is managed through the establishment of network interaction among individual talents to impact the performance of business corporations (Kianto, Ritala, Spender & Vanhala, 2014).

This paper is therefore aimed to investigate the organizational performance of private colleges in Malaysia associated with the management of talent practices and to evaluate the role of knowledge management in mediating the relationship between managing talent attraction and recruitment, talent development and talent retention with respect to organizational performance of private colleges. The

next section of this paper discusses the research context and hypotheses formulated in accordance to the literatures reviewed on the practices of managing talent and knowledge management with organizational performance of private colleges. This is followed by an explanation of the research method used and the assessment of measurement and structural models by employing the PLS-SEM technique using SmartPLS 2.0 M3 software. The last section highlights the limitations and managerial implications made by this paper.

2. Literature Review and Hypotheses

A plethora of research studies (Lockwood, 2006; Scullion & Collings, 2011; Schuler, Jackson & Tarique, 2011; Sheehan, 2012; Liu & Pearson, 2014; Ulrich, 2015) have concluded the importance of talent management in driving business results that positively impact organizational performance. However, there is still a lack of empirical evidence to demonstrate how each strategic practice of managing talent influences the performance of private academic institutions in Malaysia coupled with a call made to predict the impact of managing talent practices on knowledge management that positively affects organizational performance (Whelan, Collings & Donnellan, 2010). Therefore, this paper hypothesizes that:

H1: There is a significant positive relationship between managing talent attraction and recruitment with organizational performance of private colleges.

H2: There is a significant positive relationship between managing talent development and organizational performance of private colleges.

H3: There is a significant positive relationship between managing talent retention and organizational performance of private colleges.

H4: Managing talent attraction and recruitment has a significant direct positive impact on knowledge management among private colleges.

H5: Managing talent development has a significant direct positive impact on knowledge management among private colleges.

H6: Managing talent retention has a significant direct positive impact on knowledge management among private colleges.

H7: Knowledge management has a significant direct positive impact on the performance level of private colleges.

Despite having a positive relationship between talent management and organizational performance, what has not been fully explained and empirically tested in the past is by how the effects of managing talent are passed on to influence the performance of organizations. In light of this, knowledge management is considered a missing link that bridges the gap between managing talent and organizational performance (Alshekaili & Boerhannoeddin, 2011; Kianto, Ritala, Spender & Vanhala, 2014). In this paper therefore, it is hypothesized that:

H8: The impact of managing talent attraction and recruitment on organizational performance of private colleges is significantly mediated by knowledge management.

H9: The impact of managing talent development on organizational performance of private colleges is significantly mediated by knowledge management.

H10: The impact of managing talent retention on organizational performance of private colleges is significantly mediated by knowledge management.

3. Research Methodology

A survey method using formal standardized questionnaires as a tool with 41 items adapted from previously validated scales to collect quantitative data for all variables of interest studied. All 17 items to the latent variables of talent attraction and recruitment, talent development and talent retention are measured on a 5-point Likert scale, where all of which are identified from the study by Oehley (2007). Knowledge management comprises 14 items measuring on a 5-point Likert scale are adapted from Zack, McKeen and Singh (2009) while the perceived organizational performance of private colleges is measured using 10 items on a 7-point Likert scale are adapted from Slavkovic and Babic (2014). The sampling frame is compiled from the Malaysian Qualifications Register (MQR), a national list of private colleges with their accredited programs maintained by the Malaysian Qualifications Agency (MQA). The non-probability sampling approach of convenience sampling is used since there is no satisfactory list of all the elements of the population available. Unit of analysis is at individual level. The targeted respondents participating in the survey are senior management, departmental managers, senior executives, senior lecturers and heads of programs (HOPs), who are deemed as talents in key positions. With 5 respondents per institution used, a total of 1750 questionnaires survey forms are distributed to 350 private colleges in Malaysia, out of which only 243 representing 49 private colleges are considered valid and usable and that provides the sample size for this study. A

response rate of 13.9% (243/1750) is achieved. The variance-based PLS-SEM method is then deployed to test the hypothesized relationships in the model.

4. Measurement Model Evaluation

Prior to PLS-SEM analysis, common method variance bias is checked using Harman's single factor test since the data was collected from a single source of information through a single questionnaire. The un-rotated factor analysis has shown that the first factor is only accounted for 14.48% of the total 66.78% variance. As a result of this factor analysis, the variables studied are clearly factoralizable, suggesting that common method variance bias is not a serious problem in our study.

A run on PLS algorithm is then to evaluate reliability and validity of the reflective measurement model. Referring to Table 1 below, one of the criteria to be assessed here is internal consistency reliability using the measure of composite reliability (CR). The results show that the values of composite reliability ranged from 0.8841 to 0.9347 which are above the recommended threshold value of 0.8. This has indicated the measures used to represent the constructs have achieved internal consistency reliability. However, Cronbach's alpha tends to underestimate the internal consistency reliability as it assumes all indicators loadings are equal (Hair et al., 2014). Our measurement model has also demonstrated adequate indicator reliability when each indicator's outer loading exceeds 0.708 and is significant at least at the level of 0.05. The item KM9 with loadings slightly less than 0.708 is retained because removing this item will not significantly increase the value of CR. Further, convergent validity of the measurement model is established when all the latent variables have average variance extracted (AVE) values ranging from 0.5663 to 0.6862 and all are above the critical value of 0.5.

Table 1: Results of the measurement model

Construct	Item	Loadings	AVE	Composite Reliability	T-Statistics	Cronbachs Alpha
Talent Attraction and Recruitment	TAR1	0.8071	0.6376	0.8977	24.613	0.8574
	TAR2	0.8451			43.009	
	TAR3	0.8030			23.557	
	TAR4	0.7995			23.405	
	TAR5	0.7338			20.256	
Talent Development	TD1	0.8198	0.6862	0.9291	31.633	0.9085
	TD2	0.8394			40.595	
	TD3	0.7870			24.159	
	TD4	0.8515			39.251	
	TD5	0.8310			35.266	
	TD6	0.8400			32.072	
Talent Retention	TR1	0.8252	0.6050	0.8841	37.299	0.8366
	TR2	0.7200			17.058	
	TR3	0.7293			16.626	
	TR4	0.7816			21.690	
	TR6	0.8262			30.099	
Knowledge Management	KM5	0.7404	0.5663	0.9288	23.126	0.9151
	KM6	0.7894			22.208	
	KM7	0.7170			17.006	
	KM8	0.7236			15.542	
	KM9	0.7036			15.851	
	KM10	0.7799			23.775	
	KM11	0.7588			25.102	
	KM12	0.7408			17.097	
	KM13	0.7664			25.032	
	KM14	0.7991			31.636	
Organizational	OP3	0.7144	0.6428	0.9347	14.675	0.9199

Performance of Private Colleges				
OP4	0.7093			13.844
OP5	0.8555			39.977
OP6	0.8683			41.810
OP7	0.8552			40.710
OP8	0.7983			23.963
OP9	0.8087			24.675
OP10	0.7888			24.497

Additionally, discriminant validity of the constructs is evaluated using one of the approaches which is Fornell-Larcker's criterion. The measurement model exhibits discriminant validity when the square root of each construct's AVE exceeds the correlations between the construct and all other constructs in the model. The result of the construct's discriminant validity is presented as follows:

Table 2: Fornell-Larcker's criterion

	College Perf	KMGT	TARecruitment	TDevelopment	TRetention
College Perf	**0.8018**				
KMGT	0.6766	**0.7525**			
TARecruitment	0.5221	0.6149	**0.7985**		
TDevelopment	0.6083	0.6938	0.6755	**0.8284**	
TRetention	0.5557	0.6297	0.6553	0.7300	**0.7778**

Note: The Square Root of AVE in bold

5. Structural Model Evaluation

This paper then proceeds to test the hypothesized relationship between latent constructs within the structural model when reliability and validity of the measurement model are satisfactorily met. PLS-SEM technique is used to predict the key target construct of private colleges performance. To investigate the proposed hypothesis, as recommended by Hair et al. (2014), 5000 bootstrap samples from 243 observed cases originally used with a 'no sign change option' to estimate the path-model coefficients and their significance. The diagram below illustrates the structural model evaluation.
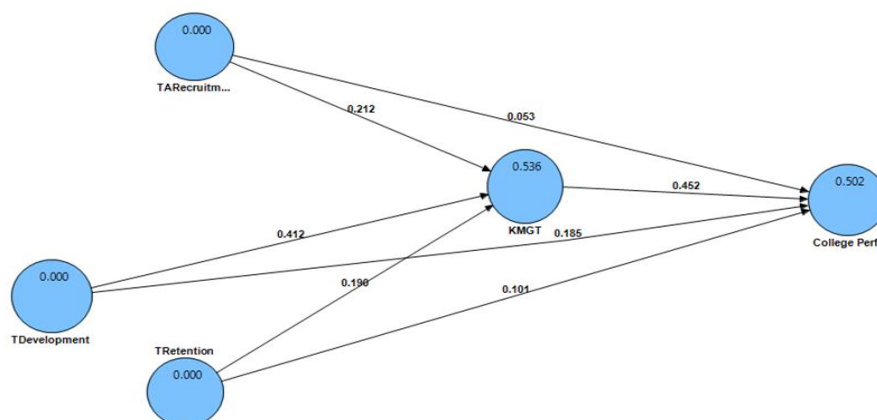
The model above shows that 53.6% ($R^2 = 0.536$) of the amount of variance of knowledge management (KMGT) is influenced by the practices of managing talent attraction and recruitment, talent development and talent retention whereas 50.2% ($R^2 = 0.502$) of the variance of organizational performance of private colleges (College Perf) is explained by the model. As such, the model provides a moderately strong predictive power (Chin, 1988a). Coupled with an omission distance, D=7 and 243 cases observed in our study, a run on the blindfolding procedure in SmartPLS 2 further reveals that Q^2 values are above zero, thus indicating the structural model exhibits predictive relevance for all the endogenous latent constructs (i.e. KMGT and College Perf).

The following Table 3 shows the results from the structural model assessed that support the proposed hypotheses H2, H4, H5, H6 and H7, all of which indicate the expected positive sign direction with path-coefficient estimates (β) ranging from 0.1851 to 0.4518. It is shown that managing talent development and knowledge management are significant predictors to organizational performance of private colleges. However, the practices of managing talent attraction and recruitment as well as talent retention are found to have not significantly related to organizational performance of private colleges and hence, the proposed hypotheses H1 and H3 are not supported.

In addition, the practices of managing talent attraction and recruitment, talent development and talent retention are each predicted to have a significant direct positive influence on knowledge management, among which managing talent development has the most significant impact on knowledge management followed by managing talent attraction and recruitment and after which is managing talent retention in influencing knowledge management among private colleges within the context of Malaysian private higher education business sector.

Table 3: Significance testing results of the structural model path coefficients

Hypothesis	Relationship	Standardized Beta Coefficient, β	Standard Error (SE)	t-Value	Decision
H1	TARecruitment -> College Perf	0.0529	0.0819	0.645	Not Supported
H2	TDevelopment -> College Perf	0.1851	0.0902	2.051*	Supported
H3	TRetention -> College Perf	0.1014	0.0949	1.068	Not Supported
H4	TARecruitment -> KMGT	0.2122	0.0810	2.621**	Supported
H5	TDevelopment -> KMGT	0.4115	0.0919	4.480**	Supported
H6	TRetention -> KMGT	0.1902	0.0885	2.151*	Supported
H7	KMGT -> College Perf	0.4518	0.0749	6.031**	Supported

Note: Significant at $*p < 0.05$ and $**p < 0.01$

6. Evaluation of the Mediation Relationship in PLS Path Model

In conducting mediation analysis, this paper follows Preacher and Hayes (2008) to bootstrap the sampling distribution of the indirect effect. Bootstrapping is a non-parametric resampling procedure for testing mediation effects that makes no assumptions of normality of the sampling distribution and is applicable to small sample sizes with more confidence (Hair et al., 2014). The significance of the indirect effect is tested using a bootstrapping routine with 243 observed cases, 5000 subsamples and a 'no sign change option' in SmartPLS 2.

The empirical results found in Table 4 below have supported the role of knowledge management (KMGT) in significantly mediating the relationships between managing talent attraction and recruitment (TARecruitment), talent development (TDevelopment) and talent retention (TRetention) each with respect to organizational performance of private colleges (College Perf).

Table 4: Significance testing results of the mediation relationship

Hypothesis	Relationship	Path Coefficient β	Standard Error (SE)	t-Value	Decision
H8	TARecruitment -> KMGT -> College Perf	0.0959	0.0403	2.379*	Supported
H9	TDevelopment -> KMGT -> College Perf	0.1859	0.0497	3.74**	Supported
H10	TRetention -> KMGT -> College Perf	0.0859	0.0438	1.961*	Supported

Note: Significant at $*p < 0.05$ and $**p < 0.01$

As suggested by Preacher and Hayes (2008) followed by Hair et al.(2014), Table 5 below highlights the indirect effects 95% Boot CI: [LL=0.0169, UL=0.1749], [LL=0.0885, UL=0.2833] and [LL=0.0001, UL=0.1717] do not fall in between a zero within the confidence interval at the given significance level of 5% and thus, statistically confirming the mediation effects of knowledge management (KMGT).

Table 5: Bootstrapped confidence interval

Relationship	Indirect Effect	Standard Error (SE)	Lower Limit (LL)	Upper Limit (UL)	95% Bootstrapped Confidence Interval
TARecruitment -> KMGT -> College Perf	0.0959	0.0403	0.0169	0.1749	[LL = 0.0169, UL = 0.1749]
TDevelopment -> KMGT -> College Perf	0.1859	0.0497	0.0885	0.2833	[LL = 0.0885, UL = 0.2833]
TRetention -> KMGT -> College Perf	0.0859	0.0438	0.0001	0.1717	[LL = 0.0001, UL = 0.1717]

In determining the strength of mediation, we use Variance Accounted For (VAF) assessment recommended by Hair et al.(2014) whereby VAF is equal to the indirect effect divided by the total effect (i.e. direct effect + indirect effect). Since the assessment of VAF is larger than 20% but less than 80% (i.e. 20% < VAF < 80%), we conclude that knowledge management as the mediator variable partially mediates the relationship between managing talent practices and organizational performance of private colleges.

7. Discussion

The management of talent development is significantly contributing to the business performance of private colleges. This result corroborates with some past studies by Davies and Davies (2010) and Mohan, Muthaly and Annakis (2015) that regard talent development as fundamentally related to performance management of private academic institutions in leading to their organizational success. However, managing the newly attracted and recruited talents needs to spend time and effort necessary to learn and explore the business operations of the institutions before making any significant impact on the performance level of private colleges. It is also found that talent retention has not significantly influenced private colleges performance as employees with skill and knowledge are constantly looking for better job employment opportunities elsewhere to advance their personal growth and achievements. Further still, knowledge management has had a significant contribution to the performance level of private colleges. Such findings provide support to some past studies conducted in the Asian higher education context by Wah, Menkhoff, Loh and Evers (2007) as well as Cheng, Ho and Lau (2009) that suggest the higher the level activities of knowledge management, the better is the performance of educational institutions. This in turn is linked to the practices of managing talent attraction and retention, talent development and talent retention, from which each has a positive impact on knowledge management. In this study, knowledge management is identified as a linking mechanism that explains how the effects of managing talent practices are passed on to influence organizational performance of private colleges. Such empirical findings are consistent with the past studies of Kianto, Ritala, Spender and Vanhala (2014) as well as Inkinen, Kianto and Vanhala (2015).The practices of managing talent have therefore led to the establishment of knowledge management initiative through social network and interactive learning among all other employees within the organization that exerts a significant influence over the performance level of private colleges. To conclude, managing talent development and knowledge management are seen as two important factors in driving the organizational success of private higher academic institutions in Malaysia.

8. Limitations

One of the limitations is generalizability of the findings is only restricted to private colleges that are operating in private higher education business sector within Malaysia. It is therefore not possible to generalize the findings of this study across other populations. Any conclusions about causality cannot be drawn with certainty as the study is an exploratory cross-sectional study, in which it only provides a preliminary and static view of the phenomenon under investigation. It is also impossible to monitor all respondents from the private colleges identified who fill up the questionnaires on their own. Not all of the respondents could be considered as potential sources of talent to develop a competitive advantage in providing core competencies to the private academic institutions.

9. Managerial Implications

This paper also makes some important managerial contributions as the model has shown a moderately strong predictive power, The top management of private academic institutions should

prioritize their business investment into strategically managing the development of talent workforce through learning and development initiatives which encompass the competency based in-house development plan, e-learning, skill building as well as coaching and mentoring with the effort to engage key talents in delivering a sustainable business performance. By continuously investing in organizational talent development, these private colleges are better positioned to set up an effective knowledge management mechanism such as network multimedia to socially interact among individual talents to stay ahead of competition. It is therefore in the interest of private enterprise colleges to concentrate on talent-based knowledge management practices to gain competitive advantage for institutional growth and development in today's liberalized higher education business environment. Nevertheless, reducing investment spending in managing talent development is expected to adversely affect the organizational success of these private colleges over time.

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AN EVALUATION STUDY OF SATISFACTION ON INDUSTRIAL TRAINING PROGRAMME AMONG ENGINEERING STUDENTS

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Abstract: The main purpose of industrial training programme is to expose the students to real working environment and learn how to apply the theoretical concept into real technical job. Therefore, students who are involved in this programme will acquire knowledge and skill to explore and learn various working practices in the aspect of technology, management, planning, problem solving, social and communication skill. Upon completion of the programme, students are made compulsory to complete a survey related to their satisfactory level of the training. This paper reports an empirical evaluation study of subjective satisfaction on Industrial Training Programme among engineering students. The data was collected using a set of survey questionnaire which comprised of three main parts; satisfaction on organization, satisfaction on job exposure and overall satisfaction. The survey was aimed to collect the feedback from students in terms of job exposure, organization satisfaction and achievement satisfaction. The statistical analysis method used were Descriptive analysis and Paired sample t-test. Data analysis showed there was no different in statistical significant in terms of satisfaction to the organization, type of job exposure and satisfaction to the overall achievement for both male and female. These results could be used for better industrial training management and syllabus review process.

Keywords: Social-Science, Industrial Training, Users' Satisfaction, Empirical Analysis, Higher Education

1. INTRODUCTION

At present, higher education institutes are showing concerns about the quality of learning and the courses offered to produce graduates who could meet the expected requirement of the job market. It is the same situation with Universiti Teknologi MARA where there is no exception in the realization of technological achievement towards globalization challenges. To produce competitive graduates, curriculum development is very important whereas the students should acquire the best learning process and achievement. Thus, FKE UiTM has included industrial training course into its Curriculum for Diploma in Electrical Engineering program. Industrial training program is designed to equip students with the knowledge and skills and successfully apply the theory to the real working environment. This is because the challenges and issues of their work can be very real. There are many issues and challenges that they confronted beginning at the search for training placement until the end of the training. These was discussed by Pillai, S., and Yusoff, M. (2007) in which the study found that students confronted several challenges for example there were only small number of interns who were offered internship in a company since the opportunity was found to be limited, short training period and etc. Issues and challenges like this is what that they get to see when they graduate and actually start looking for a job. Each process has encouraged students to become more aggressive, proactive and become competitive to achieve the goals of the programs that they are undergoing.

In establishing the quality of graduates, industry training program has assisted to improve students' credibility to be a professional employee in the engineering field. In the research study by Kingsley. K. and Niroshani. P.(2015) and Sahrir, M. S et al (2016), the study found that the industrial training program can develop self-confidence, execute problem solving activities, develop social interaction skills and aspire future education and career, essentially improved soft skills and increased their work-place literacy and well-being. The objectives of industrial training is to adapt the technical skills in the use of software, tools and equipment for electrical engineering job scope. In addition, industrial

training is also to focus on real industrial engineering practices and knowledge based on scope of work at the organization. Moreover, industrial training is also to apply work efficiently with the values of work with colleagues and superiors for a group project or assignment based on work procedures and/or work instruction. There are some steps in the industrial training program that have been provided by faculty to evaluate and analyze the results of the training industry. Therefore, this study focuses on the perception of students on industrial training program that they went through for eight weeks.

Industrial training program has helped establish a positive value in students regardless of each job and task that they are involved with (Omar, M. Z et al.,2008 Karim, Z. et al.,2007). The values of industrial training has been much discussed in previous study such as by Kingsley. K. and Niroshani. P.(2015), Eugene. O., et al.,(2014), Sahrir, M. S et al. (2016), Matamande, W., et al., (2013), Karim, Z. A.et al. (2007), Sahrir, M. S et al (2016) studied the satisfaction level of industrial training programme among Arabic language student. The study shows high score in increasing self-confidence, improving their knowledge and teamwork, preparing them well to work in industry, and gaining the experience to set up their business in the future. Madurapperuma, M. W (2015), had analyzed the perception of internship programme among accounting students. However, there are still not many research done on perception and satisfaction of students who have undergone training in electrical industry, particularly engineering school in Malaysia. In addition, many people have the perception that the field of engineering is only suitable for men. This issue is still not being reviewed. Therefore, this study focuses on the significant difference between male and female engineering students towards the perception and satisfaction in the industrial training.

2. RESEARCH METHODOLOGY

The industrial training programme for Diploma students at the Faculty of Electrical Engineering (FKE), Universiti Teknologi MARA (UiTM) Pulau Pinang is carried out for the duration of eight weeks after the students have completed four full time academic semester. The course carried out four credit hours and it is compulsory to complete their Diploma and pass for graduation. This is a new course in curriculum planning for the Diploma programme at FKE, UiTM Pulau Pinang. First batch of students were completed their training on 18th April 2016 until 10th June 2016. They were placed at various organization including government and private sectors.

There are several survey methods that can be used to collect data. Among these are distributed structured questionnaire and semi-structured interview (Kingsley. K. and Niroshani. P., 2015). In this study, questionnaire methods was used to collect the data which consists of three parts of survey. They are subjective satisfaction, type of exposure and overall achievement to the industrial training programme that they have undergone. All parts of survey were taken by the Electrical Engineering students which included three specialization programme namely; electrical–power, electrical–electronic and electrical–instrumentation. This survey involved 116 students as respondents to give their feedback for overall industrial training programme that they have successfully completed.

The survey data was collected and completely analysed using SPSS and Microsoft Office Excel to minimize human error in calculation of data. Likert-type scale is the most widely used approach in research study which involved questionnaire (Sahrir, M. S et al.,2016). For this study, the 5-point Likert Scale was used to design this survey to obtain respondents' perception. It is also to determine whether the students' perception gave a positive or negative perception (Kingsley. K. and Niroshani. P.,2015). The respondents were asked to choose a value from 1 to 5 provided in the survey. The interpretation of each indicator is point '1' that represents strongly disagree, point '2' to show disagree, point '3' to indicate neutral, point '4' is agree to satisfy and point '5' for strongly agree to satisfy. Point 1 being the lowest and point '5' is the highest point of satisfaction. In addition, point '1' and '2' can be categorized as not agree meanwhile point '3' and '4' as agree part. Point '3' as neutral satisfaction. For this survey, the Likert scale was selected because of a few factors where are easy to construct and the question ease to read and complete for respondents.

All respondents were given the survey questionnaires to be completed after finishing their training. The questionnaire was sent via Google Form in order to provide the students with easy access to the survey form. The summary for all of the questionnaires are as follow:

1. Satisfaction towards the organization - measure the level of satisfaction in terms of suitability, benefit, work prospect that student has been undergoing.
2. Satisfaction towards the job exposure – measure the level of satisfaction to the task and job. The type of exposure includes design, analysis, outdoor work, consultation and administration.
3. Satisfaction towards the overall achievement – measure the level of satisfaction towards the overall training, task and job in terms of fulfilling the objective, the expectation, and

challenges.

The main part of this study is to observe the comparison in satisfaction towards the industrial training programme between male and female. Therefore, the data collection was analysed according to two types of variables; the independent variables and dependent variables. The independent variables consist of male and female while dependent variable is satisfaction with the organization, the job exposure and with the overall achievement. All dependents variables were analysed in order to find the level of statistic significant for both independent variables. The evaluation includes the descriptive analysis and paired sample t-test for all dependent variables. From the variables studied, the null hypothesis for this study are as follows:

- Hypothesis 1 : No difference between male and female in subjective satisfaction to the organization (H1)
- Hypothesis 2 : No difference between male and female in subjective satisfaction to the job exposure (H2)
- Hypothesis 3 : No difference between male and female in subjective satisfaction to the overall achievement (H3)

3. RESULT AND DISCUSSION

3.1 Demographic background

The total number of respondents that have completed their survey response is 116 students. Fig 1 shows the percentage of students by program. The percentages stand at 36%, 30% and 34% for EE112 (Electrical – power), EE110 (Electrical – Instrumentation) and EE111 (Electrical – electronics) respectively.
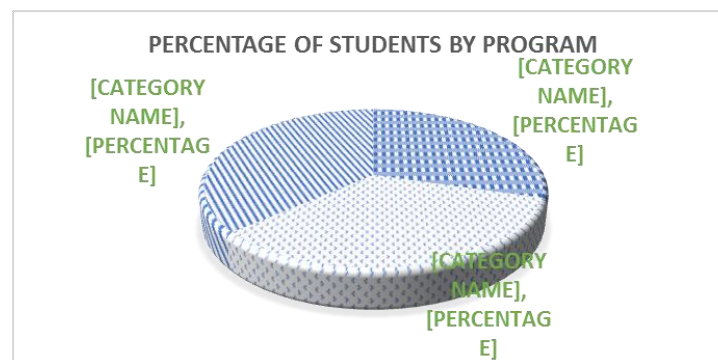
Fig. 1: Percentage of students by program

3.2 Descriptive analysis

In this study, descriptive analysis is used to summarize of observations the data collection. Table 1, Table 2 and Table 3 show the value of mean and standard deviation for all questions elements according to the satisfaction category. From Table 1, overall mean value for satisfaction towards the organization is 4.1580 which is obtained from three categories of question elements. The mean value is 4.1379, 4.2328 and 4.1034 for the suitability, benefit and prospect of work respectively. The overall mean value indicated that students are satisfied with the organization in terms of suitability, benefit and work prospect. The standard deviation is used to quantify the data variation from a set of data collection. Overall value of standard deviation is 0.7470 that indicates the data value is closer to the mean. This suggested that, the industrial training placement has met the training outcome the students should acquire after undergoing the industrial training programme.

Table 1: Mean and standard deviation of satisfaction to the organization

	Mean	Std. Deviation
Suitability	4.1379	0.80105
Benefit	4.2328	0.68977
Work Prospect	4.1034	0.75041
Overall	4.1580	0.7470

The mean and standard deviation value of satisfaction to the job exposure is shown in Table 2. The five types of job exposure namely design, analysis, outdoor work, administration and consultation. Outdoor work shows the highest mean value of 4.1207 and followed by the second highest; 3.8966, for consultation job exposure. Therefore, it is found that, most of the students have involved in the

outdoor work such as maintenance, repair and upgrade. This means that the job or assignment is found to be suitable for Diploma students in Electrical Engineering. Meanwhile, all standard deviation values are low where the data dispersion is evidently near to the mean value.

Table 2: Mean and standard deviation of satisfaction to the job exposure

	Mean	Std. Deviation
Design	3.6379	1.00777
Analysis	3.8448	0.81937
Outdoor work	4.1207	0.94322
Administration	3.7328	0.88816
Consultation	3.8966	0.87853

Table 3: Mean and standard deviation of satisfaction to the overall achievement

	Mean	Std. Deviation
Challenging	4.0690	0.82065
Fulfil objective	4.0517	0.81128
Fulfil expectation	3.8534	0.88715

Table 3 shows the value of satisfaction to the overall achievement in mean and standard deviation. Overall achievement has three categories namely challenging job or task, fulfill the objective and fulfill the expectation. Most of the students expressed their opinion that the training programme was challenging as can be seen from the highest mean value and most of them have achieved objective of the training. The mean value for fulfil the expectation also indicated that students are satisfied with the training programme. The descriptive analysis helps to measure the distribution of data collection for each element of questions. Overall data analysis has shown that students are satisfied and successful in their industrial training programme.

3.3 Subjective satisfaction evaluation
The satisfactory level data collection was gathered from the survey questions required for students to complete after the industrial training programme ended. They were given a set of questionnaire, part A to show their satisfactory level to the organization where students have to attend for the training, part B to learn about their satisfaction towards the type of job exposure and part C to collect the satisfaction analysis for overall achievement of industrial training.

Table 4: Descriptive evaluation of subjective satisfaction between male and female

		Mean	N	Std. Deviation
Overall achievement	Male	3.9540	58	0.80313
	Female	3.8793	58	0.79398
Job exposure	Male	3.7862	58	0.70672
	Female	3.7621	58	0.62851
Organization	Male	4.0345	58	0.82052
	Female	4.2126	58	0.62345

Table 5: Paired Sample T-test for Subjective Satisfaction between male and female students.

		Mean	Std. Deviation	t	df	Sig. (2-tailed)
Organization	Male - Female	-.17816	1.01493	-1.337	57	0.187
Job exposure	Male - Female	.02414	0.83442	0.220	57	0.826
Overall achievement	Male - Female	.07471	1.05417	0.540	57	0.591

The Cronbach's Alpha coefficient is commonly used to demonstrate the reliability of the survey question and scale. The reliability value is considered reliable when the value is more than 0.7. So, the Cronbach's Alpha has been used to assess the reliability of the survey question. The overall value of $\alpha = 0.927$ indicates that subjective satisfaction to the overall survey question was highly reliable for male. Meanwhile, female feedback in subjective satisfaction for overall survey question also shows high reliability with the $\alpha = 0.898$. The Likert-type scale with five points was used to measure the subjective satisfaction and was rated by students. Score 1 indicates negative perception while score 5 demonstrate positive perception. The survey questionnaire has 11 questions that consists of three

part; satisfaction with the organization, satisfaction with the job exposure and satisfaction with the overall achievement. Table 4 shows the collection score for both male and female are almost equal. This means that both male and female students have positive perception to the industrial training. Further statistical analysis was conducted to determine the significant difference in subjective satisfaction for male and female score to the industrial training perception. From the results of normality testing, the suitable technique to test the difference of statistical significant is paired samples t-test. Table 5 shows that there was significant difference in subjective satisfaction between male and female for all parts satisfaction category. The significant difference value is 0.187, 0.826 and 0.591 for satisfaction to the organization, job exposure and overall achievement respectively. Because of that, the null hypothesis (H1, H2 and H3) are accepted since significance level is more than 0.05.

4. DISCUSSION AND CONCLUSION

Overall evaluation shows that no difference significant level between male and female. Table in previous section shows that industrial training programme indicates highly satisfaction for both respondent's category, male and female (Table 4 and Table 5). This study focuses on empirical evaluation which involves several variables of satisfaction in terms of organization, type of job exposure and overall achievement. The evaluation involves descriptive analysis and subjective satisfaction for all parts. The evaluation session includes 116 respondents which just completed their industrial training programme. The survey process has been successfully completed within two weeks after industrial training end. The study shows significant different in statistical between male and female for three parts of satisfaction; satisfaction to the organization, type of job exposure and overall achievement. Hypothesis 1 (H1), Hypothesis 2 (H2) and Hypothesis 3 (H3) are accepted since value of Asymp. Sig. (2-tailed) were 0.187, 0.826 and 0.591 for all hypotheses respectively. All Asymp. Sig. (2-tailed) level is more than 0.05. Therefore, all parts show that male and female has same level of credibility, ability, perception to the technical job (hands on task/assignment) in Electrical Engineering field. In conclusion, industrial training programme in electrical engineering field contributed the same strength and superiority for male and female students.

5. ACKNOWLEDGEMENT

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BANK SPECIFIC AND ECONOMIC FACTORS ON BANK'S NON-INTEREST BASED ACTIVITIES IN ASIA PACIFIC BANKING

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Abstract: This study investigates bank specific and economic factors on bank non-interest based activities in Asia Pacific region banking sector over the years 2000-2015. We employ the pooled OLS and panel regression to assess the bank specific and economic factors effect on bank non-interest based activities through 61 representative banks from Australia, Hong Kong, Korea, Malaysia, Singapore and Thailand in Asia Pacific region. The empirical findings indicate that the bank specific and economic do have impact on developing and developed countries respectively. We also find that the non-interest based activities also affected by subprime crisis for developed and developing countries. The findings from this study are expected to contribute significantly toward decision-making for regulators, policymakers, bank managers, investors, and also to the existing knowledge on performance of the Asia Pacific banking sector.

Keywords: Bank's non-interest activities; Bank specific and economic; Asia-Pacific Banking

1.0 Introduction

From last few decades until present, banking system still acts as a predominant source of business finance and stabilizes financial position for various sectors in Asia Pacific due to developing financial system. Banks in the Asia Pacific countries have been moving towards non-traditional sources of income and emphasizing less on interest based activities after the recent global crisis in 1997. Corporate loans and deposits are highly competitive and price sensitive, and banks typically charge a very tight premium over the base lending rate. This results a rapid and sharp decline in net interest margins ((Stiroh, 2004). After 1997, the banking industry is likely to shift its focus to non-interest income to mitigate a revenue decline resulting from a drop in lending rates and due to face increasing repayment defaults and insolvency risks created by companies while in redeeming their loans.

Although the main business of banks is still lending, an increasing number of banks have shifted into investment-banking and other related activities during the last few years. This move towards financial intermediaries' activities like securities underwriting and trading, securitization and derivatives, have blurred the lines among different types of financial institutions. However, with the changing trends and increased competitiveness in the market place, the banking sector has entered into financial intermediaries activities. The importance of these new activities in comparison to traditional banking intermediation has increased over time since financial institutions have intensified their diversification efforts (Baele, De Jonghe, & Vander Vennet, 2007; Asli Demirgüç-Kunt & Huizinga, 2010).

This research will specifically focus on the impact of non-interest based activities of the banks on bank overall income structure. Not much literature has addressed the Asia Pacific countries' economic impact on bank non-traditional activities. The bulk of research in this area focuses on the US banks only as mentioned by Demsetz and Strahan (1997); Stiroh (2004), 2006). As impact of economy level at the banks' non-interest activities have not much been researched in the case of Asia Pacific countries, we attempt to examine bank specific and economic effects on the bank's non-interest based activities.

Due to the important financial roles played by these emerging economies in the global financial markets, the economic growth and volatility in the Asia Pacific countries cannot be overlooked and demand rigorous investigation. In addition, the banking development in these countries cannot be relegated and it deserves extensive exploration. Finally, as most of the existing literature is based on the U.S. or European banks, these issues have to be sufficiently explored in the context of the Asia Pacific member countries. The article is designed the following sections; the second will describe literature review and research framework. The data collection procedure and the methodology discussion will be explained in Section Three. The next part includes the empirical results in addition to the discussion of the finds. Final section will explain the conclusions of the study.

2.0 Literature Review

Financial institutions in recent years have been increasingly generating income from "off balance sheet" businesses and fee based activities. Calmès and Liu (2009) suggested that the financial intermediaries are increasingly involved with financial market activities e.g. off-balance sheet (OBS) activities such as underwriting securities. The noninterest income attributable to these financial market activities and found that banks' aggregate operating-income growth is rising because of the increased contribution of non-interest income. Overall, this scenario corroborates the U.S. findings of Stiroh (2006).

Albertazzi and Gambacorta (2009); Uzhegova (2010) noted that the interest margins of commercial banks have constantly been declining since the mid-eighties have forced banks to explore alternative sources of revenues and compensate for the adverse development in the interest based activities, leading to diversification into trading activities, other services and non-traditional financial operations. Templeton and Severiens (1992) stated banks are branching into non-bank primary financial services such as security underwriting and insurance. Fee based activities have been accelerated by globalization and rapid growth of international trade (Gischer & Juttner, 2003; Rogers (1998)). For some banks it has opened up new markets, particularly in trading, asset management and investment banking activities (Davis & Tuori, 2000). To date, Hidayat, Kakinaka, and Miyamoto (2012) expressed that the recent trend of product diversification in the banking industry underscores the importance of non-interest income activities.

2.1 Bank competitiveness

Competition in the banking industry becomes stiffer and banks wrestle for low-cost deposits with strains on commissions and fees based activities. The existence of broad-based, accessible, and actionable financial markets in the globe create the tendentious competition environment. As Fernández de Guevara, Maudos, and Pérez (2007) stated the competition between markets and intermediaries affected by financial integration in Europe and generate a convergence of both interest rates and margins among different countries. Moshirian (2011) identified that banks in countries with low levels of concentration have much higher degree involvement in non-interest based activities. The degree of competition and bank concentration move negatively with non-interest income activities. The competitive landscape of the banking system is important in judging the effects of a bank's non-interest generating activities. Angelini and Cetorelli (2003) reported competitive pressure from European countries have changed substantially in the banking environment, with potentially offsetting effects on the overall degree of competitiveness. Competitive conditions signaled by the decline in interest profit margin. The new entrants capitalized on increasing regulatory pressure on the big banks to make the market more competitive while the high street lenders are also shrinking their balance sheets.

Smith, Staikouras, and Wood (2003) found that most banks are diversifying into fee-earning activities due to stiff competition environment. Traditionally, fee income has been very stable, but it has been a small part of the earnings stream of most banks. It is found that the increased importance of non-interest income did for most banks. Increasing foreign participation and high concentration levels characterize the recent evolution of banking sectors' market structures in developing countries. Foreign banks were able to charge lower spreads relative to domestic banks. The overall level of foreign bank participation seemed to influence spreads indirectly, primarily through its effect on administrative costs. Bank concentration was positively and directly related to both higher spreads and costs (Peria & Mody, 2004).

DeYoung and Rice (2004a), 2004b) described initial internet bank start-ups tended to underperform branching bank start-ups and suggested that Internet-only business models were not economically viable for banks. However, firms that pioneer new business models may benefit substantially from experience as they grow older, and firms that use automated production technologies may benefit from scale effects as they grow larger. Internet only bank start-ups will be an essential component in competitive environment latter, but not the former effect. There are already substantial changes currently under way across the banking industry to strengthen competition, which improves choice and service for customers.

Craigwell and Maxwell (2006); Craigwell, Maxwell, Terrelonge, and Moore (2006) revealed that the incidence of non-interest income declined over the period, contrary to the findings in the wider developed world. Confirm that the result may be attributed to the absence of some of the factors that were pinnacle to the generation of noninterest income in developed countries, such as deregulation and technological change environment. Changing in bank characteristics and technology treated as the most influential factors shaping the trend of non-interest income in the banking industry.

Acharya, Hasan, and Saunders (2006) stated that traditional banking theory recommends that the optimal organization of a bank is the one in which it is as diversified as possible, but there seem to be diseconomies of diversification for a bank that expands into the industries in which it faces a high degree of competition or lacks prior lending experience. DeYoung and Roland (2001) suggested that bank mergers are focused in terms of specialized income activities and producing superior economic performance relative to those that are diversifying.

2.2 Banks' rules and regulation

Due to relatively developing capital markets, the capital needs of Asian banks increase as they seek to meet credit demand under a Basel III regime will not be trivial, and at risk are credit extensions to the life blood of Asian economies. A one-size-fits-all regulatory agenda may not be appropriate to serve the economic needs of Asian banks. To better preserve the growth trajectory and continued access to credit without the regulatory environment influence, the scope for a reasoned exercise of national discretion and a more moderate calibration in supervisory add-ons to Basel III minimum standards should be considered. Ash Demirgüç-Kunt and Huizinga (1999) stated that after controlling differences in bank activities and economic environment factors, foreign banks have higher margins and profits than domestic banks in developing countries. This leads most domestic banks seek for alternatives to improve the profit margins.

The introduction of new regulatory requirements, Basel I in 1988, Basel II in 2008 and Basel III in 2013 impair banks' income activities. Since regulatory requirements have affected compliance and the cost of capital, banks have to look more closely at different assets on their books and price them accordingly. In this context, it is often argued that the increase in off-balance sheet activities, which can be observed in some European countries, largely results from lower capital requirements for off-balance sheet items and not from on-balance sheet activities. The occurrence of the financial crisis has surprised unprepared the banking system generating negative effects on the stability of the entire financial system and the economy as a whole. One of the weaknesses of prior banking system was the lack of capital and liquidity reserves to be used during the decline phase of the economic cycle in order to limit its negative effects.

Saudagaran and Diga (2000) mentioned there was a significant impact of company laws, securities regulation, and tax legislation influencing accounting standards and practices on bank financial disclosure on bank activities. Material differences exist in the level of detail provided in the company laws in the British-influenced countries such as Malaysia and Singapore and the non-British-influenced group which includes Indonesia, Philippines, and Thailand. The result of difference in company law will leads to different output in disclosing bank financial information. Demirguc-Kunt, Laeven, and Levine (2003) relied on their findings indicate that tighten regulations on bank entry and bank activities boost the cost of financial intermediation. Inflation also exerts a robust, positive impact on bank margins and overhead costs. While bank concentration is positively associated with net interest margins, this relationship breaks down when controlling for regulatory impediments to competition and inflation. Thus, bank regulations cannot be viewed in isolation because they reflect broad and national approaches to private property and competition in banking activities.

Barth, Caprio Jr, and Levine (2004) stated that although tentatively raise a cautionary flag regarding government policies that rely excessively on direct government supervision and regulation of banking activities. Liebig, Porath, Weder, and Wedow (2007) stated that if the new regulatory capital requirement remains above the economic capital and banks' economic capital to emerging markets already adequately reflects risk would leave lending flows affected. This would be the case on both accounts the evidence indicates that the new Basel Accord should have unlimited effects on lending to emerging markets and also be the reason banks seek for alternative income sources. Carbó Valverde, López Del Paso, and Rodríguez Fernández (2007) stated that European banks are better than US banks, since they have generally enjoyed a more flexible regulatory environment in which to provide a wider range of services.

Hidayat et al. (2012) emphasized that deregulation encouraging banks to become more involved in non-traditional activities may have an adverse effect on the overall banking system. Klomp and Haan (2012) contrasted their result of most previous research and found that banking regulation and supervision has an effect on the risks of high-risk banks. Kassim and Manap (2012) found that domestic banks responded differently to interest rate shocks compared to the foreign banks. The different responses of the balance sheet items of the domestic and foreign banks show that the impact of tight monetary policy is uneven across the banking institutions. In recent studies done by Jin, Kanagaretnam, Lobo, and Mathieu (2013) showed that a consistent and strong association between factors reflecting countrywide legal, extra-legal and political institutions and earnings quality. Specifically, extra-legal and political institutions are associated with higher levels of earnings

persistence and cash flow predictability, the greater ability of current period's loan loss provisions predict next period's loan charge-offs, lower propensity to just-meet-or-beat the previous year's earnings and lower income increasing abnormal loan loss provisions. Banks in stronger institutional jurisdictions are less likely to report losses, have lower LLPs, and have higher balance sheet strength.

2.3 Environmental and economic conditions

The banking industry has always cautioned against the unintended consequences of environmental and economic reform. In particular, Asia Pacific region banking system needs to ensure that the right balance is struck between economic growth and regulatory environment change. In most economies, the normalization of monetary conditions can wait and should be considered as economic slack diminishes and risks recede. In the event of adverse shocks, the policy response will differ based on countries' fundamentals and vulnerabilities. Banks have continued to strengthen their balance sheets.

As regulation remains complex in Asia, with its many countries in varying stages of economic development on different Asia Pacific regional banks. The environmental conditions differentiate the impact of non-interest income on bank growth, profitability and risk (Lee, Yang, & Chang, 2014). A few years after the global financial crisis, banks are facing a more complex regulatory environment. New rules proposed by Basel are re-shaping the global banking industry, altering existing business models and transforming risk-return dynamics. Financial stability is a prerequisite for the effective financial intermediation, but must remain mindful of side effects associated with remedial regulatory measures.

Focarelli and Pozzolo (2005) mentioned that profit opportunities appear to be a key factor affecting the pattern of banks' international expansion. This may become the force for multinational banks to startup businesses into lower per capita GDP, lower inflation, and larger credit market as a prominent role with the expected growth of the destination country. Institutional characteristics of the destination country also play a crucial role in the pattern of shifting into non-traditional activities, so to do with bank internationalization. Doliente (2005) indicated that the region's non-interest margin are partially explained by bank-specific factors, namely operating expenses, capital, loan quality, collateral and liquid assets. While non-interest margin manifest sensitivity to changes in short-term interest rates, they are still largely explained by the non-competitive structure of the region's banking systems.

The heightened tendency for national regulators to ring fence capital and liquidity creates inefficiencies in the system of global finance, and needs closer scrutiny, especially in trade facilitation and trade flows in the Asia Pacific region. Wilson, Mann, and Otsuki (2005) provided evidence that country-specific data, such as custom environment, regulatory environment, and e-business usage has a large and positive effect on trade flows. Regulatory barriers deter trade transactions with banks. Nevertheless, it direct affects the trade services offer by banks that facilitate the international trade transactions.

Deesomsak, Paudyal, and Pescetto (2004) suggested that the capital structure decision of firms is influenced by the environment in which they operate, as well as firm-specific factors identified in the extant literature. The financial crisis of 1997 is also found to have had a significant but diverse impact on firm's capital structure decision across the region. (Jun) found that during this period the traditional banks experienced decreasing returns to scale in loan markets, and banks, which followed the universal-style banking system experienced increasing returns to scale in the off balance sheet markets.

Drake, Hall, and Simper (2006) indicated high levels of technical inefficiency for many institutions which influenced by trends across size groups and banking sectors, differential impacts of environmental factors on different size groups and financial sectors. However, these may have come via the adverse developments in the macro economy and impact on bank activities. Drake et al. (2006) suggested bank-specific, industry-specific and macroeconomic are determinants in affecting bank profitability. Financial institutions operating efficiency has been significantly affected by environmental and market factors. Borio (2013) studied few areas of monetary economics have been studied as extensively as the transmission mechanism. Over the years, following the waxing and waning of conceptual frameworks and the changing characteristics of the financial system. Environmental and economic factors will be push factor for banks look into non-interest activities.

3. Research Methodology

The primary source for financial data was obtained from the Bank Scope database produced by the Bureau van Dijk, which provides the banks' balance sheets and income statements. This paper uses each country currency respectively based on annual reports and from database for the selected sample across the periods. The time frame for this study is 16 years which from year 2000 to the year 2015. Australia, Hong Kong, Malaysia, Singapore, Thailand and Korea treated as a benchmark of

Asia Pacific regional banks and this region consist of 575 banks. Dataset reported has been narrowed down only with Local GAAP, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in consolidated financial statement which consists only 284 banks. 61 representative banks been filtered from Australia, Hong Kong, Korea, Malaysia and Thailand in Asia Pacific region. This paper segregates the 16-year sampling period into three distinctive period categories which are namely, (i) pre-crisis period, from year 2000 to 2006; (ii) crisis period, in the year 2007 and 2008 and (iii) post-crisis period, from year 2009 to 2015. This segregation is done in order for our study to present a vivid illustration on how the cataclysmic U.S. subprime mortgage crisis in 2008 could affect the bank's non-interest activities.

Hypothesis
The critical development in Asia Pacific banks after the new implementation of Basel II in 2004 and Basel III in 2013 to enhance from capital and liquidity adequacy would seem to be establishing a greater role for off-balance sheet financing of riskier credit exposures. This will have to be done in a way which avoids repetition of the mistakes made during the structured credit boom of 2004–2007. Regulation and legal barriers to every innovative financing product will need to be addressed. The liquidity requirements in Basel III are forcing banks both to contract their balance sheets and increase their holdings of liquid assets; this means they have to reduce non-liquid assets and restrict credit. It covers the entire balance sheet and provides incentives for banks to use stable sources of funding.
While deregulation was a major event for Asia Pacific regional banks, there were obviously other factors that have changed the operating and risk environment of banks. While banks fared remarkably well over crisis period, there were undoubtedly effects on their operations and risk. At the macro level, banks have also greatly improved their risk management tools over this period, particularly for credit risk through more accurate risk-based pricing and increased use of credit derivatives. As a result, it is quite important in identifying whether the banking sector recognized this shift accordingly to bank specific and economic changes. In order to examine the impact of bank specific and economic effects on bank's non-interest based activities, we suggest that:

H_o: Bank specific and economic factors do not have impact on bank's non-interest based activities income from the bank activities between developed and developing markets in the Asia Pacific region.

H_1: Bank specific and economic factors have impact on bank's non-interest based activities income from the bank activities between developed and developing markets in the Asia Pacific region.

As Demirguc-Kunt et al. (2003); Laeven and Levine (2009); Levine (2002) assessed the impact of bank regulations on bank activities while controlling bank-specific characteristics and economic environment. This study modified Laeven and Levine (2009) model to examine the bank specific and economic factors toward the bank's non-interest based activities. We estimate regressions of the following form:

$$Y = \beta_1 LTA_{it} + \beta_2 CF_{it} + \beta_3 LEV_{it} + \beta_4 CAP\_Tier1_{it} + \beta_5 CapAdeq_{it} + \beta_6 LLP_{it} + \beta_7 BC_{it} + \beta_8 CI_{it} + \beta_9 GNI_{it} + \beta_{10} BI_{it} + \beta_{11} BS_{it} + \beta_{12} Crisis\_Dummy_{it} + \varepsilon$$

Whereby,
$Y = $ Non_interest_activities_index$_{it}$ measured by HHI_{REV}, DIV and HHI_{NIBA}
$LTA_{it} = $ Loan to asset ratio.
$CF_{it} = $ Bank cash flow.
$LEV_{it} = $ Bank total debt.
$CAP_Tier1_{it} = $ Bank capital tier 1 ratio.
$CapAdeq_{it} = $ Bank capital adequency ratio.
$LLP_{it} = $ Bank loan loss provision.
$BC_{it} = $ Bank concentration index.
$CI_{it} = $ Contry inflation.
$GNI_{it} = $ Gross national income per capita.
$BI_{it} = $ Country bank lending rate.
$BS_{it} = $ Bank size measured by total asset.
$Crisis_Dummy_{it} = $ Crisis period between 2007 and 2008, value give is 1. Otherwise, value is 0.

For operational and analytical purposes, this study considers the effect of different economic levels within Asian Pacific countries. According to the World Bank, the main criterion for classifying within regional economies is gross national income (GNI) per capita and country inflation, CI_{it}. Non-interest

activities influenced by bank specific factors such as degree of bank concentration, BC_{it}, bank Tier 1 ratio, CAP_Tier1_{it}, bank capital adequacy ratio, $CapAdeq_{it}$, and country bank interest rate, BI_{it}. Furthermore, this study expects that banks with higher capital adequacy ratios would be more interested in diversifying into non-interest income. This study also expects the correlation coefficients between the different variables are high and significant in Asia Pacific context. If the non-interest income activities indexes shown in result is a high degree of positive value indicate that bank specific and economic factors have an impact on non-interest activities and vice versa.

Focarelli and Pozzolo (2005) mentioned that profit opportunities appear to be a key factor affecting the pattern of banks' international expansion. This may become the force for multinational banks to startup businesses into lower per capita GDP, lower inflation, and larger credit market as a prominent role with the expected growth of the destination country. So, this study expects there will be a positive sign between non-interest index and national measurements, GNI_{ik}. This research expects there will be a positive sign between non-interest income indexes and bank specific factors.

In order to prevent and reduce the negative effects of financial crises, respectively to limit losses, liquidity constraints and possibly a credit crunch, the Basel Committee on Banking Supervision is promoting stronger provisioning practices and establish the set-up of capital buffers and liquidity resources by the credit institutions. The capital reserves refers to a capital conservation buffer is established above the regulatory minimum capital requirement, and a counter-cyclical capital buffer designed for the periods when excessive credit growth is associated with construction of the systemic risk (Borio, Furfine, & Lowe, 2001).

Afzal and Mirza (2012) explained bank size and diversification were not surprising and observed there is a significant relation between larger banks and diversification index. Larger banks were better diversified than smaller banks and this is understandable because of their outreach, coupled with a strong capacity to mobilize funds. This explains large bank will remain in competitive edge to retain customer market share by diversifying into non-interest activities. This study expects there will be a significant relation between non-interest index and bank characteristic measurements, $Bank\_Dummy_{ik}$ and BS_{ik}.

This study expects the correlation coefficients between the different variables are high and significant in Asia Pacific context. If the non-interest activity indexes, HHI_{REV}, DIV and HHI_{NIBA}, shown in result is a high degree of positive value indicate that bank specific and economic factor have impacts on non-interest activities and vice versa. Since the model includes country-specific variables, this study will be analyzed by generalized least squares estimate with random effects.

Bank non-interest based activities indexes

This study computes three sets of diversification indicators as proxies for non-interest activities on the overall income structure. These three sets of diversification indicators will be treated as dependent variables in our following methodologies. We assume bank income activities are mainly from interest based and non-interest based activities.

For first set of diversification indicator, we conduct a revenue Herfindahl-Hirschman Index (HHI_{INII}) to measure diversification between two major activities, interest based activities, IBA and non-interest based activities, NIBA, which represent the share of interest income or non-interest income over the total income as a study conducted by Stiroh (2004) for each bank from the revenue flows:

$$TI = IBA + NIBA$$

$$HHI_{INII} = \left(\frac{IBA}{TI}\right)^2 + \left(\frac{NIBA}{TI}\right)^2$$

Where NIBA is non-interest income, IBA is interest income, and TI is total income. As the HHI_{INII} rises, the bank becomes more concentrated and less diversified.

The variable non-interest income, NIBA is equal to the percentage share of non-interest income to total income, where non-interest income is the sum of fee-based income, trading income and other non-interest income activities. This research used the gross value for those elements in non-interest and interest based income activities because there is no categorical expense attributed to these particular activities in the income statement provided in our data. In addition, the non-interest expense is independent of the non-interest income. Our definition of total income is consistent with the studies of (Chiorazzo, Milani, and Salvini (2008); Stiroh (2004), 2006)). We saggregate NIBA into three components as defined by the banks, which are FEE, TRAD and Other. In the equation, NIBA is computed as follows:

$$NIBA = FEE + TRAD + OTH$$

Whereby,

NIBA = Non-interest income/total income
FEE = Fee-based income/total income

TRAD = Trading income/total income

Other = Other income/total income

Then follow and modify Chiorazzo et al. (2008) empirical model where we assume bank income source is from interest based, IBA and non-interest based activities, NIBA as below,

$$IBA + NIBA = 1$$
$$NIBA = \frac{NIBA}{IBA + NIBA}$$
$$IBA = \frac{IBA}{IBA + NIBA}$$

Whereby, NIBAs is portion of bank overall income contribute by non-interest based activities and IBAs is portion of bank overall income contribute by interest based activities.

Second, we compute a Herfindahl–Hirschman Index of income specialization (IBA^2 + NIBA^2) for each bank. Following Stiroh and Rumble (2006), we define our measure of income diversification, DIV as:

$$DIV = 1 - (IBA^2 + NIBA^2)$$

By construction, IBA and NIBA have to assume positive values, such an index varies from 0.0 to 0.5. It is equal to zero when diversification reaches its minimum, i.e., when total income stems entirely either from net interest income or from non-interest income, and equal to 0.5 when there is complete diversification.

Third diversification indicator conducted as a measure of the Herfindahl–Hirschman Index diversification within noninterest activities for each bank via a non-interest income index (HHI$_{NIBA}$) as:

$$NIBA = FID + SRV + TRD + OTH$$

$$HHI_{NIBA} = \left(\frac{FID}{NIBA}\right)^2 + \left(\frac{SRV}{NIBA}\right)^2 + \left(\frac{TRD}{NIBA}\right)^2 + \left(\frac{CI}{NIBA}\right)^2 + \left(\frac{OTH}{NIBA}\right)^2$$

Where FID is fiduciary income, SRV is service charges, TRD is trading revenue, CI is commission revenue and OTH is fees and other noninterest income. Again, a higher value indicates increase concentration. The index has an upper limit of 1 which indicates that there is no diversification in revenue. The lower limit of the index approaches zero, with a smaller value indicating a greater degree of revenue diversification. The non-interest activity indexes, HHI$_{INII}$, DIV and HHI$_{NIBA}$ computed through three methods treated as the dependent variable in following methodologies.

4.0 Research findings

This paper purports to address and identify the bank specific and economic determinants which could affect bank non-interest based income activities in the Asia Pacific region. By using different Herfindahl–Hirscjhman Indexes, DIV, HHI$_{INII}$ and HHI$_{NIBA}$, as non-interest based activities proxies, the results show that the bank specific and economic factors on bank non-interest based activities vary accordingly to developing and developed countries thorughout crisis period. To do so, we estimate bank specific and economic factors on bank non-interest based income activities by using panel regression which is presented in model (1), (2) and (3) of Table 1.0. Panel regression estimated in each developing and developed banks have been presented in model (1) to (6) of Table 2.0. For all models, the regression model includes two basic bank specific determinant variables namely gross national income per capita, GNI$_{it}$ and country inflation, CI$_{it}$ and four bank specific factors such as degree of bank concentration, BC$_{it}$, bank Tier 1 ratio, CAP_Tier1$_{it}$, bank capital adequacy ratio, CapAdeq$_{it}$, and country bank interest rate, BI$_{it}$. The models also factor in financial crisis 2007-2008 dummy variable.

First and foremost, we found out that all models in Table 1.0 and Table 2.0 are significant at the significance level 1% using Breusch-Pagan LM test which indicates the models suitable to be analyzed using panel regression except model 6 in Table 2.0 which significant at significance level 10%. Random effect regression will be used on every model and fixed effect were determined by using Hausman Test on each model in this paper except model 3 and model 4 in table 2.0 as the models do not significant at the significance level 5%. Model 3 and model 4 will be analyzed using fixed effect model.

From table 1.0, the variable under bank specific factor, bank capital adequacy ratio, LOGCAPADEQ are found significant at the significance level 10% for DIV which supported by Stiroh (2004), Demirguc-Kunt et al. (2003); Laeven and Levine (2009); Levine (2002). Corporate and commercial loans and deposits are highly competitive and price sensitive, and banks typically charge a very tight premium over the base lending rate. It leads to a rapid and sharp decline in net interest margins and push hard on non-interest income based activities to mitigate a bank overall revenue decline resulting from a drop in lending rates. It also main caused by implications for tightened bank regulation on capital and liquidity aspects supported by Lepetit, Nys, Rous, and Tarazi (2008). Demirguc-Kunt et al. (2003) also stated tighten regulations on bank entry and bank activities boost the cost of financial

intermediation. Thus, bank regulations could be caused banks used broad and national approaches to boost competition in banking activities.

Under economic factor, country inflation, LOGCI found to be significant at 1% and 5% significance level for Model 2 and Model 3 in Table 1.0 respectively. The significance of country inflation parallel with Demirguc-Kunt et al. (2003) stated most of commercial banks remained their core growth strategy on competitive pricing in residential mortgages and business lending. It leads to interest based activities under pressure as banks seek to gain competitive edge, market share and offshore funding. Increasing in inflation has prompted government on serviceability and new housing commitments at high loan to valuation ratios (LVRs). Indirectly, country inflation sparks in banks' non-interest based revenue. Country inflation exerts impact on bank interest margins. Drake et al. (2006) suggested economic factors do affect in bank profitability. Ash Demirgüç-Kunt and Huizinga (1999) reviewed that after controlling for differences in bank activity, leverage, and the economic environment, a larger bank asset to GDP ratio lead to lower interest margins and profits.

For other variables besides economic and bank specific factors found to have impact on bank non-interest based activities. Bank total debt, LOGLEV found to be significant at 5% level and loan to asset ratio, LOGLTA, bank cash flow, LOGCF and bank size, LOGBS found to be significant at 1% significance level in Model 3. The significance of bank total debt and loan to asset ratio are due to the economic slowdown, increasing leverage in the household segment, banks face a slight rising asset quality risk intensify banks and non-banks on non-interest based activities. Lepetit et al. (2008) analyzed bank size effects and splitting non-interest activities into both trading activities and commission and fee activities strongly link with risk. Bank non-interest activities will be varied across regional countries and corporate structure. Afzal and Mirza (2012) also noticed that there is a significant relation between bank size and diversification index. This is understandable because of their outreach, coupled with a strong capacity to mobilize funds. Consistent with our result that bank size and bank cash flow do significant affect the banks' non-interest based activities. Last, as Acharya et al. (2006) and Meslier, Tacneng, and Tarazi (2014) agree that diversification is able to produce superior performance and greater safety for banks, it statistically prove by non-interest based activities affected by crisis year 2007-08 in Model 1 at significant level 5%.

Table 2.0 summarizes the impact of bank specific and economic factor on non-interest income in each developing and developed countries by using panel and pool OLS regression. We found paramount finding that economic and bank specific factors significant affect bank non-interest based activities in developing countries but economic factors do not significantly affect developed countries' bank non-interest activities. It seems to be consistent with previous study conducted by Maudos and Solís (2009) stated that although economic impact is low, non-interest income has increased in a decade ago.

For developed countries, under bank specific factors, LOGBI and LOGCAPADEQ are significant at level 5% respectively in Model 1 and LOGCAPADEQ and LOGCAPTIER1 are significant at level 5% and 10% respectively in Model 1 and Model 2. The result parallel and supported by previous studies conducted by Lepetit et al. (2008) and Demirguc-Kunt et al. (2003). For developing countries, under bank specific factors, LOGBC and LOGBI found to be significant at least 10% supported by Claessens and Laeven (2004), Berger, Demirguc-Kunt, Levine, and Haubrich (2004); Berger, Demirgüç-Kunt, Levine, and Haubrich (2004); Casu and Girardone (2006) and stated that banking system concentrated with greater financial player entry and activity restrictions will lead to bank environment become more tighten and more competitive and place more pressure on bank activities.

Under economic factors, LOGCI and LOGGNI also found to be significant at 5% and 1% in Model 4 and LOGGNI significant at 5% in Model 2. Doliente (2005) found that bank interest margin found to decline after 1997 thus reflecting the profit squeeze experienced by the region's banks due to extensive loan defaults and increment in bank borrowing rate in the aftermath of the Asian currency and banking crises. The borrowers unable to pay off their existing loan. Our result shown significantly gross national income per capita has impact on bank non-interest based activities. For other variables such as LOGLTA, LOGLEV, LOGLLP and LOGBS are significant under developed banks whereas LOGLEV, LOGLLP and LOGCF significant under developing banks. Last, all economic and bank specific factors significantly affect bank non-interest based activities. The impact of crisis 2007-08 is inescapable element when research on banks' non-interest based activities.

TABLE 1.0 Summary of the impact of bank specific and economic factor on non-interest income on developing and developed countries by using pooled OLS regression

	Developing and developed countries		
	Model 1	Model 2	Model 3
Dependent variables	DIV	HHI_INII	HHI_NIBA
Constant	1.4312	-1.5146	-0.8979
SE	1.9042	1.0317	2.0828
Bank Specific Factor			
LOGBC	-0.0362	-0.1260	0.0555
SE	0.2346	0.1280	0.2583
LOGBI	-0.1744	-0.0323	-0.0918
SE	0.1202	0.0652	0.1316
LOGCAPADEQ	0.2856*	-0.0899	0.0565
SE	0.1656	0.0903	0.1823
LOGCAPTIER1	-0.0363	-0.0223	-0.2985
SE	0.1406	0.0765	0.1545
Economy Factor			
LOGCI	0.0259	-0.04212***	-0.0577**
SE	0.0283	0.0153	0.0309
LOGGNI	-0.3261	0.1469	-0.0171
SE	0.2124	0.1152	0.2326
Other factors			
LOGLEV	0.0285	0.0387	0.0959**
SE	0.0471	0.0257	0.0519
LOGLLP	0.0013	-0.0152	0.0180
SE	0.0348	0.0190	0.0383
LOGLTA	0.0591	-0.0484*	-0.2763***
SE	0.0528	0.0288	0.0582
LOGBS	-0.0279	0.0359	-0.0545***
SE	0.0521	0.0280	0.0184
LOGCF	0.0161	0.0124	0.0859***
SE	0.0258	0.0138	0.0248
Dummy Variable			
Crisis_ Dummy	-0.0931**	0.0298	0.0424
SE	0.0419	0.0228	0.0460
R-squared	0.7987	0.4360	0.5284
Adjusted R-square	0.7805	0.3865	0.4870
F-statistic	43.8727***	8.7991***	12.7533***
Prob (F-statistic)	0.0000	0.0000	0.0000
No. of Obs	857.0000	880.0000	880.0000
Breusch Pagan LM Test			
Corss	1992.2910***	416.0960***	1017.8150***
	0.0000	0.0000	0.0000

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Time	1.3139	0.0975	0.773043			
	0.2517	0.7548	0.3793			
Both	1993.6050***	416.1935***	1018.5880***			
	0.0000	0.0000	0.0000			
HausmanTest						
Chi-Square	37.5286***	22.4524**	25.2998**			
Prob (Chi-Square)	0.0000	0.0000	0.0000			

Note: ***, **, * indicates significance at the 1 %, 5 % and 10 % levels respectively. SE indicates standard error.

TABLE 2.0 Summary of the impact of bank specific and economic factor on non-interest income into each developing and developed countries by using pooled OLS regression.

	Developed Countries			Developing Countries		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Dependent variables	DIV	HHI_INII	HHI_NIBA	DIV	HHI_INII	HHI_NIBA
Constant	7.8596	-1.5156	0.5696	3.3182*	-1.5893	0.0248
SE	7.4859	0.9752	3.3506	1.9152	1.3592	0.0254
Bank Specific Factor						
LOGBC	-0.5135	0.1239	0.4795	0.2590	-0.2818*	0.981392***
SE	0.6742	0.1774	0.5683	0.2320	0.1651	0.0076
LOGBI	-0.6127**	0.0130	-0.1568	-0.5045***	0.1259	0.0055
SE	0.2444	0.0519	0.1682	0.1788	0.1368	0.0040
LOGCAPADEQ	0.6910**	-0.2180**	0.0780	-0.2004	0.1512	0.0020
SE	0.2777	0.0820	0.2603	0.2117	0.1521	0.0045
LOGCAPTIER1	-0.0793	0.1205*	-0.2488	0.2892	-0.0527	-0.0013
SE	0.2158	0.0648	0.2062	0.1833	0.1216	0.0039
Economy Factor						
LOGCI	0.0347	-0.0133	-0.0060	0.0872**	-0.0788***	0.0012
SE	0.0518	0.0145	0.0456	0.0364	0.0256	0.1510
LOGGNI	-0.7712	-0.0001	-0.3948	-0.7952***	0.0677	0.004437*
SE	0.6741	0.1066	0.3535	0.2666	0.1899	0.0026
Other factors						
LOGLEV	-0.4196***	-0.0294*	0.0716	0.1637***	-0.0314	-0.0010*
SE	0.1329	0.0146	0.0516	0.0574	0.0410	0.0006
LOGLLP	-0.0737	0.0253	0.1374*	0.1555***	-0.0916***	-0.0003
SE	0.0532	0.0159	0.0510	0.0465	0.0332	-0.0003
LOGLTA	0.6847**	0.1852*	-0.0782	0.0004	-0.0550	0.0002
SE	0.3475	0.0862	0.2841	0.0518	0.0371	0.0009
LOGBS	0.2289**	0.0201*	0.0612	-0.0722	0.0683	-0.0005
SE	0.1143	0.0120	0.0422	0.0612	0.0439	0.0004
LOGCF	-0.0413	0.0017	-0.0379	0.0832**	0.0208	0.0012
SE	0.0398	0.0105	0.0344	0.0327	0.0228	0.0008
Dummy Variable						

Crisis_ Dummy	0.0282	0.0647***	0.1002	-0.1433***	0.0485	-0.0002
SE	0.0745	0.0239	0.0755	0.0524	0.0374	0.0017
R-squared	0.8431	0.0840	0.0545	0.7411	0.1054	0.9954
Adjusted R-square	0.8243	0.0528	0.0222	0.7160	0.0840	0.9953
F-statistic	44.954***	2.6908**	1.6894*	29.5940***	6.6956***	9016.9810***
Prob(F-statistic)	0.0000	0.0018	0.0673	0.0000	0.0000	0.0000
No. of Obs	357.0000	365.0000	365.0000	500.0000	515.0000	508.0000
Breusch Pagan LM Test						
Corss	1046.1460***	257.4625***	438.0625***	544.2613***	155.6806***	0.1122
	0.0000	0.0000	0.0000	0.0000	0.0000	0.7377
Time	0.005984	0.775654	2.559538	0.299785	0.000199	2.786942
	0.9383	0.3785	0.1096	0.5840	0.9887	0.0950
Both	1046.152***	258.2382***	440.6221***	544.5610**	155.6808***	2.8991*
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0886
HausmanTest						
Chi-Square	29.8529***	19.2784**	15.5305	22.4097**	21.4203**	
Prob (Chi-square)	0.0029	0.0820	0.2137	0.0332	0.0446	

Note: ***, **, * indicates significance at the 1 %, 5 % and 10 % levels respectively. SE indicates standard error.

5.0 Conclusion

There are numerous banking researches on interest based activities nowadays but rarely on non-interest based activities. Most banking researches focus on Western countries and less emphasize on Asia Pacific region. This paper attempts to fill in the demanding gap and provides new empirical evidence on the bank specific and economic factors on banks' non-interest based activities during the years 2000–2015 which consists of crisis years 2007/08. We employ the pooled OLS and panel regression to measure the impact of bank specific factors and economic factors in the Asia Pacific banking sector.

The empirical findings from this study indicate that the overall non-interest based activities in Asia Pacific banking sector has affected by economic and bank specific factors. From this paper, we found that developed countries banks' non-interest based activities do not affected by economic factors during the years. We also found that all banks non-interest based activities affected during the crisis period. The empirical findings from this study clearly call for regulators and investors to review the banks' non-interest based activities in Asia Pacific banking sector from specific banking and economic perspectives. This review is vital because banks' non-interest based activities does not only contribute to individual and regional banks' performance and also affect country and regional economic fundamental ground and stand. Banking sector always be the financial supporting root for all others industries. Banks have to well manage the non-interest based activities which have close relationship with economic. Banks operating in Asia Pacific banking sector need to consider all potential technologies that could improve their degree of non-interest based activities since the main motive of banks is to maximize shareholders' value or wealth through profit maximization. Furthermore, the results from this study have implications for investors whose key motive is to diversify their risk and profit from their investments. Investors may consider planning and strategizing their investment portfolios based on asset allocation theory. Finally, the findings of this study are expected to contribute significantly to new chapter of bank non-interest based activities of the Asia Pacific banking sector.

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RELATIONSHIPS BETWEEN TASK PERFORMANCE, OCB, WORK DEVIANT BEHAVIOUR AND CAREER SATISFACTION: EVIDENCES FROM HEALTH INSTITUTION

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Abstract: This study aims to investigate the influence of task performance (TP), organizational citizenship behaviour (OCB), work deviant behaviour (WDB) on career satisfaction among medical staff from public health institution. The data was gathered through survey (questionnaire) from 214 nurses in one of the public health institution in the Northern Region of Malaysia. Hypotheses for direct effect were tested using regression analysis. Results presented that TP, OCB and WDB are positively related to nurses' career satisfaction. Practical implications of the results are discussed.

Keywords: Task performance, OCB, work deviant behaviour, career satisfaction

1. INTRODUCTION

Several literatures (Al-Fayyad, 2015; Rotundo & Sackett, 2002) stated that job performance consists of three distinct components of work behaviours, which are TP, OCB, and WDB. Previous scholars found that OCB plays as important role as TP does in determining employee's overall job performance. Not only that, similar finding regarding the important role of WDB in determining employees' job performance been reported by Rotundo and Sackett (2002). To the extent of the crucial factor of job performance towards determining an employees' outcome such as employees' career success (CS), several researchers (Bergeron, 2005; Carmeli, Shalom & Weisberg, 2007) investigated the impact of employees' job performance (TP, OCB, WDB) on employees' CS in United Kingdom and Israel. Although these studies confirmed that TP is significantly related to CS, however the link between OCB and CS was inconsistent from one to another. The inconsistent results regarding the relationship between OCB and CS do not permit much knowledge to the existing literature; thereby, warranting a further empirical exploration.

Limited knowledge has been reported regarding the impact of TP on CS in the Malaysian context. Given that employees' TP become the key factor in determining employees' success in Malaysia (Saraih, 2014); thus, there is a need to investigate the relationship between TP and CS among employees in the Malaysian context. In addition, Altuntas and Baykal (2014) pointed out that medical staff such as nurses with high OCB levels should be encouraged to maintain these behaviour since it related with the level of job satisfaction. Previous researchers (Bhusita, Warunee, Peera & Thanya, 2012) found that there was also a significant and positive relationship between job satisfaction and OCB among medical staff in one of the health institution in Thailand, with the correlation coefficient reported at 0.173. Hence, these researchers interpreted that when the employees manifested OCB, they were also satisfied with their job satisfaction. Given that job satisfaction is also under the domain of intrinsic CS (Judge, Cable, Boudreau & Bretz, 1995), thus it becomes a fruitful to reveal the relationship between OCB and CS among nurses, particularly in the Malaysian public health institution context.

Nowadays, WDB is one of the most serious problems which have been faced by the organizations (Fagbohungbe, Akinbode & Ayodeji, 2012). Deviance is continuously increasing especially in the public sectors (Aquino & Boomer, 2003). In the Malaysian context, the issue of WDB among employees in public service organizations has been frequently reported (Abdul Rahim, 2008). In addition, previous studies found the significant correlation between WDB and job satisfaction (Marcus & Wagner, 2007). As the previous researcher (Judge et al., 1995) claimed that job satisfaction is one of the element of intrinsic CS; thus, the logic behind this study may be argued as 'the less satisfied the employees, the more they become motivated to commit with WDB.

Moreover, according to Code of Professional Conduct for Nurses, it is stated that every registered nurse has a moral obligation to adhere to the profession's code of conduct (Ministry of Health). It also stated that nurses must not commit dishonest acts such as soliciting funds from the patient, forgery, tempering of records, fraud, theft or any other offence involving dishonesty. Given that, it seems that these behaviours may be referred to WDB at the workplace. Therefore, the researchers attempt to

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examine the relationship between WDB and nurses' CS in one of the public health institution in Malaysia.

Apart from that, CS has been categorized into two types: extrinsic and intrinsic. Extrinsic CS consists of tangible outcomes that can be observed easily such as salary increment and promotion; while intrinsic CS consists of intangible outcomes and is more subjective such as the perception of career satisfaction. Given that, the analysis of researches on CS since 1980 show that the extrinsic measure have dominated most research (Ismail, Mohd Rasdi & Abdul Wahat, 2005; Ismail, Abdullah & Francis, 2009); thus, the intrinsic CS may need more consideration. The most popular measure to quantify the intrinsic perception of employees' CS is career satisfaction (Hofmans, Dries & Pepermans, 2008). Hence, this study focuses more on the intrinsic CS in the term of career satisfaction.

In sum, it is the interest of this study to shed some lights regarding the relationship between these three performance variables (TP, OCB, WDB) and career satisfaction among nurses from one of the Malaysian public health institution.

2. LITERATURE REVIEW
2.1 Career Satisfaction
CS was a key outcome which attracted by most of career scholars. The subjective (intrinsic) success represents an individual's self-evaluation towards his accumulative success. The intrinsic career involves with career developments over time and how the individual understands about it (Baruch, 2006; Dries, 2010). According to Seibert and Kraimer (2001), CS is defined as the positive psychological or work-related outcomes or achievements one accumulates as a result of work experiences. To this extent, Heslin (2005) refers CS as positive outcomes of a person's career experiences. Understanding the definition of CS for individuals require us to understand the context of the organization first (Bergeron, 2005). For example, all nurses under Malaysian public health institution are categorized as the Malaysian public employees; thus nurses' CS is based on the evaluation through Key Performance Appraisal (KPA) process. KPA is used to measure the job performance level for all Malaysian public employees. This appraisal process will have a direct influence on employees' CS such as promotions and salary increments (Mohd Rasdi, Ismail, Uli & Mohd Noah, 2009).

Given that, the Malaysian nurses' CS is greatly determined by the levels of nurses' job performance. Previous studies (Ng, Eby, Sorensen & Feldman, 2005; Tu, Forret & Sullivan, 2006) demonstrated that extrinsic CS related to the intrinsic CS (Mohd Rasdi et al., 2009). Thus, instead of the extrinsic career it is expected that nurses' job performance may have influences on their intrinsic career as well. When individuals evaluate their own success, the criteria are often more subjective and linked to personal satisfaction towards their career development. In this study, the intrinsic type of career (career satisfaction) will be used to obtain the information among nurses in this public health education.

As defined by Greenhaus, Parasuraman and Wormley (1990), career satisfaction refers to the perception on how employees perceived their satisfaction towards their career accomplishment. It is based on several points of view such as: the satisfaction towards achieving the career, the satisfaction towards the progress made in meeting the overall career goals, the satisfaction towards the progress made in meeting the goals for advancement, the satisfaction towards the progress made in meeting the goals for the new skills development, and the satisfaction towards the progress towards in meeting the goals for income (salary increment, promotion). The last statement of Greenhaus et al. (1990) scale is given as 'I am satisfied with the progress I have made towards meeting my goals for income'. Referred to this career satisfaction item, it seems that career satisfaction implied the extrinsic career type in the extent of salary increment and promotion as formerly defined by the previous researchers. Given that the intrinsic item may be said have covered the extrinsic type of career; thus, only the intrinsic type of career will be explored in this study.

2.2 Task Performance (TP)
Rodríguez-Pineda (2000) defined TP as behaviour which connected to either the formation of goods or the service provided in an organization. Johnson and Meade (2010) mentioned that TP as the ability to perform activities which was part of the jobs. These activities are contributed directly and indirectly to the organizations. Researchers proposed that TP was a set of activities as well as processes as the raw materials have been converted into the products. This is done within the organization by the technical core. These behaviours or activities contributed to the technical core whether directly or indirectly included in job description.

Given that, TP is appeared as the most essential component to be examined among nurses. This is because nurses' TP seems the most expected criteria which they need to fulfil as per described in job

description. For this purpose, this study attempts to reveal on how nurses' TP may create an influence on their career satisfaction level. According to Carmeli et al. (2007), TP is the key factor to determine employees' CS. Moreover, Saraih (2014) presented that self-rating of TP is related to career satisfaction. Hence, this study attempts to determine the relationship between TP and career satisfaction among nurses in one of the public health institution in Malaysia.

2.3   Organizational Citizenship Behaviour (OCB)

Organization Citizenship Behaviour or OCB was the positive behaviours which able to increase the efficiency of an organization. According to Organ (1997), OCB is referred to the voluntarily behaviours acted by employees based on their own choices without specifically indicated in job description. There were several items which are referred to OCB such as helping, conscientiousness, courtesy, civic virtue, and tolerance. Altuntas and Baykal (2014) stated that helping referred to voluntary help colleagues with organization related tasks; while conscientiousness is referred to the willingness to go to work on time in spite of bad weather conditions and working overtime. Next, courtesy is defined as informing colleagues about dangerous activities as well as warning and asking colleagues to take precautions to prevent problems. Meanwhile, civic virtue referred to several behaviours such as frequently attend meetings and discussions, follow changes occur in organization and solve organizational problems. Finally, tolerance means avoid negative environment between colleagues, unnecessary discussion and disrespectful behaviours towards colleagues.

The definitions of OCB were varied. For example, helping and courtesy formed individual-directed behaviour OCBI; while the other three formed organization-directed behaviour or OCBO (Williams & Anderson, 1991). Past research presented a significant relationship between intrinsic satisfaction and both OCBI and OCBO (Mohammad, Habib & Alias, 2011). Although previous studies suggested that OCB plays such roles on CS (Bergeron, Shipp, Rosen, & Furst, 2013); however, few efforts have been done in studying the predictors of CS (Saraih, 2014).

Given that, the influence of OCB on career satisfaction should be investigated to have the more knowledge towards this voluntary behaviour, particularly among nurses in the public health institution. Since the nature of nurses' work which need to show performance above the job description (eg. saving the patients), thus the impact of nurses' OCB on the level of their career satisfaction may need to be revealed. Hence, a better understanding of relationship between OCB with employees' career satisfaction has been investigated in this study.

2.4   Withdrawal Deviant Behaviour (WDB)

Workplace deviance was a pervasive and expensive problem for organizations (Bennet & Robinson, 2000). Withdrawal deviant behaviours (WDB) or has been referred by Robinson and Bennet (1995) as the workplace deviance was a voluntary behaviour that violates significant organizational norms; and, in so doing, it threatens the well-being of the organization or its members, or both. Workplace deviant behaviour (WDB) is referred to a willful conduct that overwhelms the organizational norms and jeopardized the prosperity of the organization or its members (Robinson & Bennett, 1995). Previous researchers have distinguished WDB into two types; which were organizational deviance (WDBO) and interpersonal deviance (WDBI).

Fagbohungbe, Akinbode and Ayodeji (2012) claimed that WDB is the most serious problems which faced by all organizations. Each deviance depends whether it harmed the organization or the individuals. Organizational deviance was deviance behaviours which aimed at the organization like theft, sabotage, lateness, leaving early, and withdrawal of effort from work. Whereas, interpersonal deviance was deviant behaviours which directed towards co-workers, supervisors, and subordinates in the workplace. WDBI included some behaviours such as making fun of others, act rudely and physical aggression. WDBO and WDBI might happen at the same time, singly or even sequentially. Both do have impacts for individuals, organizations as well as to the society (eg. patient). Previous studies (Rotundo & Sackett, 2002) presented that WDB has an influence on overall employees' job performance. Given that lack is known regarding the influence of WDB on career satisfaction in the local context, this study attempts to reveal the relationship between WDB and career satisfaction among nurses in the Malaysian public health institution. Based on the above existing literature, the developed hypotheses have been listed below:

- H_1:   There is significant relationship between TP and career satisfaction among nurses in the Malaysian public heath institution.
- H_2:   There is significant relationship between OCB and career satisfaction among nurses in the Malaysian public heath institution.
- H_3:   There is significant relationship between WDB and career satisfaction among nurses in the Malaysian public heath institution.

3. METHODOLOGY

Population for this study included all nurses from one public health institution in the North Region of Peninsular Malaysia. 214 nurses from various department participated in this study. This study utilized the individual unit of analysis which aimed at nurses as the respondents in obtaining the data. The questionnaires were distributed personally to the representatives from each department. Data for respondents' demographic have been obtained based on four questions such as gender, age, educational level and years of working experience in the present organization. Respondents' age has been categorized into four groups such as 20 to 29 years old, 30 to 39 years old, 40 to 49 years old and above 50 years old. Educational level has been asked into 5 categories according to the nurses' entry into the Malaysian public health institution (eg. STPM, diploma, degree, postgrad, others). Meanwhile, respondents' years of working experience is categorized into 4 scales including 1 year and below, 1 to 5 years, 6 to 10 years and more than 10 years. In this study, respondents' agreement towards their involvement in TP, OCB and WDB becomes the basis for understanding of their level of career satisfaction in the public health institution. All data collected were analyzed by using SPSS (version 22).

Career satisfaction was the dependent variable in this study. In this study the instrument for career satisfaction is fully adopted from Greenhaus et al. (1990). It is measured by 6-items. The three independent variables in this study consisted of TP, OCB and WDB. TP and OCB scale are adapted from the instruments as developed by Williams and Anderson (1991). There were 7 items used to measure TP. As for the scale of OCB, 14-items have been adapted; 7-items have been referred to OCBO, and 7-items have been referred to OCBI. Finally, WDB scale is measured based on 19-items as developed by Bennett and Robinson (2000). It consisted of interpersonal deviant (WDBI) and organizational deviant (WDBO). 7-items have been referred to WDBI, and 12-items have been referred to WDBO. All statements are based on five-point scale ranged from 1 = strongly disagree, to 5 = strongly agree.

4. FINDINGS ANALYSES

The total of 214 distributed questionnaire sets were successfully collected, indicated 100% of the response rate. Majority of the respondents were female consisted of 185 respondents out of 214 respondents (86.4%), meanwhile the remaining 29 respondents were male (13.6%). The major group of respondents was in the categories of 20 to 29 years old; consisted of 114 participants (53.3%). It is followed by respondents in the ages within 30 to 39 years old category; consisted of 56 respondents (26.82%). The next age categories were in the range between 40 to 49 years old; consisted of 27 respondents (12.6%). Respondents in the category above 50 years old became the least number of respondents; consisted of 17 respondents (7.9%).

As for the respondents' academic qualification, 20 respondents (9.3%) graduated from STPM, and 154 respondents (72.0%) had the Diploma Certificate. About 20 respondents (9.3%) graduated from Bachelor Degree, and 10 respondents (4.7%) had others educational qualification. Also, 10 respondents (4.7%) of the respondents were the Post Graduate holders. To the extent of working experience, 68 respondents (31.8%) had working experience below than a year. 102 of respondents had 1 to 5 years of working experience; contributed of 47.7%. 21 of the respondents had 6 to 10 years of working experience; contributed of 9.8%. Last but not least, 23 respondents or 10.7% of them had more than 10 years of working experience. As presented in Table I, nurses in this public health institution have high level of career satisfaction with the mean score at 3.62. Also, the findings showed that the respondents have the high level of TP and OCB as well with the mean values at 3.60 and 3.61 each. Unexpectedly, WDB has been reported to have the highest score with the mean value at 3.67.

Table I: Mean and Standard Deviation

Variables	N	Means	SD
1. Career Satisfaction	214	3.62	0.57
2. Task Performance	214	3.60	0.56
3. OCB	214	3.61	0.43
4. WDB	214	3.67	0.34

Apart from that, standard deviations for all the variables were reported at the values of 0.57, 0.56, 0.43 and 0.34 respectively. This presented that career satisfaction had the highest standard deviation. Thus, this indicated that the data are widely spread which means it is less reliable.WDB had a low standard deviation which shows that the data are more reliable. Table II shown the correlation

analyses between all variables for 214 participants in the study. OCB was found to have the highest correlation with career satisfaction (r=.73, p=<.01). Next, TP was presented a low correlation with career satisfaction (r=.31, p=<.01). WDB also showed the low correlation with career satisfaction (r=.31, p=<.01).

Table II: Inter-correlation between Variables

Variables	N	1	2	3	4
1. Career Satisfaction	214	-			
2. Task Performance	214	.31**	-		
3. OCB	214	.73**	.21**	-	
4. WDB	214	.31**	.71**	.47**	-

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

Table III presented the regression results of TP, OCB and WDB on employees' career satisfaction. As indicated in Table III, TP was positively related to career satisfaction (β=.388*, p=.000). The same results were presented for the relationship between OCB and WDB to career satisfaction. As shown, OCB (β=.810*, p=.000) and WDB (β=-.344, p=.000) were positively and negatively related to career satisfaction. 60% of the variance in career satisfaction was explained by TP, OCB and WDB (R^2=0.60, F=107.82). Therefore, all hypotheses were supported inversely.

Table III: Regression Results of TP, OCB and WDB on Career Satisfaction

Variables	Beta	t-Ratio	Sig. T
Task Performance	0.388	6.157	0.000
Organizational Citizenship Behaviour	0.810	16.195	0.000
Work Deviant Behaviour	-0.344	-4.934	0.000
R square = 0.606 Durbin-Watson = 1.562 F = 107.822 Sig.F =0.000			

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

5. DISCUSSIONS AND CONCLUSIONS

The results of this study provided the new knowledge regarding the level of employees' career satisfaction as well as the level of employees' TP, OCB and WDB; among nurses in one of the public health institution in Malaysia. Based on the findings, it is presented that the level of career satisfaction among the nurses is high with the mean score at 3.62. This showed that most of the nurses in this institution are well satisfied with their intrinsic success towards the achievement of their career. Basically, the satisfaction is based on several points of view such as: the satisfaction towards achieving the career, the satisfaction towards the progress made in meeting the overall career goals, the satisfaction towards the progress made in meeting the goals for advancement, the satisfaction towards the progress made in meeting the goals for the new skills development, and the satisfaction towards the progress towards in meeting the goals for income (salary increment, promotion).

As indicated in Table I, results also presented a high level of TP (μ=3.60) as well as OCB (μ=3.61) among nurses in this institution. Surprisingly, this study also presented a high level of WDB among nurses with the mean value at 3.67. The highest level of WDB score showed a problematic deviant behaviour appeared among nurses in this institution. Hence, this may become salient for the management in this public health institution to take a necessary action towards decreasing those behaviours which invloved nurses with the deviant activities. Apart from that, the high level of TP and OCB showed that nurses in this institution have accomplished their task as prescribed in their job description, and at the same time they displayed a high role of voluntary behaviour. Thus, the necessary action has been taken by the management to ensure all nurses may remain in these kind of positive behaviours.

As theorized, this study also provided several evidences regarding the influences of TP, OCB and WDB on nurses' career satisfaction. As indicated in Table III, there was a positive relationship between TP and career satisfaction (β=.388*, p=.000) among nurses in this institution. It implied that the more employees involved in TP, the more they satisfied with their career satisfaction. Similarly, there was also a positive relationship between OCB and career satisfaction (β=.810*, p=.000). This result showed that the more employees engaged with OCB, the more they satisfied with their career satisfaction. However, there was a negative relationship between WDB and career satisfaction (β=-

.344, p=.000). This implied that the less employees involved with WDB, the more they satisfied with their career satifaction. To date, this study is conducted to examine the impact of TP, OCB and WDB on nurses' career satisfaction. Since the results presented that all of the proposed determinants were significantly related to career satisfaction; thus, the components of career satisfaction model among nurses in the Malaysian public health institution is given in Figure 1.
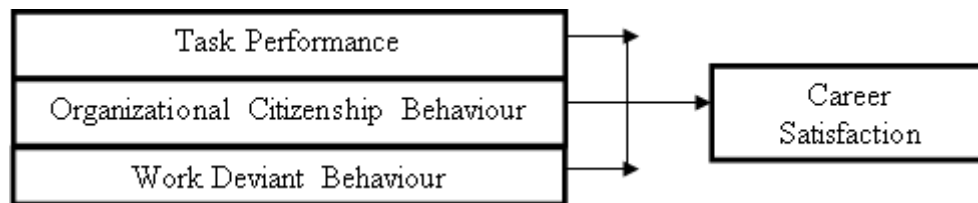
Figure 1: Career Satisfaction Model

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THE IMPACT OF ENTREPRENEURIAL ATTITUDE ON ERAD' SMALL BUSINESSES PERFORMANCE AS MODERATING BY GOVERNMENT INTERVENTION

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Abstract: This study focused on examining entrepreneurial attitude around the globe in general and particularly in Jordan. It shed light on the small business performance in terms of government intervention and examined the relationship between entrepreneurial attitude and the performance of small businesses in Jordan, and the moderating effect of government intervention on the relationship. A survey method was employed where questionnaires were distributed to a sample comprising 384 entrepreneurs at one of the top entrepreneurial programs in Jordan called ERADA. The data was analysed using SEM-PLS techniques. The study found that the level of performance among entrepreneurs/ as being moderate low. The findings highlight the idea that more changing in the Jordanian entrepreneurs' attitude more they improve their performance. Furthermore, the outcome of the relationship between entrepreneurial attitude and small business performance is statistically insignificant. This study offers references for enterprises of how their entrepreneurial attitude insignificantly influences their performance. It suggested further examination of the Jordanian government's intervention on the relationship between entrepreneurial attitude and performance of entrepreneurs.

Keywords: Entrepreneurial Attitude, Performance, Government Intervention

1. Introduction

For generating economic growth and moving towards the entrepreneurial society it is imperative, in the opinion of economic theorists, to have a development of entrepreneurship capital, which reflects a number of different legal, institutional and social factors and forces, and involves also a social acceptance of entrepreneurial behaviour, individuals who are willing to deal with the risk of creating new firms and favourable business environment (Audretsch, 2004). Hence, entrepreneurial initiative of individuals must be regarded as an important factor of economic growth, whereas a major role in working up attitudes towards life, raising enterprising people is played by educational system, nations perspective, social determinants, government support which should be developing and propagating entrepreneurial initiative among people (entrepreneurs, students and graduates).

Generally speaking, public and private agencies in developed as well as developing nations have adopted entrepreneurial attitude orientation (EAO) to stress on significant factors that may change entrepreneurs' opinion, believes and intention toward work and job (Rauch, Wiklund, Lumpkin and Frese, 2009; Van Stel, Storey & Thurik, 2007). Owing to the gaps that appear between concept and reality in the entrepreneurial attitude- performance relationship, it is crucial to examine the concept of entrepreneurial attitude orientation (EAO) in the context of small businesses in Jordan based on two primary reasons;

First, more information is required to provide clear aspects of EAO; for instance, entrepreneurs adopting self-employment and innovation has to be aware of the way their capabilities, skills and activities affect their relationship with the various needs and wants to reach their self-esteem and confidence . Added to this, it is crucial for entrepreneurs adopting this concept to possess the ability and awareness to recognize and exploit business opportunities in the market. A significant EAO will eventually result in maximized entrepreneurship, competitive advantage and global competitiveness (Lee & Peterson, 2000).

Second, In this regard, an individual's choice of career is primarily affected by several factors like gender, interest, direct and indirect influence of parents, environment, status and societal perception, monetary return, ability and capability (Davidson, 1995). This is supported by Kuratko and Hodgetts (2004) who demonstrated that career choice hinges on demographic variables, family status, education, motivation by significant others.

2. Literature Review
2.1 Entrepreneurial attitude

Attitude as a conception is presented in the previous studies as a better approach to the description of entrepreneurs than either personality characteristics (Robinson et al, 1991). They incorporate an

attitudinal rule to forecast entrepreneurial activity. Many of researchers acknowledged the importance of attitudes in entrepreneurial research (Ajzen & Fishbein, 2005).

The benefit of using an attitudinal approach is that it can be increases the correlation with actual behavior and reduces unexplained variability. Attitudes have a tendency to change through time and situations over an interactive process with the environment, and it is better approach to predict the entrepreneurs 'future action when we measure his attitude once a time (Carlson, 1985). Subsequent empirical studies also confirm that attitudes can be predicted from beliefs and evaluations (Ajzen & Fishbein, 2005).

Krueger and Brazeal (1994) suggests that entrepreneurial characteristics can be learned and often vary based on personal characteristics and situations. Since the entrepreneurial process is experiential in nature, it is plausible to study the influence of past experiences on an individual's understanding of entrepreneurship (Minniti & Bygrave, 2003). As suggested by researchers, attitudes about entrepreneurship can be measured and changed (Robinson et al., 1991). The possibility of change is higher in a nurturing learning environment, as Gatewood et al. (2002) found that individuals receiving positive feedback about their entrepreneurial abilities had higher entrepreneurial expectations. Attitude can be differentiate between employees and entrepreneurs, when the people that are first entering the job market, or looking for a new job, and looking for a new career. Most people do not distinguish the two terms, because at first impression they seem identically, but as people will learn there are some differences between the concept of employee and entrepreneur that can motivate people to choose one over the other based on their personal goals and personality.When it comes to attitudes towards work, it is necessary to keep in mind two things that are extremely important: the individual aspect and the social aspect (OECD, 2012a). If at individual level we can imagine of an attitude towards work, at the level of the society we can state about the mentality relating to work.

More specifically, if attitudes towards entrepreneurship are positive, this will bring about culture support and cooperation towards conducting entrepreneurial activity. In the same line of argument, when individuals see increasingly successful entrepreneurs in their area or in the media, it may improve their perception of their capabilities (Bosma & Levie, 2009). Prior studies employed a multi-faceted nature of entrepreneurship and acknowledged that various environmental conditions impact two significant entrepreneurship components namely attitude and activity

In accordance to the above discussion, this study's objective is to determine the way entrepreneurial attitude relates to the positive change in small businesses performance in the context of Jordan. Literature has documented the benefits of positive entrepreneur's attitude on overall business outcomes (Rucci, Kirn & Quinn, 1998) and it is evident that the aim behind the present examination is to enhance the attitude of entrepreneurs and enhance the rates of self-employment particularly among Jordanian youth.

2.2. Government intervention

Government intervention, according to the authors, has been referred to as the action adopted by the government to enable the different resources allocation from that commonly delivered by the market (Storey, 2000). They argued that government spending is only a dimension of that intervention. Meanwhile, other prior studies (Chen & Huang, 2007; Chen, 2014; Fan, Wang & Zhu, 2006) stated that government intervention is a common characteristic of the instructional environment of countries and that the government intervenes in the establishment of the investment policy as well as its implementation (Yu & Pan, 2008) and operations of firms. It would have been more difficult for entrepreneurs to realize this without government support. As such, the challenges now lie in creating innovative policies and programs that motivate young Jordanians to take up self-employment opportunities.

In any country, the nation's perception of entrepreneurs is represented by the attitude of the citizens to SMEs, start-ups, engagement and the scales relating to small businesses that provide value to policy makers in the national policy debate. The national focus on small businesses is serious and several government policies have been directed towards assisting them (Wright, 2000). This justifies the aim of the present study wherein the policies stimulating entrepreneurship among small businesses is stressed.

2.3 Small business Performance

Studies in literature dedicated to performance shows that researchers did not reach a consensus as to the suitable measures of business performance indicators. Consequently, there exists a wide difference among performance measures (e.g., objective and subjective measures, financial and non-financial measures etc.) and this leads to a great diversity in the outcome of the relationship (Combas

and Croack, 2005). In this regard, objective data is not easy to acquire as respondents are hesitant to release private information to the public (Dess and Priem, 1995). However, subjective evaluation of firm performance is readily volunteered by owners and managers although this lacks strong reliability (Wiklund and Shepherd, 2005). On the other hand, performance can be deemed to have multiple dimensions and hence it is more beneficial to combine various subjective and objective performance measures in order to accurately measure performance (Lumpkin and Dess, 1996; Yusuf, 2002).

3. Relationship between Entrepreneurial Attitude and small business Performance

Attitude can be described as a dynamic interactional method that an individual relates to the attitude object depending on the situation and time. The change rate may differ based on how innate or basic the attitude is to the identity of the individual and to the experience intensity that impacts a certain attitude. This ability to change has resulted in issues concerning the consistency between attitude and behavior in that the behavioral predictions from measured attitudes is imperfect, especially when attitudes are gauged through general methods (Robinson et al., 1991). Although there is lack of perfect attitude-behavior correlation, the association is greater compared to associations to other individual variables. Generally, the relationship between employee attitude and business outcomes has been significant as evidenced by past studies (Koys, 2001). In relation to this Michael's (2008) meta-analytic regression involving 16 studies that had measured performance and job attitudes (job satisfaction or organizational commitment) indicated that job attitudes are more likely to impact performance. Other studies revealed lower EAO-performance correlations (Choe & Loo 2013; Nybakk & Hansen, 2008), while some others did not reveal a significant relationship between the two (Hull et al., 1980). Furthermore, studies have also found that the EAO-performance relationship takes on an inverted U shape rather than a straightforward relationship, Bosma and Schutjens (2010) indicating that a greater EAO is not always required in some situations and contexts. Based on the above discussed literature, it is evident that variations exist in the relationship between EAO and performance that may be attributable to the difference in the EAO scales employed, methodology adopted, opinion concerning the moderating impact and varying performance indicators.

According to the findings in literature, hypothesis for entrepreneurial attitude is proposed to be tested as follow:

H1: there is a significant relationship between entrepreneurial attitude and small business performance.

4. Entrepreneurial attitude and government intervention

A country's attitudes toward entrepreneurship affect the propensity of individuals to become entrepreneurs, their ability to rebound from business setbacks and the support that entrepreneurs receive (e.g. from family and relatives) when setting up a new enterprise lead to positive attitude. However, Public policy can encourage positive attitudes toward entrepreneurs by ensuring that all youth people are exposed to the concept of entrepreneurship. Attitudes toward entrepreneurship are affected by a variety of factors, not just those directly related to business but also those that relate to the acceptability of various actions and the values attached to them. Positive government intervention shows a consensus throughout the region concerning the best practices of entrepreneurial activities implementation. Good government intervention indicates that if entrepreneurs within an area views entrepreneurial activities as a positive thing, they will be more inclined towards them and are more likely to receive support to change their attitude.

In Jordan, the effect of interventions on entrepreneurship adoption is largely unexplored although some studies attempted to examine the moderating effects of government interventions in other contexts; for instance, (Shariff and Peou, 2008; Ruslan, Senin and Soehod, 2014). Empirical studies investigating the relationship between institutional contextual factors and entrepreneurial activities are still few and far between. This study responds to this gap in literature by focusing on government interventions in Jordan. Relevant studies who are of the same caliber but different contexts include Shapero and Sokol, (1982) who focused on the regulatory measurement focusing on laws, regulations and policies, and related them to entrepreneurial activities, after which they were publicized by the government within an area.

Moreover, Vij and Bedi (2012) stressed that organizational and environmental factors should be examined for their moderating effects on the relationship between EO and performance. Therefore, in this study, government intervention was selected to be examined for its moderating impact to shed deeper insight into the EAO-performance relationship. Building on this argument, two-way interactions of EAO and government intervention are examined, and government intervention is hypothesized to moderate the EAO-performance relationship. Based on these hypothesized two-way interaction, the following hypotheses are proposed;

H2: government intervention moderates the relationship between entrepreneurial attitude and small business performance

Therefore, the research framework is proposed and presented in Figure 1.
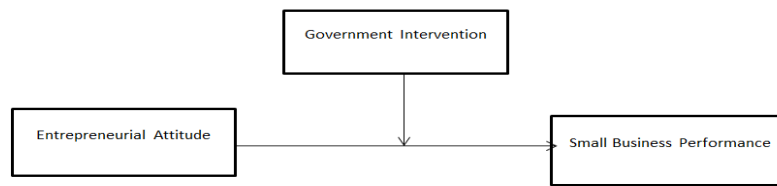
Figure 1. Research Framework

5. Research Methodology

Owing to the elusive aspect of collecting a list of small business population in Jordan, the sampling frame for the present study was requested from the ERADA (enhancement of production center) database that organizes the portfolio of 4906 entrepreneurial businesses and is acknowledged to be the top Training consultant, and provider of feasibility studies for small Jordanian businesses. The study sample consists of 2571 small businesses located in the central region of Jordan in the cities of Amman, Albalqa and Azarqa. The middle region was selected as 65% of the overall small businesses are located in the region. A total sample of 384 was selected from a population of 2571, to which a self-administered questionnaire was distributed to. Respondents were requested to indicate the level of their agreement or disagreement to the items provided that are gauged through a five-point numerical scale. The scale ranges from 1 depicting strongly disagree to 5 depicting strongly agree. The questionnaire items were adopted from prior studies and modified to suit the context of the study. The data collected was analyzed through SEM-PLS. this study employed a two-step process instead to evaluate and report PLS-SEM results as recommended by Henseler, Ringle and Sinkovics (2009).

6. Results
6.1 Demographic Profile of the Respondents

Sample characteristics contain five major items in this paper: (1) gender, (2) age, (3) level of education, (4) experience, (5), and training. The results were achieved after analyzing the demographic variables. In the last specimen, 285 (69.2%) of the respondents were guys and 127 (30.8%) were females. It is understood that the larger part of sample recoded 69.2% were male, and most of the respondent's age fluctuated between 20 - 30 years of age (27.2 %). With respect to entrepreneurs encounter the lion's share of respondents (27.7%) were 1-5 years' experience and the most minimal of the respondents were 6-10 years' experience (11.4 %). The biggest gathering of entrepreneurs was vocational education level (46.1%) and the smallest group was PhD level at (0.7%). On the other hand, looking at the average of operation periods for small businesses in Jordan, the majority of respondents who recorded (44.2 %) operation period between 6- 10 year. Moreover, the majority of employee number recorded 71.8% (1-5) employee. Finally, the discussion shows that 45.6% of the respondents located in Amman.

6. 2 Describe of Respondents

Based on a review of the literature related to the measurement of performance, three objective measures of growth were included: sales growth, increase in number of employees, and increase in profitability over a three-year period (Rauch et al. 2004; Wiklund and Shepherd, 2005). To assess the level of entrepreneurial attitude a five-point Likert's scale were used to measure the (26) items of the entrepreneurial attitude; These items were measured based on "1" as strongly disagree to "5" as strongly agree. The researcher used these items adopted from (Armanurah, 2014). Most of these items were modified to suit entrepreneurial attitude in small businesses performance settings.

Table 5.1:Descriptive Statistic of Principle Constructs (N= 384)

Construct	Total items	Mean	Standard Deviation	Level
Entrepreneurial Attitude (EA)	9	3.15	0.73	MH
Government Intervention (GI)	3	2.96	0.88	ML
Small business performance (SBP)	5	3.00	0.80	ML

According to Table 5.1 above, 384 valid cases of mean and standard deviation for all the variables were analyzed. The four-point interval scales were categorized into equal-sized categories of low level, moderate low, moderate high and high level. Subsequently, the mean scores of less than 3.00 were considered low value, mean scores of 3 to 5 were considered moderate value and mean scores more than 5 were considered high (Md Isa, 2007). As mentioned earlier, entrepreneurial attitude represented by 9 items. Apparently, as shown in Table 5.1, the mean scores are considered moderate high (3.15), whilst the government intervention variable is at a moderate low level (2.96). The high mean scores imply that respondents agree that these variables influence small business performance.

Overall, the results in Table 5.1 shows that the all variables are relatively moderate around (3.), respondents gave more attention to the relationship between perceived attitude and small business performance. Finally, the mean score of small business performance showed a moderate low level at 3. This result confirms respondents' perception to performance in this model context.

6.3. Discussion

Four general criteria have been proposed in literature for the assessment of the structural model and they are coefficient of determination (R^2), prediction relevance (Q^2), path coefficient (β), and effect size (f^2) (Hair et al., 2011a; Henseler et al., 2009; Sarstedt et al., 2014b). The coefficient of determination is known as the initial point of examining the structural model and because PLS-SEM aims to shed light on the endogenous latent variables' variance (R^2) is the top criterion to assess the structural model. The PLS algorithm results show that an estimated model fits the survey data, with **R^2** for small business performance being 0.16 – this indicates moderate amounts of variance explained by the independent variables when adopting Cohen's (1988) criterion. The value shows that the structural model has the capability to explain acceptable variance level of small business performance. Path coefficient (β) and t value are both primarily utilized to test the proposed hypotheses in PLS (Hair et al., 2014a; Hair et al. 2011a; Henseler et al., 2009). After the generation of the path coefficients, each path coefficient can be evaluated in terms of its significance through the bootstrapping method that computes t-values.

On the whole, the statistical tests were assessed at the significance level of 5% through the use of two-tailed t-tests as the entire hypotheses were proposed in a two directional manner. The structural model estimates results are listed in Table 5.2.

Table 5.2 Path Coefficients and Significant Level of Structure Model

construct	β	T Statistics	P Value
Entrepreneurial Attitude (EA) — (SBP)	0.0030	0.0402	0.69
Government Intervention (EA)—(GI) — (SBP)	- 0.525	1.153	0.24

The path coefficients of the relationship among constructs are displayed, wherein the path form entrepreneurial attitude to small business performance is positive and insignificant at (β= 0.003; p > 0.10). This reveals that as entrepreneurial attitude increases, the performance reduced with it and therefore, H1 is not supported. A similar finding was obtained for government intervention in the interaction effect, The result of the PLS indicates that the estimated model fits the data well, wherein the R^2 for small business performance was found to be 0.171, which indicates moderate variance explained by the independent variables. Furthermore, Table 5.3 reveals that the research model was capable of explaining 17.1% of the total variance in small business performance, indicating that exogenous variables (entrepreneurial attitude and government intervention) jointly explain 17.1% of the dependent variable (small business performance).

Table 5.3 Variance Explained in the Endogenous Latent Variables

Latent variable	Variance Explained R^2
Small business performance	%17.1

A negative relationship was found between entrepreneurial attitude and small business performance that decreases when government intervention is high, but the interaction was negative and insignificant at (standardized β= -0.525, p >0.10), negating the presence of a moderating effect. And as such H2 is also not supported.

7. Conclusion

Attitudes toward entrepreneurship and toward innovation and growth affect the propensity of individuals to become entrepreneurs and establish new enterprises. If entrepreneurs have high status

in a society, entrepreneurship can be aspirational; if entrepreneurship is recognized as a good career option with positive incentives, then more people are likely to try it. Attitudes toward entrepreneurship affect the degree of support that entrepreneurs receive when setting up a new enterprise. If entrepreneurs are seen in a positive light and are perceived to create wealth and jobs, then it is more likely that they will receive support from the general population than if they are perceived negatively. If attitudes towards change and innovation are negative, fewer individuals will want to engage in such activities. However, there is some difficulty in determining whether this is a causative relation (i.e. that positive attitudes toward entrepreneurship create higher levels of entrepreneurship) or rather that higher levels of entrepreneurship create better attitudes, or that both are symptoms of some other factor. We can suppose that other cultural and historical factors have an effect on levels of enterprise and attitudes toward entrepreneurship, and that these to some degree disguise any direct effects that changes in attitudes might cause.

8. The study implications

The study's conceptual framework was developed on the basis of empirical evidences and theoretical gaps found in literature and it is supported by the theoretical perspectives in the form of entrepreneurial attitude orientation (EAO). The study examined the moderating effect of government intervention to shed light on the relationship between entrepreneurial attitude and the performance of small businesses. The contribution of this study is the explanation of relevant theory (EAO) that addresses performance and was used to explain performance behaviour. This knowledge contributes to improving future research in the same context by adding to the knowledge of academicians in the country. The research findings may also be useful as a platform upon which future studies and literature reviews may be based.

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CONCEPTUALIZING GEN Y ONLINE SHOPPING BEHAVIOUR: INTEGRATING TASK-TECHNOLOGY FIT (TTF) MODEL AND EXTENDED TECHNOLOGY ACCEPTANCE MODEL (TAM)

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Abstract: With high percentage of the Internet users, online business in Malaysia has become one of the largest online transactions per capita in Southeast Asia. Although the percentage of Malaysia internet users for e-commercial purpose are relatively low, online shopping still has plenty of room to grow in the e-commerce market especially among Gen Y, the biggest group of people contributing to this growth. The purpose of this research study is to conceptualize Gen Y online shopping behaviour by using a unified model integrating the task technology fit (TTF) model and technology acceptance model (TAM) to predict their purchase intention. Clothing and apparel merchandise is chosen in this research to mark the potential growth of this industry in the e-commerce market parallel with the growth of young population and greater awareness of the Western fashion. It is believed that this integrated framework will provide a more comprehensive understanding of the behaviours related to this context.

Keywords: task technology fit model; technology acceptance model; online shopping; generation y; purchase intention

1.0 Introduction

Today, the number of Internet users has increased to approximately 45 percent of the world population or around 3.4 billion people are connected to the Internet (Internet Live Stats, 2016). The worldwide Internet users' growth rate from 2000 to 2016 was remarkable, a whopping 750 percent increase. In recent decades, Malaysian Internet usage also rose sharply. Malaysia Internet penetration rate has achieved 68.1 percent or equivalent to 21 million Internet users (Internet World Stats, 2016). Internet penetration rate can be defined as the percentage of a population using the Internet (Lim, Yap, & Lee, 2011). According to the Internet World statistic (2016), Malaysia Internet users have increased from 3,700,000 users in 2000 to 21,090,777 users in 2016. Malaysia Internet penetration has become the third highest in Southeast Asia region behind Singapore (83.1%) and Brunei (71%). This trend has somehow changed people lifestyle as well as business operations; from the way people communicate, share and search information to the method companies conduct businesses, sell and purchase products and services. With the Internet becoming universally attractive to the business world and the electronic commerce is getting more popularity even for small enterprises.

With the rapid growth of the internet usage in Malaysia, a new phenomenon of consumers' attention has emerged - online shopping. Consumers are now starting to purchase product and services via online medium. In Malaysia, majority of online shoppers buy clothing and the other apparel products (69%) and followed by electronic (43%), computer (31%) and book/music (29%) (Openminds resource, 2012). Nielsen (2016) in its report stated that Malaysians were likely to spend their spare cash in purchase new clothes (25%), holiday/vocation (40%), new technology (19%), home improvement (18%) and out of home entertainment (18%). Holiday/ vacation is the category of service that Malaysians most spend their spare cash on. Clothing and apparel products is the category of product most Malaysian online shoppers spend their cash on.

According to the President and Chief Executive Officer of Rakuten Online Shopping Malaysia, Masaya Ueno, the online shopping is starting gaining attention from consumers (The Star, 2014). It can be seen from the increasing number of domestic online webstore such as 11street and Lelong.my in the competitive e-commerce market. According to Euromonitor survey conducted in 2011, the online shopping market in Malaysia, is expected to grow rapidly from RM842 million in 2011 to more than RM1.9 billion in 2016 (Masaya Ueno, 2012). Online purchasing is growing well and getting

common in Malaysia. In Malaysia, the most popular items to purchase via online shops are clothing/accessories, electronic, DVDs /music &book, and computer (Openminds resource, 2012).

It is well known that online shopping is a viable alternative for consumers who tend to shop more conveniently in order to maximize customer satisfaction. It is also known that online shopping is a new way of shopping especially for the young generation and it is a new business model for organizations to gain potential customers (You, Chen, & Liu, 2014). Due to the potential growth, it is of paramount importance to know the factors that influence consumers purchase intention via this modern medium. This research aims at proposing a more unified conceptual model to the study of consumer online shopping behaviour by integrating task technology fit (TTF) model and extended technology acceptance model (TAM). This research is believed to provide an insight for the marketers who involve in e-commerce to have some ideas to plan their strategy especially in the context of Malaysian Gen Y consumers.

2.0 Literature Review

Technology Acceptance Model (TAM) is an adaption of Theory of Reasoned Action (TRA) which was developed by Davis (1989) to measure the level of technology acceptance and the acceptance in using Internet to make online transaction. TAM assumes that users' behavioural intention to use a particular system can be employed to determine the actual system usage. The original level of the consumer technology acceptance can be measured by using four dimensions namely perceived usefulness (PU), perceived ease of use (PEOU), attitude towards usage of the new technolgy (AT) and the intention toward usage of the new technology.

Perceived ease of use (PEOU) and perceived usefulness (PU) are known as two fundamental factors to determine users acceptance of technology. According to Rizwan et al (2014), TAM is a concept that can represent the consumers, how they start or adapt new technological system or information technology and it is widely used to identify individual intention in using new technology. TAM has been frequently used and one of the most important models for understanding consumers' views toward e-commerce. In the context of this study, TAM is a framework that fits the purpose to predict consumers online purchase intentions.

2.1 Antecedents of Technology Acceptance Model (TAM)

Two most commonly used external factors of TAM are self-efficacy and subjective norm. Self-efficacy (SE) is defined by an individual's judgment of his or her own capability to perform a specific task (Bandura, 1982). People who perceive computer as a complex tool will adversely influence their behavioural intentions; most certainly avoid using it (Igbaria & Iivari, 1995). SE has been found as the best indicator of perceived ease of use (PEOU) in a number of e-learning research (Abdullah & Ward, 2016; Hsia et al., 2014; Motaghian et al., 2013). In e-commerce, SE is also believed that consumers with high Internet self-eficacy are more likely to use online webstore to shop as compared to those who are low in Internet self-eficacy. Subjective norm (SN) refers to the person's perception that most people who are important to him think he should or should not perform the behaviour in question (Venkatesh et al., 2003) . For this study, SN refers to the extent to which a consumer perceives a pressure from members in his or her environment to shop online. In the past, a number of literature have found positive relationship between SN and perceived usefullness (PU) (Abdullah & Ward, 2016; Cheng, 2011; Al-Gahtani, 2014). In this study, it is also hypothesized that consumers with peer pressure in his or her environment will most likely to perceive shopping online as useful. Therefore, the first two hypotheses are developed to test whether antecedents of TAM have positive influences on perceived ease of use (PEOU) and perceived usefulness (PU):

H_1: Self-Efficacy (SE) significantly predicts perceived ease of use (PEOU)
H_2: Subjective Norm (SN) significantly predicts perceived usefulness (PU)

2.2 Task-Technology Fit (TTF) Model

Task-technology fit (TTF) model is commonly used model to evaluate how information technology leads to performance by assessing the match between the task and technology characteristics (Wu & Chen, 2017). Consumers' ability to use the technology is believed to be determined by both the characteristics of the task and the technology. Although the model has been widely used in many information technology researches, researches that integrate TTF and TAM is somewhat lacking and vague. TTF are two dimensional – individual-technology fit (IT) and task-technology fit (TT). Individuals' degree of familiarity and length of experience with information system are normally associated with their adaptation behaviour (Wu & Chen, 2017). This scenario depicts individual-technology fit (IT). The more experienced one is with a system, the better he or she knows and understands how the system works. In the context of online shopping behaviopur, consumers who are

familiar with the online shopping system or technology used in e-commerce are said to feel at ease using the technology. On the other hand, task-technolgy fit (TT) is the degree of how the capabilities of the information system match the tasks that the consumer must perform (Goodhue, Klein & March, 2000). Empiral studies have suggested both IT and TT predict PEOU and PU. Thus, the second set of hypotheses is formulated to investigate the influence of task-technology fit (TTF) model [i.e. individual-technology fit (IT) and task-technology fit (TT)] on perceived ease of use (PEOU) and perceived usefulness (PU):

H$_3$: Task-technology fit (TTF) significantly predicts perceived ease of use (PEOU)

H$_4$: Task-technology fit (TTF) significantly predicts perceived usefulness (PU)

2.3 Extended of Technology Acceptance Model

According to Çelik & Yılmaz (2011), the initial Technology Acceptance Model (TAM) variable may not adequately to measure the key that influence consumer attitude and intention toward online shopping. Ha & Stoel, (2009), have extended TAM including trust and enjoyment in their study. The enjoyment is a major factor influences consumers to use new technology, while trust plays an equal important role in consumer online shopping behaviour. Kamarulzaman (2007) has extended TAM including personal characteristics, perceived risk and trust for the purpose to better represent and improve the predict power on assessing the consumer adoption on online purchasing. The result from the studies indicates that perceived risk is related to the intention to adopt online shopping. The result shows that the less perceived risk of a user in online shopping, the more likely that the user adapts to online shopping. From the result, the personal characteristic and trust also have significant influence on the consumer intention to adopt online shopping. After a series of research, the variables of the TAM have been extending widely with the inclusion of variables such as perceived risk (PR), subjective norm (SN), perceived trust (PT) and perceived enjoyment (PE) to the the classical TAM (Pavlou, 2003; Wu & Chen, 2005). Recently, the extended TAM, which includes PU, PEOU and PR, has been used in a research to predict the tendency of Gen Y in Malaysia to purchase online technological product. The result shows that only PU and PR have significant relationship with intention to purchase online (Jambulingan, Sorooshian, & Selvarajah, 2016). Like Jambulingan et al (2016), the extended TAM wih an inclusion of perceived enjoyment (PE) will be used in this study. PE is included because it is a major factor that influences consumers to use new technology for shopping purposes. Below it the description of variables for extended TAM.

2.4 Perceived Usefulness (PU)

Perceived usefulness is defined as the degree to which the person believe that his job performance can be improve by using a particular technology (Davis, 1989; Jambulingan et al, 2016). PU is believed to influence consumers' intentions toward using new technology via favourable attitudes towards the new technology and make them believe it will increase their job performance (Ducey, 2013). PU of online shopping refers to consumers' perception on online shopping that adds value and efficiency for them while shopping (Lai & Wang, 2012).. In this research, PU refers to the consumers' beliefs about the usefulness of Internet webstore for their online shopping behaviour. PU is said to affect consumers' online shopping intention both directly and indirectly through consumers' favourbale attitude (Pavlou, 2003). In the previous study conducted in Malaysia, PU of a specific system had a direct significant influence on the usage (Ndubisi & Jantan, 2003). Kim and Song (2010) stated that, the intention to purchase through internet has influence by the perceived usefulness and consumer are expect to purchase though online because of it conveniently. The perceived usefulness of online shopping platforms may influence the consumers online purchase intention in the future. (Cheng & Yee , 2014). Therefore, the fifth hypothesis is developed to test whether PU positively influences attitude towards online:

H$_5$: Perceived usefulness (PU) significantly predicts consumers' attitude towards online purchase.

2.5 Perceived Ease of Use (PEOU)

Perceived ease of use (PEOU) is defined as the degree to which a person perceive a particular technology is easy to use (Davis, 1989; Pavlou, 2003; Jambulingan et al, 2016). PEOU in online shopping context can be further defined as the degree to which consumers believe that online shopping would be easy to use. According to Houda & Mohsen (2012), PEOU has significant impact on consumers' attitudes towards Internet use. Childers, Carr, Peck, & Carson (2001) in their study also proved that attitude toward online shopping can be determined by PEOU. The dimension of PEOU has been a significant factor included in various studies, among others, studies that examine accessibility of information, navigation of website, functionality and process of ordering (Reibstein, 2002). In the context of this research, it is opined that consumers like to adopt websites that are user-

friendly (Chiu, Lin, & Tang, 2005). A good design website can increase consumer satisfaction and lead to a higher online shopping intention (Lee & Lin, 2005). If consumer perceived the website is difficult to use, complicated and ambiguous, they will have a lower intention toward online shopping. Thus, sixth hypothesis is formulated to investigate the influence of PEOU on attitude towards online purchase in Malaysia:

H_6**:** Perceived ease of use (PEOU) significantly predicts the attitude towards online purchase.

2.6 Perceived Risk (PR)

Perceived risk (PR) is defined as consumer perceptions of the uncertainty and potential undesirable consequences of buying a product or service (Littler & Melanthiou, 2006). PR also refers to consumer subjective belief of suffering a loss in obtained a desired outcome (Pavlou, 2003). With the new trend of shopping via the Internet, it is normal to sense consumers' fear of the possible risks involved, hence leading to unfavourable attitudes toward online transaction (Pavlou, 2003). Akhlaq and Ahmed (2011) said that PR has negatively affected consumers' intentions toward online purchase, for both products and service. In addition, the greater the perceived risk on the online shopping, the less likely consumer use the Internet for repeat purchase (Mwencha & Muathe, 2014). This research will focus on the general perceived risk of the consumers who a cumbersome and frustrating shopping through online. Hence, the seventh hypothesis is created to test the influence of PR on attitude towards online purchase:

H_7**:** Perceived risk (PR) significantly predicts the attitude towards online purchase.

2.7 Perceived Enjoyment (PE)

Perceived enjoyment (PE) is one of the important factors that influence the consumer acceptance in online shopping (Mandilas, Karasavvoglou, Nikolaidis, & Tsourgiannis, 2013). Perceived enjoyment can be defined as the degree of enjoyment, pleasure and happiness consumers perceive during online shopping via website (Cheng & Yee , 2014). PE plays an important role to increase consumer interest in using information system. Bruner II & Kumar (2005) stated that PE is a strong predictor to predict the consumer acceptance of new technology and the intention of online shopping. In other words, consumers will have more tendency to purchase online, given the online shopping experience is amusing and enjoyable. According to Akhlaq and Ahmed (2011), online businesses should pay attention on PE, to increase their customer base and in turn increased revenue. In the South Asia, the previous research have found that the perceived enjoyment have a significant positive relationship with consumer attitude toward online shopping (Teo, Lim, & Lai , 1999). According to the literature analysis, the fourth hypothesis is developed to test whether the perceived enjoyment has the positive influence on attitude towards online purchase clothing:

H_8: Perceived enjoyment (PE) significantly predicts the attitude towards online purchase.

2.8 Attitude toward online shopping

Attitude is defined as a favourable or unfavourable, negative or positive evaluative reaction toward something or someone. (Davis, 1989). Attitudes also refer to happiness, dislike, feelings of joy, disgust, pleasure, or hatred towards a given behaviour (Triandis, 1979). Attitude to towards a behaviour refer to the degree of which person has unfavourable or favourable evaluation of the behaviour. Attitude toward online shopping can be defined as positive or negative emotion of consumer drive to stimulus purchasing behaviour on the internet (Schlosser, 2003). According to Davis (1989) research, consumer intention to use an information system will influence by attitude toward behaviour of use and attitude is an intermediary between perception and behaviour explanatory. To investigate consumer intention, need to know what their attitude in online shopping is. The attitude toward online shopping has substantial impact on online purchasing intention. If consumer attitude are unlikely to buy online, it is no point having an excellent product online. Different research has finds out the similarity result, the attitude and online purchase intention is related, the intention of use an internet transaction is dominate by attitude. Consumer with a positive attitude toward use of the internet for transaction will have positive intention to using internet for online shopping (Houda & Mohsen, 2012). Therefore, the ninth hypothesis was developed to test the predictability of attitude toward online shopping purchase intention:

H_9: Attitude toward online shopping significantly predicts the intention of to purchase online.

3.0 Conceptual Framework
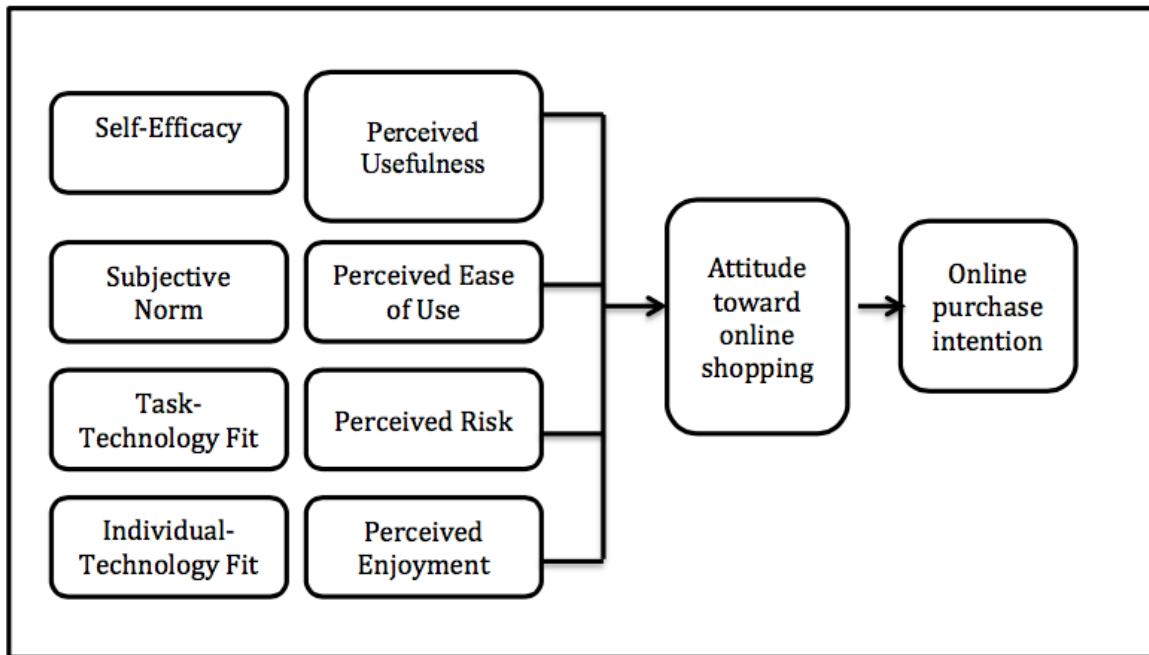
4.0 Research Methodology
4.1 Sampling Techniques and Data Collection
This research is using quantitative research method. This research will conduct an online survey to collect data. Using online survey can gain a various benefit such as saving cost in printing the questionnaire, saving research time in collection data and saving the expenses by overcome geographic distance (Kevin, 2005). Due to the popularity of online shopping behaviour and the appropriateness of the online survey method, Gen Y respondents are targeted. Online survey questionnaire and distribute via online can increase the efficiency and effective on collection data. Gen Y population in Malaysia is more than 10 million and for that reason, according to the Krejcie & Morgan (1970), the population which is equal to or more than one million, the required sample size is 384. In this study the Statistical Package for the Social Sciences (SPSS) software will used to analyse the data. The statistical tools like multiple regression, correlation, and descriptive statistics were applied to test the hypotheses.

5.0 Conclusion
In sum, this conceptual paper offers a unified model of TFF-TAM in the design and improvement of technological acceptance model. The researchers also proposed the integrated conceptual structure of the antecedents of TAM in a specific research context – online shopping behaviour in Malaysia. Even though, the paper is mostly hypothetical, it is inspiring to reveal an integrated conceptual framework in exploring consumer behavioural intention. Facing more sophisticated consumers' needs and challenged by more aggressive competitors, the practitioners may use this proposed framework in strategizing their business model.

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ANTECEDENTS INFLUENCING E-SERVICE QUALITY TOWARDS CUSTOMER LOYALTY AMONG MALAYSIAN ONLINE SHOPPERS

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Abstract: As the technology is growing rapidly, the usage of electronic gadgets such as smartphones and tablets become very popular. It leads to the use of virtual technology whereby individuals could study, communicate and even do shopping without human interface. Virtual shopping is a trend and part of daily life. Consumers spending millions in doing online shopping. However, a non-promising quality of the e-service become a main reason some of the Malaysians refuse to perform online shopping. This clearly shows that higher level of e-service quality might determine the customer loyalty. Customer loyalty is tended to be a main concern for an online store because it will also may safeguard the online store maintain its profit. The e-service quality provided by an online store will affect the loyalty among the online shoppers. Hence, four factors had been chosen in this research. These factors include: website design, reliability, security, and customer service. A total of 200 respondents were participated in the survey. The survey was mainly conducted in the Klang Valley area. Questionnaires were distributed in order to collect the data needed. Pearson correlation and multiple regression analysis were used to analyse the results of the questionnaires in order to know the relationships between those factors with customer loyalty. This paper revealed that website design and customer service were the most influential factors which would affect customer loyalty. However, at the same time, reliability and security were also a significant factors that might influence the e-service quality towards customer loyalty.

Keywords: E-service quality, Buying behaviour, Customer Loyalty and Malaysia

1. INTRODUCTION

The internet has become the largest influence in the world. It is a 'heart' in daily life and people will stray in his own world without internet. With the internet, people communicate, finding and sharing an information, playing games virtually, and even do shopping online (Bourlakis et al., 2008). Online shopping was a type of electronic commerce (Karthikeyan, 2016). It allows consumers to purchase products or services directly from internet retailers using mobile devices such as computers, smartphones and tablets. With the growth of mobile and cellular (Leong, 2011), the online shopping allows consumers to perform the online transaction without any barriers.

Michael Aldrich is the first person to introduce online shopping back in 1980 (Aldrich, 2011). Online shopping can provide all kinds of products that was also available in the conventional store. With the daily life becomes more complicated, online shopping becomes extremely substantial for the consumers (Kala Devi Vegiayan, 2013). Customers feel more convenient, can compare different types of products available, benefit from different product reviews by other customers, and it will also save cost and time (Cheng, 2009)

Although the online shopping provides a number of benefits, there is still a group of people not willing to perform an online shopping. This is due to the quality of the e-service still not meet the expectation of the customers. It includes different prospect received as compared to what's being described in the website, product received did not meet their expectations, product get damaged during a journey, customer are open to higher risk of personal information and lack of customer support for both pre and post purchase (Kuriachan, 2014; Salehi, 2012; Chen, 2009 and Wilson, 2013). The quality of e-service is extremely important because consumers are not just buying the products, they are also buying the services at the same time. A good service might attract more customers to revisit the shop and will be the 'unpaid agent' by promoting the services to their friends and family. Indirectly, customer loyalty would exist as they repurchase again and again at the same shop. This clearly show that e-service quality might determine the customer loyalty of the customers to an online shop.

Thus, the purpose of this study is (i) to investigate the relationship between online shoppers towards customer loyalty and (ii) to determine factors that influence online shoppers towards customer loyalty. The main purpose of the study is to identify the most influential factors that might lead to the e-service quality improvement in an online shopping environment towards better customer satisfaction. Because customer satisfaction plays a vital role in creating a customer loyalty. The rest of the paper is

arranged as follows: The relevant literature will discuss in the next section continue with section three describes the overall methodology followed by results and discussion. The conclusion is presented in the last section together with the future research directions.

2. LITERATURE REVIEW
2.1 E-service Quality
Service or 'support service' has been always a package with the main products or services provided by the seller (Salehi, 2012). With the birth of technology, the concept of e-service has been widely used since 2000. E-service defined as the electronic supply of services to customers (Ojasalo, 2010). It is a service that based on the web with the use of the internet to deliver any form of customer requirement. Both service and e-service is considered as an intangible because it cannot be feel, touch, see, or taste by the customers. This leads to a tough assessment when come the quality aspect (Wesselman, 2014).

Quality is associated with customer satisfaction and customer loyalty (Wolfinbarger, 2003). When a website promotes an efficient and effective process of online shopping, buying, and conveyance of products or services, it is called e-service quality (Wang, 2011). The e-service quality provided by the online retailer is the main attribute that customers will look into. Few studies which include a study by Lee and Lin, 2005, Stiakakis and Georgiadis (2009), Cristobal et al., (2007), Yousif (2015), Shachaf et al., (2008) highlighted that, when customers perform an online shopping, they are usually expecting an equal or higher levels of e-service quality compared to the conventional channel. It shows that the e-service quality played a significant role in online shopping. Hence, quality of e-service would determine the success or failure of the online retailers. In addition, online service may have some unique features that the offline services do not possess. These features included server problems, outages for backing up information, and connectivity issues. Thus, the existing service quality models, such as SERVQUAL, could not be utilized to measure e-service quality.

In 2003, Wolfinbarger and Gilly had developed a scale named .comQ. This scale consisted of four dimensions which is website design, reliability, security, and customer service. Before the development of .comQ, there is a lot of other scales to measure e-service quality. For example, e-SERVQUAL, E-S-QUAL, E-RecS-QUAL and others. They all have many similar aspects (Wang, 2011). Thus, to simplify the dimension, .comQ was adopted as the measurable variables of e-service quality.

2.2 Customer Loyalty
Utami (2015) defined customer loyalty as the continuity of customers buying behavior. It is a trust and recognition of customers with the products they buy online. It is also characterized as a customer's favorable attitude toward an online website and form a repeat purchase behavior (Chen, 2009 and Ribbink et al., 2004). Customer loyalty is where the customers are buying a product at the same online seller because of good services offered by the selected online seller (Gummerus et al., 2004). Whenever the online seller may provide a high degree of responsiveness with high quality of product value, it will create higher customer satisfaction which at the ends will create customer loyalty. Therefore, customers would repurchase the products or choose the same stores for a long period of time (Shankar, 2003).

As emphasized by few researches (Raman et al., 2008; Loiacono et al., 2002 and Yang et al., 2003), in order to create a better customer loyalty, the online retailers should be able to have a good communication with their customers and help them deal with the problems encountered during their shopping experience. This is to increase the satisfaction among the customers. Whenever the customers are satisfied with the service given by the online retailer, their loyalty to the selected online shop would also will be higher.

2.3 Antecedents Influencing E-service Quality towards Customer Loyalty
Website design
Website design is one of the main important factors that affect customers loyalty (Xi Zhang, 2006 and Swaid & Wigand, 2009). In today's business scenario, the website has become as an essential business transaction platform. The website is used by most of the companies to deliver various services to the customers. These customer-to-website interactions have slowly replaced the traditional customer-to-employee interactions. According to Jun and Yang (2008), the main purposes of most of the websites is to deliver a service to its intended viewers with a good design. Website design consists of the whole online shoppers' experience which should offer a good e-customer service (Ribbink et al., 2004). A good website design must include easy navigation (Ojasalo, 2010),

ease of information searching for the products available (Li and Suomi, 2009), clear product selection (Wolfinbarger and Gilly, 2003) and appropriate order processing personalization (Lee and Lin, 2005) The previous research (Barnes & Vidgen, 2002; Sanzo et al., 2003; Parasuraman et al., 2005 and Raman et al., 2008) investigated that the website design has a great significant dimension of e-service quality. This is because it would give an influence on both customer satisfaction and customer perceived value. Hence, the online retailers should put more effort when designing their online store website. This could be done by giving abundant information, provide with a personalization se

Reliability

Reliability or durability is the ability of online retailer to provide the services as per customer expectation (Alam, 2008). It is the determination of the ability of the company to perform the promised service accurately and consistently (Madu & Madu, 2002; Sohn & Tadisina, 2008 and Fassnacht & Koese, 2006). From the other point of view, reliability defines as the ability to fulfill customer orders correctly (Jun & Yang, 2008), deliver product at a shorter lead time (Ojasalo, 2010), high level of responsiveness (Lee and Lin, 2005) and the ability of the company to keep customer personal information securely while performing the online transaction Stiakakis & Georgiadis (2009).

Alam at al. (2008) also emphasized that the online shoppers expected to receive the right quality with the right quantity of product ordered within the time frame promised by the online retailers. It means that customers will feel satisfied and tend be loyal to the selected online retailer if the online retailer is able to make sure the products or services delivered or provided to the customers meet the expectation (Ribbink et al., 2004). In the other words, to become a reliable online service provider, the online retailers must deliver the promised products or services within the time period as per required by the customer (Parasuraman et al., (2005). This is because on-time delivery might affect e-service quality towards the online shop (Sanzo et al., 2003).

Security

Security has been described as a risk free while doing the online transaction (Pather, 2010). It is a mandatory ingredient in e-service where security is a perceived significant risk and privacy (Chen, 2009). It includes financial protection, personal data protection, payment terms and delivery as well as reputation (Li & Suomi, 2009). Security is one of the primary concerns of the customers when they made purchases. An online shopping website should indicate the degree of website security more often to the customers especially to the customers who made payment by using a credit card (Pather, 2010). Security is inclined to the utilization of customer perceptions to give trust to the online retailers in order to ensure successful online payment in place (Yazdanifard, 2011). According to Janssen et al., (2003) security is synonymous with trust and credibility. Thus, the e-shopping website is necessary to use the security seals. The security seals will able to build company credibility and obtain trust from online customers which will increase the company reputation.

With a good security protection, it would give online shoppers a sense of security when they purchase products or services online Surjadjaja et al, (2003). The customer will have a mindset that all the transactions is being conducted in a safe and secure manner. A secured website might help to increase the frequency of customers to do online shopping and will be the main factors affecting customers to perform an online purchase (Wolfinbarger & Gilly, 2003).

Customer Service

Customer service is defined as another important elements in the online transaction (Field et al., 2004 and Cristobal et al., 2007). A good customer service offers by the companies will ensure customers will always satisfy with the product or service provided. Customer service usually takes place when the retailers perform a transaction with the customers both pre and after sale service. It can be described in many form comprises of a telephone call, online 'chat', self-service system, in-person interaction or by other means (Ramli, 2015; Shaohan & Minjoon, 2003; Sanzo et al., 2003). Responsive, helpful, willing to serve customer inquiries quickly is also part of a demanding service required by the customer (Wolfinbarger & Gilly, 2003; Yang and Fang, 2004).

Customer service is a vital towards maintaining the ongoing customer relationship and it is a key of a company's revenue (Yang & Jun, 2002). Thus, many businesses put an abundant effort to increase the customer satisfaction levels. This is because, most of the successful businesses have an outstanding customer service level which in a way will influence e-service quality. However, it is depending on how the personnel or representative of a company's interact with the customers. A polite and understanding customer service personnel or representative will have a big effect on losing or retaining a customer that will affect the business as a whole (Ojasalo, 2010).

When there is a problem arises, a good customer service should give a timely attention on the issue faced by the customer. Immediate action, such as emails and making a phone call to the customer to resolve the problem is a critical way to maintain a good customer relationship (Yang & Fang, 2004). Requiring the customers to wait for a long time or receive no reply from the business would destroy the relationship. In order to have a good customer service, the service provided must be in a one-stop attempt for the customer. For example, if a customer called a customer service helpline regarding with a product, the customer service representative must follow up through with the customer until the problem if fully resolved.

3. METHODOLOGY

Quantitative method has been chosen to conduct this research to determine the relationship between website design, security, reliability and customer service towards customer loyalty. A quantitative research required to perform the statistical analysis of a series of numerical data. The simple random sampling method being used to collect the required data. The data is collected by distributing a questionnaire to the target 260 respondents in Klang Valley area. The sample size is focusing on the respondent which is in the age range of 18-30 years old and above.

The questionnaire is divided into three parts, Section A, Section B and Section C. Section A consisted of demographic factors. Section B consisted of general information, the feedback after shopping through online and dependent variable (customer loyalty). Meanwhile, Section C consisted of measurement of independent variable (website design, reliability, security and customer service) and general customer opinion. Five-point Likert scale is used where 1 is 'strongly disagree', and 5 is 'strongly agree' in Section C.

The data was analysed using descriptive analysis, Pearson correlation analysis and multiple regression analysis. The descriptive analysis is a foundation for any further statistical analysis. This analysis included the count, ranges and frequencies and relationships among variables. Frequency distribution was drawn to describe the demographic profiles of the respondents.

The Pearson Correlation analysis is a method used to measure the relationship between the four independent variables and a dependent variable. Pearson correlation coefficient changed from the value positive one (+1) through zero (0) to negative one (-1) and the prefix (+, -) showed the direction of the relationship meanwhile the number indicated the strength of the relationship (Cooper 2003). The value of -1 showed a strong negative correlation, while a value of +1 showed a strong positive correlation yet then the value 0 showed no correlation.

Multiple regression is performed to test the unknown value of a variable from the known value of two or more variables, which called the mediator. By using multiple regression, it is a model with just one dependent and two or more independent (exploratory) variables. The variable which value was to be predicted was known as the dependent variable and the one which value was to be predicted was known as the independent (exploratory) variables.

The multiple regression equation could be described as a successive multiple regression analysis, which will able to express the relationship in an equation as below:

$$Y_i = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \cdots + b_nX_n + e_i.$$

According to (Sekaran & Bougie, 2013), it could be stated that the parameters of the equation, b_1, b_2, $b_3 \cdots b_n$, is named as regression coefficient which will used to create prediction of dependent variable. Dependent variable will be represented by Y_i and independent variables could be represented by X_1, X_2, $X_3 \cdots X_n$, whereas e represented the error.

The following hypothesis were developed for this study.
H1: There is a significant relationship between website design and customer loyalty.
H2: There is a significant relationship between reliability and customer loyalty.
H3: There is a significant relationship between security and customer loyalty.
H4: There is a significant relationship between customer service and customer loyalty.

4. RESULTS AND DISCUSSION
4.1 Demographic Profile of Respondents
The demographic profile consisted of the following characteristics: gender, age, race, education background, employment status, marital status and monthly income. The demographic information is to show the number of respondents performing an online shopping. It has also provide a respondents personal background and information.

There were 185 female respondents accounted for 71.1% with the age group between 19 to 21 years old. A majority of 217 respondents were Chinese and most of them (n=200) holding a bachelor degree. 93.8% were students with a single status (n=254) with a monthly income below RM 1500 (87.3%). Refer Table 1.

Table 1: Demographic Profile of Respondents

Demographic	Frequency	Percentage (%)
Gender		
Male	75	28.9
Female	185	71.1
Total	**260**	**100**
Age		
Below 19 years old	22	8.5
19-21 years old	148	56.9
22-25 years old	84	32.3
26-30 years old	5	1.9
Above 30 years old	1	0.4
Total	**260**	**100**
Race		
Malay	10	3.8
Indian	22	8.5
Chinese	217	83.5
Others	11	4.2
Total	**260**	**100**
Education background		
Secondary school	15	5.8
Diploma	27	10.4
Bachelor degree	200	76.9
Master	3	1.2
Others	15	5.7
Total	**260**	**100**
Employment status		
Employed for wages	8	3.1
Self-employed	5	1.9
A student	244	93.8
Others	3	1.2
Total	**260**	**100**
Marital status		
Single	254	97.7
Married	6	2.3
Total	260	100
Monthly income		
Below RM 1500	227	87.3
RM 1500-RM 3000	27	10.4
RM 3000-RM 5000	5	1.9
Above RM 5000	1	0.4
Total	**260**	**100**

4.2 Pearson's Correlation Analysis

In order to investigate the degree of the correlation in the whole mathematical data variables, the Pearson's correlation analysis is used (Mark Saunders, 2009). This method is used to test the relationship between independent variables (website design, reliability, security and customer service) and dependent variables (customer loyalty).

The strength of the relationship between the variables would be categorized into weak, moderate or strong (Explorable.com, 2009). Correlation is only suitable to determine the relationship between meaningful quantifiable data.

Table 2: Rule of Thumb

R	Strength of Relationship
0.1 – 0.3	Weak
0.3 – 0.5	Moderate
0.5 – 1.0	Strong

Source: Explorable.com, 2009

Table 3: Relationships between Independent Variables (Website design, Reliability, Security, and Customer Service) and Dependent Variable (Customer Loyalty)

Correlations

		Website Design	Reliability	Security	Customer Service	Customer Loyalty
Website Design	Person Correlation	1	.526**	.300**	.496**	.567**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	260	260	260	260	260
Reliability	Person Correlation	.526**	1	.423**	.443**	.425**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	260	260	260	260	260
Security	Person Correlation	.300**	.423**	1	.340**	.130**
	Sig. (2-tailed)	.000	.000		.000	.036
	N	260	260	260	260	260
Customer Service	Person Correlation	.496**	.443**	.340**	1	.755**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	260	260	260	260	260
Customer Loyalty	Person Correlation	.567**	.425**	.130**	.755**	1
	Sig. (2-tailed)	.000	.000	.036	.000	
	N	260	260	260	260	260

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

* Correlation is significant at the 0.05 level (2-tailed)

As shown in the table above, it clarifies a significant relationship between website design and customer loyalty (r=0.567, r>0.5). It indicated that there is a strong relationship between website design and customer loyalty. There is a significant relationship between reliability and customer loyalty (r=0.425, r>0.4). It is shown that the relationship between reliability and customer loyalty is a moderate relationship. There is also a significant relationship between security and customer loyalty (r=0.130, r>0.1). It reveals that the relationship between security and customer loyalty have a weak relationship. A significant relationship also has been shown between customer service and customer loyalty (r=0.755, r>0.7). It represents that the relationship between customer service and customer loyalty in a strong relationship.

Table 4: Summary Results of Correlation

Variable	Pearson correlation
Website design	0.567
Reliability	0.425

Security	0.130
Customer service	0.755

From the above table, it can be concluded that website design and customer service have a stronger relationship with customer loyalty. Meanwhile, reliability shows a moderate relationship, whereas security has a weak relationship with customer loyalty.

4.3 Multiple Regression Analysis

This research also uses multiple regression analysis for the forecast of the unknown value of a variable from the known value of at least two variables, which is also named the predictors (Explorable.com, 2009).

Assessment of the strength and character of the relationship between the independent and dependent variables is the main aim of multiple regression. Meanwhile, the coefficients of regression in multiple regression shows the relative significance of each of the independent variables in the forecast of the dependent variables (Sekaran & Bougie, 2013).

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.808[a]	.653	.648	2.04205

* Predictors: (Constant), website design, reliability, security, customer service

The values of R and R^2 is shown in this table. The simple correlation is represented by the R value, which is 0.808. This value shown is with a high degree of correlation. Meanwhile, the R^2 value will help to examine how much of the total variation in the dependent variable (customer loyalty) could be illustrated by the independent variables (website design, reliability, security and customer service). In this case, 65.3% can be explained, which is quite large.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	2.614	1.002		2.609	.010	.641	4.588
	Website Design	.309	.056	.257	5.555	.000	.200	.419
	Reliability	.105	.058	.085	1.812	.071	-.009	.220
	Security	-.216	.043	-.207	-5.000	.000	-.301	-.131
	Customer Service	.743	.050	.660	14.863	.000	.645	.841

* Dependent Variable: Customer Loyalty

A low p-value (significant) predictor is tend to be an important addition to the research because the changes in the predictor's value are related to changes in the response variable. On the other hand, a larger (insignificant) p-value suggested that changes in the predictor are not linking with changes in the response.

From the output above, these results are able to help to determine:

i. **The relationship between website design and customer loyalty, are**
   H1: There is a significant relationship between website design and customer loyalty.

   The result shows that the null hypothesis should be rejected and the alternative hypothesis (H1) should be accepted as the p-value of the website design was 0.000 which was less than 0.05. Thus, website design is a significant variable.

ii. **The relationship between reliability and customer loyalty, are**
   H2: There is a significant relationship between reliability and customer loyalty.

The result shows that the null hypothesis should not be rejected and the alternative hypothesis (H2) should not be accepted as the p-value of reliability was 0.071 which was more than 0.05. Thus, R is not a significant variable as the p-value for reliability was considered high (> 0.05).

iii. **The relationship between security and customer loyalty, are**

H3: There is a significant relationship between security and customer loyalty.

The result shows that the null hypothesis should be rejected and the alternative hypothesis (H3) should be accepted as the p-value of security was 0.000 which was less than 0.05. Thus, security is a significant variable.

iv. **The relationship between customer service and customer loyalty, are**

H4: There is a significant relationship between customer service and customer loyalty.

The result shows that the null hypothesis should be rejected and the alternative hypothesis (H4) should be accepted as the p-value of customer service was 0.000 which was less than 0.05. Thus, customer service is a significant variable.

Besides that, the result above also shown that security is negatively significant variable as it has B= -0.216. This meant that there is an inverse relationship between security and customer loyalty. It is apparently shown that the online shoppers are experiencing a low security when they have a high loyalty on a particular online shop.

This situation happened due to the online retailers have neglected the importance of security when they have to handle a large volume of online shoppers and at the same time maintain the quality of website design, reliability and customer service. The security variable is highly related to the transaction method and courier service company provided by the online retailers. These two factors might be neglected by the online retailers.

Customer service tended to be the most significant variable as it has the highest B value (0.743). When the online shoppers performing an online shopping, they may prefer a good customer service to be provided to them such as quick response, clear explanation and good attitude to be shown to the online shoppers.

The customer service given would become the first impression of an online store by an online shopper. The online shoppers may probably choose a good customer service online store compared with an online store which is good in another aspect because they may have a lot of information given by the customer service representatives before they perform any online purchase.

Therefore, customer service became the most influential variable in this research based on the above reasons. The online retailers should always emphasize on this variable compared to other variables to ensure the customer service given can satisfy every online shoppers to ensure their loyalty towards service provided.

5.0 CONCLUSION

The primary goal of this study is to identify the factors influencing e-service quality towards customer loyalty among Malaysian online shoppers. Particularly, the study confirms that website design, reliability, security, and customer service has a significant influence towards online shoppers' loyalty. The result supported the three hypotheses (H1, H3 & H4) have a significant relationships, whereas H2 has a moderate relationship influencing e-service quality towards customer loyalty. However, this study is one of the initial attempts in the Malaysian context that used .comQ to measure the e-service quality. The total population of 260 respondents in Klang Valley area is not represented the whole Malaysia population towards online shoppers. Future studies might extend the population size that would enable the data collection becomes more accurate. At the same time, different areas with different respondent types will discover different results with different factors. Hence, the researcher will identify more factors that will affect customer loyalty, therefore the finding of the research might be more accurate.

This study also provides an important platform for further research to study on other factors from another perspective which did not cover in this study. For example, the study can focus on how response time might affect the customer satisfaction among online shoppers. The future research might also may improve the business performance by recognizing how to come out with better website design, provide higher quality products with more secure transaction process for the customer in order to gain their trust. With that, it might improve the e-service quality, which will contribute to an online shopper satisfaction towards customer loyalty objective.

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PURCHASING INTENTION TOWARDS GREEN PACKAGED PRODUCTS: AN EXPLORATORY STUDY AMONG MALAYSIAN CONSUMERS

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Abstract: "Green", the new black received greater attention from the global community. Another words which are very synonym in the business and society are sustainability and environmental friendly. This is subject to greater awareness and human's responsibility towards the environment. Gradually, consumers moving towards green consumerism and shifted their preference for greener technology and greener products as well have greater acceptance on green packaging especially for packed or ready-to-eat-foods. However, in Malaysia, the combination of green and packaging is a new trend. Thus, this study mainly aims to examine the awareness of green packaging among Malaysians. Secondly, to determine the factors which influence consumers to purchase green packaging products. A total of 200 respondents were participated in the survey. The survey was mainly conducted at two major retails which focus on sustainability approaches that are IKEA and Tesco. The findings from the study revealed that Malaysian's awareness on green packaging still low. A large group of respondents (50.5%) have little knowledge only about green packaging. Meanwhile, results obtained through multiple regression analysis claimed that packaging design significantly influences consumers' purchase intention towards green packaging products. In a packaging, visual and information elements played stronger role to attract the consumer to purchase green packed products. Then, the knowledge on green motivated consumers to choose on green packaged products. From the study, it is notable that attractive green packaged design as well one's knowledge on green packaging would be the major contributor for purchasing green packaging products. These eco-minded consumers would likely ensure sustainability lifestyle in long term.

Keywords: Sustainability, Green Packaging, Purchasing and Malaysia

1.0 INTRODUCTION

Recent developments in human and business operations brings greater impacts towards the environment. In recent years, the most common related terms such as sustainability, environmentally friendly and green have been studied extensively by the academicians. In 2001, Banarjee highlighted that environmental issues should no longer look as local or national problems, but expanded as global problems. Today, it becoming the subject of international debate. The major pollution issues which have been raised by the IPCC (2007) were global warming and ozone depletion. Besides, issues on species diversity and degradation of natural resources are also worrying. These situation force the nations to go green as more issues are threatening the environment and exposing the publics to danger (Lee, 2008). Anbumozhi and Kanada (2005) indicated that consumers around the global are increasing demanding environmentally friendly products as moving towards green.

1.1 Environmental Issues in Malaysia

Waste is a common problem of affluent societies. Especially when people can afford greater convenience and more purchases, they tend to throw away more rubbish. Malaysia is no exception to this. In a recently published newspaper article, Mariam Mokhtar (2015) listed out some of major air pollutions that killing the environment such as (i) styrofoam packages choke the drains and blow about in the wind; (ii) the stench of an oil palm refinery; (iii) restaurants compound is littered with plastic bags, empty cigarette boxes and bottles and (iv) the drains are clogged with cans, boxes, bottles and many other things. This phenomenon presented the reality that our earth is already in a state of ecological overshoot.

Mariam Mokhtar (2015) provides in-depth review of Malaysian attitudes towards environment. According to her, Malaysians have a moral and social obligation to protect their environment but not everyone takes their responsibilities seriously. Business organizations, the government and society should equally carry the responsibility to preserve the natural environment, but more often than not, in Malaysia, profits matter more than environmental considerations. That's the reason why the process of encouraging Malaysian households to practice 3Rs; Re-use, reduce and recycle their waste become a slow process. In her interviewed, she reported that Penang was the first state in Malaysia

to ban the usage of Styrofoam packaging on December 2012 followed by Sibu in January 2014 and Malacca on May 2015.

Added by Jeremiah (2009), the recycling of plastic bags activity is still very low. It also not considered as practical option in Malaysia. As an environmental solution, the usage of paper bag is proposed as an alternative option, yet it is not good to the environment. In fact, paper bags consume 60% more resources and energy compared to plastic bags as well produce 80% more solid waste. Jeremiah (2009) also raised several concerns on the impact of plastic bags. Generally, plastic bags that which are disposed in garbage can take up to 1000 years to degrade and breakdown completely. Moreover, plastic bags that are improperly disposed can clog waterways and contribute towards floods. In a worst situation, plastics bags that are end up in the ocean are harmful to marine life especially the turtles often choke on plastic bags after mistaking the floating debris for food.

Therefore, as a continuous effort to move the society towards green consumerism, a new trend of combining green and packaging is being introduced in Malaysia. However, the concept is still new for people. The saddened truth about Malaysian consumers are they have a different understanding about going green concept than consumers in western countries. For the western people, going green means their purchasing behaviour and habit are less harmful to the environment and produce less pollution. But, Malaysians negatively viewed green products as "specialty high price products" and have a feeling that these types of products are only targeted to a certain group of consumers (Shahnaei, 2012). According to a survey on eco-friendliness, which was carried out in 2008 by Taylor Nelson Sofres (TNS), only 8% of Malaysians have actually changed their attitudes in a way benefits the environment (Our Green World, 2008).

The study by Shahnaei (2012) highlighted that product knowledge is one of the indicator factors that could explain about consumer purchasing intention. Moreover, several factors such as products' design, price and quality also would influence buyers' intention. Therefore, this paper seeks to address the following questions: (i) What is the level of awareness of green packaging among Malaysian consumers? (ii) What are the factors influencing purchasing intention towards green packaged product among Malaysian consumers? The paper is organised as follows; the next section reviews relevant literatures. The methodology is presented next, followed by results and discussion. The final section concludes this study by describing policy implication and future research.

2.0 LITERATURE REVIEW
2.1 Packaging
In a competitive business market, a product must be different or unique from competitors to attract consumers. From a marketing perspective, packaging is one of the important key elements in promoting a product. It has the ability to influence a consumer's decision at the point of sale. It also plays role as a medium of communication between the image of a product and company background (Draskovic et al., 2009). Nowadays, as consumers' are living in a fast-moving era, they are more convenient with "self-service" whereby consumers themselves able to locate, compare and select their preferable products (Gaafar and Ra'id, 2013). Thus, it can be said that packaging is important, especially at the point of purchase. Mohammad and Amin (2012) mentioned in their study that packaging can bring impact even after the purchase. They also added that packaging allows to attract consumer's attention, transfer valuable product information and also position the product in the consumer's mind as well differentiate from s competitor's product. Past researchers indicated that packaging can be varied in different way, such as color, design, graphics and shape. These elements bring effect on the consumers' choice.

Today, a number of consumers pay greater attention towards their purchasing behavior as it has a direct impact on many ecological problems. "Environmental friendly packaging", "ecological packaging" or "sustainable packaging" become quite popular in many countries. The main objective of introducing green packaging is to protect both the environment as well human being. The expansion of green packaging is quite significant and rapidly improves (Zhao, 2012). At the international level, there are roughly 30 different green label schemes being used. A study from Nik Abdul Rashid (2009) and Lee (2008) also revealed that, an Asian countries such as China, Japan, Korea, India, Thailand, Malaysia and Singapore have also launched their own eco-labeling schemes.

2.2 Green Packaging
Green packaging is defined as any of the packages using less material to produce, made from the reliable source of materials, safe to use throughout its life cycle, reusable or recyclable and able to meet market criteria in terms of performance and cost (Pavan, 2010; Barber, 2010; Wilson, 2011; Nik Abdul Rashid, 2009). Green packaging is known as the new concept of sustainability. It should be considered as a new trend in the market world. Not only give a better impact to the individuals (Habib

Ahmad et al., 2010), but to the environment as well, which leads to a better future (Yaacob and Zakaria, 2011). On the other hand, green packaging also efficiently protect, distribute and market products and to provide safe and convenient use of its content.

To support green packaging initiative, the Standards and Industrial Research Institute of Malaysia (SIRIM) is the main body that's responsible to provide an "eco-label" authorization service scheme according to the environmental criteria which includes Non-toxic Plastic Packaging Material. Other than that Department and Federal Agriculture Marketing Authority (FAMA) also have the authority to issue the eco-labeling scheme mainly for agricultural products (Nik Abdul Rashid, 2009; Kong et al., 2014). With an attractive ecolable, consumer awareness is increasing towards green packaging (Olsen et al., 2014).

2.3 Malaysian Green Initiative

Malaysia is one of the earliest country that take a very serious action on the environmental concern and it being enacted under the Environment Quality Act 1974 (Punitha & Rahman, 2011). The main bodies that responsible to create the awareness among Malaysian citizen are Ministry of Energy, Green Technology and Water. The initiative includes a marketing campaign towards promoting public awareness on the importance of green initiative. With full effort and support from the government (Chen & Chai, 2010), the corporate sector in Malaysia has implemented a broad campaign to contribute environment friendly lifestyle and encourage reducing the uses on plastic bag (Rahim et al., 2012 and Yahya et al., 2015). For example, "No Plastic Bag Day" campaign on every Saturday in the hypermarket. Not only that, the government also encouraging the consumers to bring their own eco bagged to carry the products they purchased.

Furthermore, the green campaign used to promote public awareness and participation in Malaysia received a very positive response from private sectors which includes Digi's Mangrove-Saving Project, Sime Darby's Plant a Tree Program and Canon Goes Green Campaign (Baietti et al., 2013). Malaysian companies such as Return2Green Sdn Bhd and BioGreen Bags Sdn Bhd are also participated to promote the environmental awareness, conservation and preservation by manufacture the bio-degradeable packaging. The overall objective is not only focus on the environmental concern, it is also towards cost reductions, economic, as well as company and brand image and reputation.

2.4 Factors Influencing Purchase Intention towards Green Packaging
Price

Price has the biggest influence towards a consumer purchase decision. Price can be described as the amount of money that consumer willing to pay for some product. Its play a major role of purchase intention among consumers. According to Thu Ha (2014), Jaafar (2012) and Morel (2012), there is a relationship between quality and price of product purchase. The high price of the product will tend to have lower consumer preference. Consumers prefer to purchase product for the best deal price such as discounted price. Price describe as the highest factor of consumer purchase intention towards the green packaging product (Agyeman, 2014; Bhaskaran et al., 2006).

The green packaging product is known as an expensive item in the market because of its eco-friendly, safety, high quality and less damage to the environment criteria (Harun, 2014; Royne et al., 2011; Sonderskov and Daugbjerg, 2011). The other reason that makes the price higher is due to lack of demand. According to (Kong et al., 2014), consumer decision towards green initiative is very closely related to monetary aspect. Rezai (2013) pointed out that consumers with high income preferred to buy eco-friendly product. This statement supported by Mun (2014) where the higher income consumer has more courage and motivation to change the perception of green product. This factor also will affect the purchase intention towards green product which include green packaging. Karatu (2015) and Agyeman (2014) emphasized that price has a big impact towards consumers' purchase intention towards the green packaging product. Nevertheless, due to the increasing pollution in the country, Malaysian slowly change their purchase behavior towards green packaging products (Neilsen, 2015).

Knowledge

Knowledge is the ability of individuals to find out the information and how far the consumer knows about the information on the particular products (Karatu, 2015). Knowledge consists of consideration, selection, organisation, and comparison of the product value. Knowledge also can define as the evaluation stage of product from several levels by consumer's judgment or in short, knowledge can be used as the tools to make a positive or negative judgement towards any products. Consumer perception is one of an example of knowledge and it is an important tool to help consumers determine

or decide the purchase activities. The knowledge level of consumers will determine the level of expectation in quality and product price (Zia, 2015) especially in the green packaging product. Consumer describe the green packaging product would have a high quality of taste (Sharaf, 2015). The more knowledge of consumer pertaining to the green packaging product, the more positive insight towards greener packaging product which in a way will increase the green packaging products purchase intention. According to Agarwal (2016), Malaysian consumers perceived that green packaging product is healthy, good for the environment, have a good taste and smell, offer a reasonable price, well promote, accessible and available in any supermarket, better and have higher quality compared to conventional product. The awareness towards green packaging product are slowly growing.

Design

According to Ksenia (2013), design can be defined as the process combination of concept and create the new idea, interaction, information, and many others by human creativity. Design also can be defined as the activity that transform an idea into artwork and make a high value or usefulness. Nowadays, many industries using design as the major performance tools of their product. The function of design is to make the product become interesting and gain more attention from consumers. Great design will achieve the greatest amount of selling product. Therefore, design plays an important role in purchase intention of the consumer.

The major design component in any product is the packaging of the product (Ksenia, 2013). The design of the packaging will become the major tool in the market (Abidin, 2015). Product packaging design should consider about the environmental or eco-friendly. The concept of green packaging will increase the amount of purchase by consumers (Barbara, 2012). Due to lack of demand and awareness, the green package material still at a very high cost (Eltayeb, 2009). This type of product also should have different label from other the product. Normally, green product use eco-label as their identity of eco-friendly product. The unique label also will influence the consumer purchase intention (Rashid, 2009). Further, eco-label will contain the important information about the green packaging product (Harun, 2014).

Quality

Quality is an essential component and it is defined as the evaluation of the ability and benefit of certain product (Thu Ha, 2014). Different individuals will have different product quality standard based on the perception and judgment. Consumers will make an evaluation or judgement depends on the packaging component such as the design and brand-image. Almost all consumers using their own perception towards the product quality. According to Agyeman (2014), quality is a third higher factor influence consumer purchase intentions behind the environmental concern and price factors. The quality of the package is representing the quality of the product. Therefore, quality has big influence for purchase intention on consumer and plays an important role in succession of purchase intention.

With the involvement of government on the green initiative, Malaysian gain more confidence on the quality of the green packaging product (Abidin, 2015). The packaging should be designed and manage carefully, especially for the essential component such as colour, design, price, shape and green injection for better consumer experience. It will also help to increase the consumer purchase intention in the market. The more unique and greater package design the more purchase intention from the consumer. Asgharian (2012) also highlighted that the better the quality, the higher consumer satisfaction and loyalty.

3.0 METHODOLOGY

A total number of 200 respondents were selected randomly to participate in this study. The survey was mainly conducted at two major retails which focus on sustainability approaches that are IKEA and Tesco. A face-to-face interview was conducted with the consumers who shopped at IKEA and Tesco. The consumers were asked to answer the questions related to their awareness and purchasing behaviour towards green packaged products. A structured questionnaire was developed based on some relevant studies. The questionnaire used for this study comprised three sections. The first section was designed to capture the socio-demographic profiles of the consumers while the second section was designed to obtain information on consumers' awareness and purchasing behaviour and the final section was designed to determine the factors that influencing purchase intention towards green packaged products. To measure the attitude of the respondents, declarative statements using a five-point Likert scale were used where 1 is 'strongly disagree', and 5 is 'strongly agree'. The consumers were asked to indicate their agreement or disagreement on each statement.

The data was analyzed using descriptive analysis and regression analysis. Descriptive analysis was used to analyze the results from the survey by converting all numerical data into pictorial form. Frequency distribution was drawn to describe the demographic profiles of the respondents. Further, multiple regression analysis was used to evaluate the strength and direction of the relationship between the various variables. Regression model used in this study as follows:-

$Y = \alpha + \beta_1 F_1 + \beta_2 F_2 + \beta_3 F_3 + \beta_4 F_4$
Y = Purchase Intention
F1= Price
F2 = Knowledge
R3 = Design
R4 = Quality

The model explained the relationship between independent variables and dependent variable. The model investigate the effect of price, knowledge, design and quality on purchase intention. The following hypothesis were proposed:
H1: There is a significant relationship between price and purchase intention towards green packaged products.
H2: There is a significant relationship between knowledge and purchase intention towards green packaged products
H3: There is a significant relationship between design and purchase intention towards green packaged products
H4: There is a significant relationship between quality and purchase intention towards green packaged products.

4.0 RESULTS AND DISCUSSION
4.1 Socio-Demographics of Respondents
The result showed that most of the respondents were female (59%) who aged between 17 years old to 21 years old. About 73% of the respondents were Chinese. Most of them (n=96) had monthly income below RM1,000 and obtained tertiary education. Refer Table 1.

Table 1: Socio-Demographics profiles

Demographics	Frequency	Percentage (%)
Age		
17 -21 years old	109	54.5
22 - 26 years old	63	31.5
27 – 31 years old	16	8
32 – 36 years old	6	3
Above 36 years old	6	3
Total	**200**	**100.0**
Gender		
Male	82	41
Female	118	59
Total	**200**	**100.0**
Race		
Malay	9	4.5
Chinese	146	73
Indian	12	6
Others	33	16.5
Total	**200**	**100.0**
Income (Monthly)		
Below RM1,000	96	48
RM1,000 – RM 2,000	56	28
RM 2,000 – RM 3,000	21	10.5
RM 3,000 – RM 4,000	17	8.5
Above RM 4,000	9	4.5
Total	**200**	**100.0**

Education Background

Primary	15	7.5
Secondary	30	15
Diploma	42	21
Bachelor Degree	104	52
Master Degree	6	3
PhD	3	1.5
Total	**200**	**100.0**

Level of Awareness

The main objective of this study is to investigate the level of awareness towards green packaging. Table 2 finding indicated that nearly 50.5% of consumers are somewhat know about green packaging concept. These group of consumers have little knowledge on going green and environmental friendly concept. Meanwhile, 32.5% mentioned that they didn't know any about green concept. Only a small group of people completely aware about green packaging. They understand about the green and eco-friendly concept as well their responsibilities towards environment. By this, we can conclude that the level of awareness among consumers still low as a large group of respondents only obtained little knowledge on this concept.

Table 2: Level of Awareness

	Frequency (n)	Percentage (%)
Completely know	34	17
Somewhat know	101	50.5
Not know	65	32.5
Total	200	100

Overall, the findings revealed that (n=142, 71%) of the respondents are easily identify the eco-friendly manner packaging For an example, carton or eco-friendly bags are used instead of plastic bags to packed products. Nearly 41% of respondents stated that they prefer to buy products that are packaged in an eco-friendly manner which would be easy for recycling or composting. However, the respondents (39%) expressed that they are not willing to pay high price for green due to lower income. The consumers are not preferable to spend a lot of money on expensive products. (Table 3).

Table 3: Consumers behaviour towards Green Packaging

Statements	Frequency (n)	
	Yes	**No**
I'm aware environmentally friendly packaged products available in the market.	142	58
I'm more likely to buy green products that are packaged in an eco-friendly manner and made easy for recycling or composting.	81	119
I am willing to pay more to buy green packaged products in order to save environment	78	122

Regression Analysis

Regression analysis was used to explain the impact of changes in the independent variables on the dependent variable. Model 1 analyzed the impact of price, knowledge, design and quality on the purchase intention.

Model 1

Table 4 shows the result of regression analysis of Model 1. Purchase intention was treated as the dependent variable, which explains the relationship between the dependent and independent variables. The result revealed that four variables explained 65.4% of the variation in the purchase intention. Three variables showed statistically significant and have a positive relationship towards purchase intention. Design ($p = 0.000$) significant at 1% level of significance, knowledge ($p = 0.009$) significant at 5% level of significance while quality ($p = 0.020$) significant at 5% level of significance. However, price ($p = 0.022$) showed a negative relationship towards purchase intention. Beta coefficient explained the relative importance of the factors in terms of their contribution to the variance. Of the three factors, design ($\beta = 0.793$) carried the heaviest weight in explaining purchase

intention towards green packaging, followed by knowledge (β = 0.490) and quality (β = 0.228). Meanwhile price (β = -0.335).

Table 4: Regression Analysis Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.730	1.443		2.584	0.010
Price	-0.335	0.145	-0.218	-2.310	0.022
Design	0.793	0.156	0.683	5.072	0.000
Knowledge	0.490	0.185	0.422	2.657	0.009
Quality	0.228	0.097	0.191	2.337	0.020
R		744			
R Square		.654			
Adjusted R Square		.545			
Std. Error of the Estimate		2.808			

As described by (Ksenia, 2013), design of a packaged product known as one of main tool influencing consumers purchase intention. The primary role of design is to attract the consumers. Added by Ksenia (2013), an attractive and unique design enable to compete among competitors at the point of purchase. This is also supported by Abidin (2015) who highlighted that around 73% of purchase intention and selections is influenced by design of packaging. Apart from that, past researchers Rao and Monroe (1988) pointed out that knowledge is another important tool for stimulating purchase intention among consumers. Knowledge will effect consumers' decision to determine what product they want to purchase. Nowadays, almost all consumers are knowledgeable about the environment issue such as pollution, ozone layering, global warming and wastes (Karatu, 2015). Hence, consumers started to change their purchasing habit. This increase the possibility of purchase intention for green innovation product such as green packaging product. Quality also plays an important role in succession of purchase intention. This is supported by Richardson (1996) that quality becomes the determination tools for consumer proneness to purchase a product. Almost all consumers using their own perception to judge the packaged quality. Consumers' judgement based on the package materials, colour, design, price, and shape (Burke and Klein, 2001). The more unique and greater package design will lead to higher purchase intention from the consumer. Agyeman (2014) stressed that price is equally important as other factors in influencing consumers purchase intention towards green packaged product. Consumers perceived that green and eco-friendly related products and packaging as well are expensive compared to conventional products. This scenario lead to lower purchase intention towards green product including green packaging product. Karatu (2015) described that consumers are very sensitive with the high price imposed on green products.

5.0 CONCLUSION AND RECOMMENDATIONS

Green packaging is relatively new concept in Malaysia. However, the consumption pattern of green packaged foods is getting popular and the market is expanding continuously. The results of this study provide information on factors that influenced consumers purchasing intention towards green packaging products. This study revealed that design, knowledge and quality were the main factors positively influencing the consumers' intention towards green packaged products. This would suggest that design of a package remains as a strongest attribute in stimulating consumers purchasing intention. In order to target the Malaysian market of green packaged products, marketers should take into consideration innovative and creative packaging design to attract consumers in going green (Chen and Chai, 2010).

The main limitation of this study was the number of sample size. Due to time and cost constraints, the convenience sampling technique was applied which led only limited number of Malaysian consumers at specific geographical location participated in this study. Thus, future study should target a wider group of sample size which cover whole Malaysian population and carry out study at various geographical areas. This will eventually validate the validity of the study to explain the influence of attributes on consumers purchase intention towards green packaging products.

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SALE AND LEASEBACK INVESTMENT IN MALAYSIAN REITS COMPANIES: A PROPOSAL AND CONCEPTUAL

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Abstract: Sale and leaseback is known as an alternative way in investment for the owner of the property. The main purpose of a sale and leaseback is to raise money or to free up the owner's equity for other uses, while maintain use of the facility. One of the most types of institutional investor adopting the sale and leaseback approach with respect as they are the investor companies are the Real Estate Investment Trust (REIT). Therefore, the objective of this research is to review the context and the rationale of sale and leaseback investment practice for Real Estate Investment Trust Companies in Malaysia and to develop a model for sale and leaseback for Real Estate Investment Trust Companies in Malaysia. The research uses content analysis method to analyze data, which is gathered from literature and previous studies. Based on the analysis, this research paper proposes an initial conceptual framework has been developed in this research for sale and leaseback investment in REIT Institution Model. The result of the study would be a useful guide to Real Estate managers in developing countries towards using sale and leaseback as one of the alternative ways in property investment.

Keywords: Sale and Leaseback, Yield, REITs, Real Estate, Finance, Property Investment

1. INTRODUCTION

During the past of ten years, many of Malaysia Operation companies have released value from their operational property through the process of sale and leaseback. Most of the assets belongs to the operation companies has traditionally been held in real estate. Prevailing theory has been that they should release capital from their real estate holdings (Lam & Tipping, 2016). The Malaysia Real Estate Investment Trusts have been one of the pre-eminent types of institutional investor adopting the sale and leaseback approach with respect as they are the investor companies.

The institutional investor is largely dominated by listed property companies (or known as property shares) and real estate investment trusts (REIT; formerly known as listed property trusts (LPTs))(Lee & Ting, 2009). Due to that, sustain efforts have been undertaken by the Government to improve the structure of REITs and accelerate the growth of the REITs and these efforts have renewed the attention of institutional investors towards the Malaysian securitized real estate market. The total number of Malaysian REITs had increased rapidly from three in 2004 to 17 in 2016 that were listed in Bursa Malaysia, with a total net assets valued at RM31.2 billion and market capitalization of RM37.5 billion. However, previous studies on Malaysian REIT only emphasized on the performance analyses in their assets portfolio, yet to date, there are lack of study specifically conducted on the sale and leaseback investment in Malaysia Real Estate Investment Trust.

2. LITERATURE REVIEW

Real estate has been traditionally regarded as a lumpy and illiquid investment. In purchasing a property direct prop
erty investment involves the right ownership to a piece of land, typically with a building. It involves a long term investment and a commitment because of the nature of the returns and it involves large capital outlays, which in most cases, beyond the reach of small investors. Therefore, the indirect property investment by which the small investors could afford on the upward property cycle and reap the economic benefits is to invest in the shares of listed real estate companies. In this research the listed real estate company will be the Real Estate Investment Companies. Indirect investment are now seen by institutional investors as a means of enhancing direct property performance in the medium term by creating a diverse market for property investment. One of the investment that involve by this listed real estate company is known as sale and leaseback investment.

2.1   Overview of Sale and Leaseback Investment

A sale and leaseback is a special financing technique that is used in some markets. It is often used between large property investors and large Operating companies firms. Sale and leaseback is a valuable way of releasing the capital needed besides to construct such buildings and as an expansion programmed where requires a constant supply of new buildings by finding new sites and need to get planning permission lies with the future occupier or a developer partner.

The normative sale-and-leaseback transaction is one in which the owner of a property sells that property to a third party and simultaneously takes a lease on that property from the third party (Adams and Clarke, 1996). In other words, the original owner sells the property to an investor, who immediately becomes his landlord (Tipping & Bullard, 2007). Figure 1 shows the model in sale and leaseback transaction.
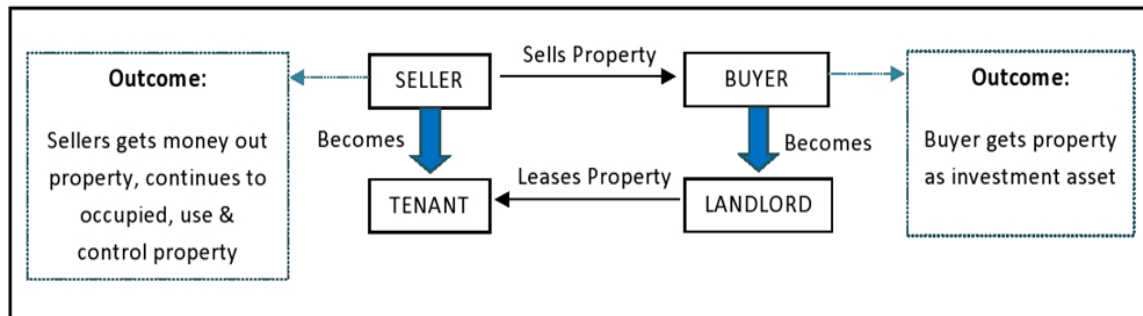

Figure 1: The Model of Sale and Leaseback Transaction
Sources: Modified from Adams and Clarke (1996) and Tipping & Bullard (2007)

According to Tipping & Bullard (2007) and Hordijk, Rompelman & Koerhuis (2010), sale and leaseback is also used by freeholders who have been owner occupiers for some time as a way of releasing the capital tied up in their real estate. The deal that can be achieved will depend on "the attitudes to the firm's operation efficiency, the quality of management and the prospects for the sector and the type of activity which the proceeds support." (Hordijk, Rompelman, & Koerhuis, 2010). Businesses that have been successful and have strategies for the future which would suggest, that success will continue are essentially attractive to institutional investors, even before the real estate is considered. The funds released to the business can be used for future growth. Consequently, reducing assets by the Sale and Leaseback of real estate and proceeds in operations that improve the cash flow may even enhance rather than restrict future loan finance. At the same time, the operating company is able to focus its resources and expertise on its main business activities (Tipping & Bullard, 2007).

The Malaysian government also has a vital concern to find the differences of sale and leaseback investment practices among Malaysian property industry and companies operating in developed countries. It is the best time to examine the importance of sale and leaseback investment practices among Malaysian property industry.

2.2   Real Estate Investment Trust (REIT)

Real estate investment trust (REIT) is a company or a trust that pools fund from individual investors, acquires and operates income - generating real estate and distributes the income derived from their own properties as dividends (Ong, Teh, & Chong, 2011). In addition, REIT also was define by Corgel, Mcintosh and Ott (cited in Ong, Teh, & Chong, 2011) as investment tools for the investor to create flow of funds to the real estate and property sector.

According to Ong, Teh, & Chong (2011), Malaysia was among the first in Asia to develop listed property trusts in 1989 and was re-launched in 3 January 2005 as REITs with new guidelines. These new guidelines which include exemption of real property gain tax, stamp duty on properties transferred to REITs and transparent tax structure provide a legal framework for better monitoring of the newly introduced REITs.

Historically, many large REIT companies in Malaysia have amassed large portfolios of real estate. This property was either acquired through organic growth over a considerable time or through the amalgamation and takeover of existing businesses. According to Ong, Teh, & Chong (2011), REIT's industry has been diverse into parts of segmentation which depends on the functional category of property such as hotel, office, industrial, residential, healthcare, retail and diversified REIT. The

purpose is to let the investors watchfully examine the performance of every REIT sector. Table 1 shows the summary of all Malaysia REITs with their property portfolio.

Table 1: Summary of Malaysia REITs with their Property portfolio

REAL ESTATE INVESTMENT TRUST (REIT)	TYPES OF PROPERTY PORTFOLIO						
	OFFICE	RETAIL	HOTEL	INDUSTRIAL	EDUCATION	COMMERCIAL	HOSPITAL
1. AmFirst Real Estate Investment Trust	√	√	√				
2. Axis Real Estate Investment Trust	√	√		√			
3. AmanahRaya Real Estate Investment Trust	√		√	√	√		√
4. Atrium Real Estate Investment Trust				√			
5. CapitaLand Malaysia Mall Trust		√					
6. Al-Aqar Healtcare Real Estate Investment Trust	√		√				√
7. Tower Real Estate Investment Trust	√						
8. Hektar Real Estate Investment Trust		√					
9. IGB Real Estate Investment Trust		√			√	√	
10. KLCC Real Estate Investment Trust	√	√					
11. Pavilion Real Estate Investment Trust		√					
12. Amanah Harta Tanah PNB	√					√	
13. YTL Hospitality Real Estate Investment Trust			√				
14. MRCB-Quill Real Estate Investment Trust	√			√		√	
15. Sunway Real Estate Investment Trust	√	√	√				√
16. UOA Real Estate Investment Trust	√					√	
17. Al-Salam Real Estate Investment Trust				√		√	

Sources: Researcher (2016)

3. METHODOLOGY

The methodology of this research is towards the developing a propose model for sale and leaseback investment in Malaysia REIT. Thus, the methodology involves several aspects in developing the proposed model. The starting point for this research was to review a range of literature on the topic. This research deals only with Malaysia REITs and sale and leaseback transaction in other countries. However, it does not mention any recent phenomenon of sale and leaseback in Malaysia. The data is then analyzed through contents analysis and this study aims to develop a conceptual framework for sale and leaseback investment for Real Estate Investment Trust companies in Malaysia.

The research instrument that used in this research will go through primary and secondary sources. The primary sources which were the data that originate from direct collection such as interviews session. In the absence of existing work in this area, the research in this area is exploratory. The information is generally technical in its nature and often potentially confidential and rests with a relatively small number of senior executives, making a qualitative rather than a quantitative approach more appropriate. The currency and complexity of the topic and the range of participants called for some flexibility in the interviews through the use of semi structured in depth interviews. While, the secondary data that the data was collected and then publisher or documented by other people such as annual report, and literature reviews.

Then, this research will be developed the proposed model based on the study with a combination of relationship between sale and leaseback model and model of Real Estate Investment Trust (REIT) Structure.

4. A Proposed Initial Conceptual Framework of Sale and Leaseback Investment for REIT Companies in Malaysia

Sale and Leaseback is an alternative form of financing for some Operation Companies (Seller) to turn to, when traditional financing such as bank loan is hard to obtain where credit is tight and cash is scarce. Then the investors (REIT) were offered to purchase the property owned by Operation

Companies. This enables the Operation Companies to get out of the commercial real estate business and allows greater focus on their core business area. Sometimes, some Operation Companies were proposed an attractive offer by the investor company which in the investor's opinion is a property that has strong residual value potential. Nothing has changed for the Operation Companies as they still occupy the same premises with no interruptions to operations. In addition, the Investors are willing to maintain their investment properties in excellent conditions.

It is an opportunity for the Investor Companies to increase the fund size and improve the trading liquidity. At the same time, it is the best way to diversify risks across the property portfolio based on the property market. The aim of this research is to develop Sale and Leaseback model in Malaysia REITs which has been illustrate in Figure 2 as a conceptual framework of Sale and Leaseback Investment in REIT Institution Model.
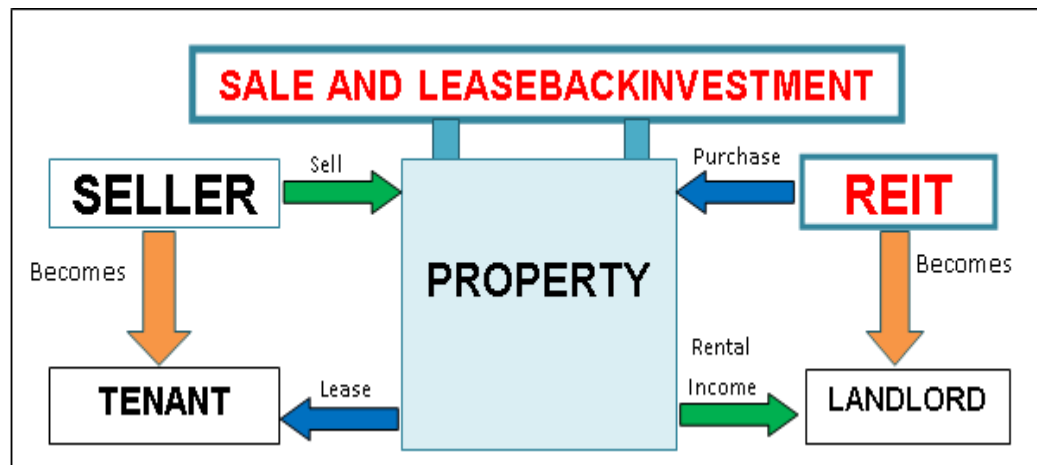
Figure 2: Conceptual Framework of Sale and Leaseback Investment in REIT Institution Model
(Sources: Researcher, 2017)

5. CONCLUSION

Sale and leaseback transaction is a new form of investment transaction in Malaysia. It has been practiced since its inception in year 2004. Sale and leaseback often be the opportunity cost issue for the Operation Companies as the seller, especially either lease payments or cost of capital invested in owned building. Exchanging an owned facility for a leased one generally results in increased rent and occupancy expenses which intendeds to occupy its business for the long term. While, sale and leaseback is an opportunity for the REIT Companies to increase their property portfolio with low risk due to long term guaranteed rental income. This research paper is to review and developed a conceptual framework for sale and leaseback investment for the Real Estate Investment trust Companies in Malaysia.

The research presented in this paper is initially and part of an ongoing PhD research at the faculty of Architectural, Planning and Surveying, UiTM to develop a conceptual framework of a sale and leaseback investment for Real Estate Investment Trust (REIT) in Malaysia. The result of the study would be a useful guide to Real estate managers in developing countries towards using sale and leaseback as one of the alternative ways in property investment.

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HUMAN RESOURCE DEVELOPMENT PRACTICES AS A STRATEGY IN IMPROVING EXECUTIVES RETENTION IN OIL PALM ORGANIZATIONS

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Abstract: The purpose of this article is to explore the Human Resource Development (HRD) practices and factors that influence executives' retention as well as uncovering strategies in retaining them in selected oil palm organizations. This article is based on a review of the HRD literature particularly in talent retention. Human resources are very important asset in any organization and act as a source of competitive advantage in the organization. Many studies have focused on the factors that contribute to the employee retention from the Human Resource Management (HRM) practices perspective, whereas, this study will look into it from the perspective of HRD. The differences between HRD and HRM in terms of meaning and practices are discussed to give a clearer picture of both fields and how they are linked to one another so as to identify the factors and the appropriate strategies to retain executives.

Keywords: Human Resource Development Practices, Strategy, Human Resource Management Practices, Talent Retention, Oil Palm Organizations, Malaysia

1. INTRODUCTION

For organization to sustain in today's challenging economy and the changing nature of careers such as the multi-generational and mobile workforce, finding and retaining the best employees is very important. Therefore, retention and turnover must be taken seriously especially in the organizations within the oil palm industry in Malaysia. In order for the organizations to have a dynamic development especially in the area of research and development (R&D), it has to initiate ways and solutions to retain potential employees. This is very important as the tacit and explicit knowledge of an executive is valuable and significant. Moreover, loss of talented executives may affect the research productivity, performance and the reputation of the organization itself.

The oil palm industry is a significant contributor to the Malaysian economy and under the Palm Oil National Key Economic Area (NKEA), the palm oil are targeted to transform Malaysia into a high-income nation by 2020 (Dompok, 2010). Therefore, there is a growing need for the organizations to manage their employees especially the best talents namely the executives to grow in the organizations and stay in the organizations as maximum time as possible (Kossivi, Xu & Kalgora, 2016).

Therefore, this study attempts to explore the human resources development practices that may influence employee retention particularly in the organizations within oil palm industry to support the growth of the sector in Malaysia. The significant findings of this study can be utilized by the management dealing with oil palm organizations especially the R&D divisions towards the improvement of quality talent retention and optimizing the intellectual capital of the human resource.

Retaining employees in the organization rather than hiring is more efficient for the success of the organization through HRD practices which will help organizations to retain talented employees (Abdull Rahman, 2012). Turnover will affect the financial cost to the management as organization need to find replacement by recruiting new staff, loss of skills, knowledge, experience and investment in training and disruption of work and staff morale (Curtis & Wright, 2001).

1.1 What is Human Resource Management (HRM)?

Human Resource Management (HRM) is a branch of management that is concerned with the application of principles of management to manage the people working in a company or organization. The process involves an array of activities that begin with recruitment, selection, orientation, induction, training and development, performance appraisal, incentives and compensation, motivation, maintaining workplace safety, health, and welfare policies, managing relationship with the organization and managing change (Surbhi, 2016).

1.2 What is Human Resource Development (HRD)?

Human Resource Development (HRD) is the integrated use of education, training and development to improve individual, group and organizational effectiveness. The goal of HRD is to optimize employee potential and performance as they contribute to the success of the organization. Through HRD employee's skill will be enhanced and will help employees to progress and scale up to higher level in the organization (McLagan, 1989).

HRD is a component of HRM, an evolving discipline that focus on improving the performance of people working in the organizations by making things better and help individual learns and improve so as to achieve organizations goals. The strategies vary across the organizations. Primary field of HRD practices are training and development, organizational development and career development (Kadiresan, et al., 2016). HRD involves providing opportunities to the employees throughout their employment that include training and development, career development, performance management, talent management, coaching and mentoring, succession planning and others (Surbhi, 2016).

1.3 What is the difference between HRM and HRD?

The differences between HRM and HRD it can be summarized in Table 1.

Table 1: The difference between HRD and HRM

Basis of Comparison	HRM	HRD
Meaning	HRM is the application of the principles of management to manage the employees	HRD means the continuous development function to improve the performance of employees
Objective	To improve the performance employees	To develop the skills, knowledge and competency of employees
Process	Routine	Ongoing
Practices	Recruiting and Selection Performance Appraisal Rewards and Promotion Fringe benefits.	Training and Development, Organizational Development and Career Development
Concern with	People only	Development of the entire organization

1.4 Retention

Employee retention refers to the various policies and practices which let the employees stay in an organization for the maximum period of time. Every organization invests time and money to train a new employee and bring him at par with the existing employees. The organization will be at loss when the employees leave their job once they are fully trained. Employee retention refers to the measures employed by the organization to help employees to stay longer with the organization (MSG, 2016).

Retention is divided into two types that are functional and dysfunctional competitive advantages. Functional retention means a continuation of employment relation of a valued employee whereas dysfunctional retention is continuation of an employee bringing little value to the organization. Thus, maximizing functional retention that is the ability of the organization to retain a high value-added resource or key employees is important because it contributes to profits, minimizes the loss of skills and resources and will also reveal job satisfaction (Renaud, Morin, Lucie, Saulquin & Abraham, 2015).

The cost of losing an employee is expensive and the process of hiring new employees requires time and money. The average costs to replace an employee of mid-range positions is 20% of annual salary. While the tangible costs that is associated to turnover is loss of productivity because it may take 1 - 2 years for new employee to reach the productivity of an existing employee (Merhar, 2016).

Cost of turnover is equal to sum of separation costs, replacement costs and training costs. Separation cost consist of exit processing, separation pay and others applicable. Replacement cost involves the cost of recruiting include advertisement, selection interviews, test, other expenses. Training cost include orientation, materials, equipment, training wages and others applicable (Cascio, 1991).

Thus, if an employee leaves an organization, it will not only disrupt the operation of the organization but it is also very costly to hire a new employee to replace because it involves many aspects be it in terms of money and also knowledge. Due to this, a serious effort should be taken to strategize ways to influence current employee to stay in the organization.

2. FACTORS IN RETAINING EXECUTIVE EMPLOYEES

There are some similarities and differences in the factors retaining employees especially among the executives. The main issues in this article are the factors that lead to employee retention and the

strategy that will lead to the employee retention based on the factors identified that will improve employees engagement in the organization.

Good workplace environment which nurtures positive relationship between employees and employers, the role of managers in shaping organizational culture and opportunities for learning are factors found to be significant based on employee's interpretation of their positive work experience (Shuck, Rocco & Albornoz, 2011). Understanding the employees' responses in terms of psychological contract (PC) and perceived organizational support (POS) will help organizations to plan and implement policies and practices in improving employees retention through a bottom-up rather than a top-down approach (Abdull Rahman, 2012).

Satisfaction on work environment, training and development, innovative benefits and incentive compensation are found to be the factors that influence the retention of key employees in the IT expert in a Canadian informational technology sector. Work environment is found to be the highest contributor to functional retention as compared to other interventions under study (Renaud, Morin, Saulquin & Abraham, 2015).

George (2015) stated that there are 8 retention factors that affect the retention of professional workers and they are are divided into two types that are of organizational level and job level. Professional workers are more likely to stay in an organization that offer appropriate management style, pleasant working experience, adequate resources, available degree of flexibility, feeling part of a team with friendly and caring colleagues, opportunity to learn new skills or to obtain promotion while at the level of the job that give them some degree of autonomy, flexibility in workload decisions, transparent and fair pay decisions and opportunity for individuals to craft their jobs and maintain suitable work-life balance.

A study by Kadiresan (2016) on the academician at Albukhary International University (AIU) has found that there are six reasons that could lead to employee retention namely a) Organizational strategy b) Career development c) Convenience d) Organizational commitment e) Work experience f) Fit with job.

3. EMPLOYEE RETENTION STRATEGIES

Strategies are ways or effort to motivate the employees to stay in the organization for the maximum time of their employment and contribute effectively. The strategies that are related to the employee retention factors in an organization were identified earlier in this article. These efforts are to ensure growth and learning for the employees so that they stay happy in the current organization.

To create good working environment is one of the strategies to retain employees. It is the responsibility of the team leader to assign challenging work to his team members for them to enjoy work and do not treat it as a burden. An employee looks for a change when his job becomes monotonous and does not offer anything new. It is essential for everyone to enjoy whatever he does. The responsibilities must be delegated according to the individual's specialization and interests.

Good organizational culture is another strategy to retain employees. Different generations of employees look for different things from their professional lives. Therefore, it is important for an organization to build a good organizational culture among the employees so that same good values are shared and adopted. The organization should create an atmosphere that brings a sense of feeling that all the employees are part of the team.

Employee benefits and compensation in terms of monetary benefits such as incentives, perks, bonus can also motivate the employees to a extend their service in the organization and employee recognition based on their hard work must be acknowledged. The performers must have an upper edge and should get a special treatment from the management.

Performance appraisals are also important for an employee to stay motivated and avoid looking for a change. The salary hike should be directly proportional to the hard work put by the employees. The assessment should be transparent to the employees and fair pay decisions are based on the employees achievement that contribute to the success of the organization.

Proper training and development and opportunity to further studies during one's employment which contribute to employee's career growth are HRD practices that can be used as a strategy to retain employees in an organization and increase employee productivity and reduce turnover.

4. CONCLUSION

From the articles reviewed, the HRD and HRM practices are seen to be complementing each other as the factors that affect the employee retention. The factors identified can guide the oil palm organizations to create strategies to improve the executive retention in an organization. It is not easy to manage retention in the organization. An extensive effort must be taken to retain talented employees and simultaneously meet the organization's unique needs.

Most talent retention studies were conducted using quantitative approach and only limited ones were done qualitatively. Therefore, to uncover the complex processes, it is worthwhile to conduct a more in-depth qualitative study instead of quantifying relationships between retention and selected factors. In summary, the strategic goal of human resource development is to optimize employees potential and performance as they contribute to the success of the organization. An in depth studies conducted to explore these HRD initiatives will provide more research-based intervention to support organization to thrive and survive within the ever changing and competitive palm oil industry.

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THE INFLUENCE OF RESEARCHER COMPETENCE ON UNIVERSITY- INDUSTRY COLLABORATION: A MODIFIED STIMULUS-ORGANISM-RESPONSE MODEL PERSPECTIVE

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Abstract:
Purpose – A conceptual model was developed to determine the impact of researcher competence on successfully securing external grants from related industries, leading to the formation of University-Industry (U-I) collaboration.
Method – The proposed conceptual model was developed based on a detailed review of current empirical studies and literature (journal papers and publications) on U-I collaboration.
Expected Outcomes – By incorporating the Stimulus-Organism-Response (S-O-R) model into the proposed conceptual model, it is expected that the conception of stimuli will receive a positive response on the acquisition of external grants from the industry.
Practical implications – Competence levels may be key to optimizing or attaining success in U-I collaboration. Hence, policy-makers may either be compelled to promote researcher excellence to advance U-I collaborations or improve researchers' competence with a view to enhancing research quality.
Originality/value – There is a dearth of research on the formation of U-I collaboration based on the researchers' competence. Also, the majority of the previous studies considered only developed countries, i.e. USA, UK and European countries.

Keywords: U-I collaboration, research university, competence, self-leadership, and social capital.

Introduction
Given that the global economy is presently evolving towards the direction of innovation-driven economies, academic research is motivated by economic and social needs which cater to the industry demand for inventive and innovative concepts, and sustainable models that serve their interests and requirements. Under financial pressure, it is believed that there are constant need for University and Industry (U-I) collaborations to advance technology and ensure knowledge transfer from the university to industry or practical experience from the industry to academia. However, it is thought that university level research can only positively impact on innovation output as long as there are sufficient interactions between the academic and technologically advanced, research-oriented and development focused industrial environment (Oosterlinck, Debackere, & Cielen, 2002). As emphasized by Bentley, Gulbrandsen, and Kyvik (2015), an appropriate combination of fundamental (theoretical) and applied (practical) research by individual researchers has emerged to be a crucial aspect of new economic development.

Given this, several approaches have been developed to foster these collaborations. Approach such as the Triple Helix, initiated by Etzkowitz (1993) and Etzkowitz and Leydesdorff (1995) has gone further to place the university at the centre of a triadic relationship in cooperation with industry and government to effectively perform the functions of novelty production (innovations), wealth generation, and normative control (Ivanova & Leydesdorff, 2014; D'Este et al., 2013). Motivated by the drastic economic changes, this approach garners the interest of all parties particularly to the governments that they relate the science and technology research centres/academia and industry to ensure socioeconomic development of a nation and improve organisation's competitive advantage. For example, it is conditioned to partner with industry in most research projects to be funded by the European Commission, and this industry partnership model has been implemented in several countries to advance U-I collaboration (Tartari & Breschi, 2012). As a result, governments around the world have increased the financial support given to researchers to launch a collaboration with industry, which includes patenting and commercialisation of the research outcome, such as patent scientific research (Meissner, 2010).

Previous studies (Perkmann et al., 2013; Grimaldi, Kenney, Siegel, & Wright, 2011) have shown that several factors influence the collaboration between academia and industry, which include, the researcher's characteristics, administrative factor, institutional context, and the impact of this collaboration. In line with these researchers, the U-I collaboration is encouraged by technology transfer, knowledge sharing, new product innovation, and expertise domain knowledge in resolving the industry issues. Nevertheless, the U-I collaboration may develop from individual based

interactions that link universities to other organisations based on the benefits agreed among the involved parties, and it can be solely financial or non-financial (Perkmann et al., 2013).

It is an accepted opinion that including private organisations as research partners is a vital direct source of funding for academic research, such as Banal-Estañol, Jofre-Bonet, & Lawson, 2015; Tartari & Breschi, 2012; and Lee, 2000. Also, it has been asserted that the increased inclination for researchers to collaborate with industry is as a result of budget pressures (Arza, 2010), particularly for capital intensive research activities, and worsened by the progressive decline in government funding (Banal-Estañol et al., 2015). Also, the researchers affirmed the increased significance of monetary support obtained from the industry, given the increasingly declining reliance of universities on government funding. It has been emphasized in earlier studies that fiscal budgetary limitations have been placed on policy makers in several developed countries to motivate universities to move towards the direction of competitive funding (Haase, 2015; Grimaldi, Kenney, Siegel, & Wright, 2011).

In this regards, many developing countries are facing fiscal budgetary limitations particularly in research projects. The competing approach for project-based funding in Europe increases the quality of scientific research, exploit the resources in a more effectual manner, and save fund for subsequent initiatives (Raudla, Karo, Valdmaa, & Kattel, 2015). Likewise, the success of RUs in the USA is attributed to the competitive nature of the RUs (Ramli et al., 2013). Hence, technological innovation and economic growth from the extensive U-I collaboration in the United States of America has increased over the last 30 years (Banal-Estañol et al., 2015). Also, the European Commission reported that the poor economic and technological performance in high-tech industry could be attributable to the dearth of U-I collaboration in the EU. Therefore, there is the rise in the number of U-I collaboration as a primary policy in most developed economies to boost technological advancement.

A review of related studies shows there is consensus on the importance of U-I collaboration, although the willingness of the researchers to get involved in the partnership determines the success or failure of the collaboration (Grimaldi et al., 2011). However, surveys suggested that majority of academics are unenthusiastic about participating in activities related to collaboration with the industry because the universities remain focused on classroom teaching and learning. Furthermore, the academics rationalise this hesitation by asserting the industry relevance may distract them from their pedagogic task (Iqbal, Khan, Bashir, & Senin, 2015). This notion was affirmed by Grimaldi et al. (2011) that most researchers were reluctant to waive their academic personality when involved in commercialisation activities regardless of institutional changes and commercialisation impact of the affiliation between the academic institutions and industry.

In the course of developing the U-I collaboration, the academic context is highly influenced and enthused by relevant background and environment factors such as institution factors, rewards system, industry goals, funding, leadership and university administration support (Lind, Styhre, & Aaboen, 2013). Grimaldi et al. (2011) also asserted that weak patenting structure of universities in several countries is presumably due to insufficient internal support mechanisms, the dearth of incentives to encourage academics to participate in collaboration activities. Moreover, the pay-scale of the public sector is barely able to attract competent technology transfer employees. In brief, these researchers emphasized that U-I collaboration evolve with time, like every other human exploit.

Perkmann et al. (2013) pointed out that at the individual level, the U-I collaboration is pursued by researchers who are renowned, have more social capital, abundant publications and highly connected in the academic society. They stressed that highly motivated and successful individuals rather than direct and manage, are the key predictors in ensuring the tenability of the proposed project. They further suggested that the collaboration appears to reflect the 'Matthew effect', indicating that some researchers were enthusiastic in obtaining grants from the industry while others refrain from U-I collaboration activities.

Hence, this study proposes a closer examination of the formation of U-I at the individual-level rather than analysis of organisational and institutional factors since researchers are acknowledged as universal drivers of successful U-I collaboration (Franco & Haase, 2015). An analysis based on the previous studies combining quantitative and qualitative studies of the U-I collaboration at the individual level is summarised in Table 1. The findings show that current research is inclined towards the interaction network and the collaboration motivation between university and industry instead of the researchers' competence. As stated by Perkmann et al. (2013, p. 7) "… academic engagement is pursued by highly motivated and successful individuals…..". Arza (2010) also pointed out that each interaction channel activates potential cost and benefits in the U-I collaboration; however the skill-related characteristics of the researchers should be incorporated into the policy design to attain a balance between the cost and benefits. The reports of Boardman and Ponomariov (2009) also indicated that more effective and productive scientists are more likely to interact with the private corporate bodies. D'Este and Patel (2007) claimed that, rather than placing emphasis on knowledge

transfer mechanisms in addition to the commercialisation of the research output, policy initiatives should give attention to developing researchers' skills required to integrate the field of scientific research and application.

Table 1: Overview of the U-I collaboration at individual level

no	Author &	Research Objectives	Data	Findings	Future research/remarks
1	(Lee, 1996)	What are the researcher's attitudes towards cooperation between university and industry regarding technology transfer?	Data collected via survey questionnaire and field interviews with university officials who responsible for the university–industry collaboration. Two other sources supplement the survey data: the National Science Foundation's 1994 Academic Science and Engineering R&D expenditure data; and Feller and Geiger's university ranking. Survey of 2292 academic researchers in various disciplines at 194 US research universities. Response rate 43%.	(1) US researchers in the 1990s are much more positively accepted than in the 1980s towards policies supporting knowledge transfer from universities.

(2) A majority of faculty members support their universities to participate actively in local and regional economic development, facilitate commercialisation of academic research, and encourage faculty consulting for private firms.

(3) A majority of faculty members reluctant to support the idea of getting involved in a close business partnership with private industry such as start-up assistance or equity investment to 'private' their research outcome.

(4) The fear of the possible adverse impact of close university-industry cooperation may interfere the academic freedom.

(5) Faculty in applied disciplines (e.g. engineering, computer science, material science) is more supportive of knowledge transfer. | Literature in the past revealed that industry perspective suggested that academics might have misunderstood the industry intentions and probably have overstated their fear. Therefore, it is proposed to have more empirical study to disentangle the misunderstandings and search for the boundaries of U-I collaboration to clear the dilemma in the U-I relations. |
| 2 | (Klofsten & Jones-Evans, 2000) | What is the influence of gender, age, previous entrepreneurial experience, work | Survey of 5020 academics in the faculties of science, engineering and medicine in five Irish universities, and | (1) Female and junior faculty are less involved in the U-I collaborative activities.
(2) Transferring of technology from | It is suggested that a qualitative study may reveal the extent of the value and impact of the U-I collaboration in more in-depth. |

		experience and university environment of academics on the entrepreneurship activities?	four Swedish universities. Response rate 37%.	academe to industry via consultancy and contract research is more efficient than to encourage academics to establish a new business. (3) Irish and Swedish present comparable level of entrepreneurship. Swedish is more on institutional reform, but the academics in Irish are given more freedom to initiate the activities based on their interest.	There is a call from the researchers to re-evaluate the impact of direct interventionist policies on the development of entrepreneurial activities within universities.
3	(Lee, 2000)	(1) What motivates academics to collaborate with the industry? (2) What does industry seek from academe? (3) What motives are the benefits academics derive from the university-industry collaboration? (4) What are the benefits firms gain from the academe via the relation in collaboration?	Survey of 671 academics from 40 US research-intensive universities in the departments of biological science, chemistry, chemical engineering, computer science, mechanical engineering, and material science; 64% response rate. Survey of 306 affiliate members of the University Technology Managers Association. Response rate 50%.	The benefit gained by firms is increased access to new research and discoveries of the academe. The benefit obtained by academics is complementing their academic research by securing funds for graduate students and lab equipment, and by seeking insights into their research. The sustainability of the U-I relation in the US is motivated by the reciprocal benefit gained from another partner. Faculty member and individual firm are allowed to realise his or her objective while contributing at the same time to the mutual goal.	The supply of empirical study on the sustainability of U-I collaboration (UIC) is scant. It is believed that a good knowledge base of what each party is getting out of the collaboration is crucial for the expansion or maintaining a healty U-I collaboration relationship.
4	(Bozeman & Gaughan, 2007)	Is there any influence of the source of grant (industry and government) on the academics' involvement in collaboration with industry? Moreover, how they interact with the	Survey of 4916 US academic researchers, conducted by Research Value Mapping Program at Georgia Tech. Tenured and tenure-track university researchers employed in doctorate granting research	(1) Academic researchers who have research grants and contracts work more extensively with industry; (2) Scientists who have industry contract interact more with industry than those who are exclusively government funded.	Remarks: This finding indicating that tenure criteria offer a limited reward for industrial involvement due to academic departments and institutions vary considerably in the extent to which they include grants

		industry?	extensive institutions. Sample stratified by academic discipline, academic rank and gender. Response rate 38%.		acquisitions as a tenure criterion. It is proposed to carry out cumulative effects of various funding types.
5	(D'Este & Patel, 2007)	(1) What are the channels through which academic researchers interact with industry? (2) What are the factors that influence the researcher's involvement in a variety of interaction?	Survey of 4337 university researchers in the UK (principal investigators with EPSRC grants in the period 1995–2003). Response rate 35%.	(1) University researchers interact with industry using a variety of channels; (2) Individual characteristics (previous experience, academic status) have a stronger impact than the departmental or university characteristics in explaining the variety of interaction between academics and industry	Future studies: 1) The influence of individual factors is likely to be mediated by the characteristics of the university. 2) The common features among researchers who involved in the UIC, investigate the ways they establish a stable network about knowledge transfer, the incentive mechanisms and motivations to partake in the UIC, and factors that enhance the researcher's skills contribute to resolving the conflicting interest that derive from the UIC.
6	(Link, Siegel, & Bozeman, 2007)	What determines academic researchers to partake in the informal technology transfer activities (e.g., knowledge transfer, joint publications with industry scientists, and consulting)?	Survey of 4916 US academic researchers, conducted by Research Value Mapping Program at Georgia Tech. Tenured and tenure-track university researchers employed in doctorate granting research extensive institutions. Sample stratified by academic discipline, academic rank and gender. Response rate 38%.	(1) Male and tenured faculty members are more likely to engage in all three forms of informal knowledge transfer; (2) Faculty members who allocate a higher percentage of their time to grants-related research are more likely to engage in informal technology transfer.	The researchers suggest universities revisit their incentive structures to encourage faculty members to involve in technology transfer through their institutional roles rather as consultants. Moreover, universities should review the royalty distribution formula so that it is in favour of faculty members.

| 7 | (van Rijnsoever, Hessels, & Vandeberg, 2008) | What influences the intensity of the interactions between university researchers and their academic and industrial partners?

IVs:
Global Innovativeness
Work experience
Dynamic of the scientific field

DVs:
Academic rank
Network activity | Questionnaire to all the scientific employees of Utrecht University, Netherlands.
17% response rate. | (1) Networking with academic researchers stimulates careers, while interactions with industry does not;
(2) The researcher's scientific network activity declines after about 20 years while industry collaboration continuously increases;
(3) Global innovativeness (the degree to which an individual is receptive to new ideas and makes innovation decisions independent of the communicated experience of others) positively influences science–science interactions. | The researchers stressed that networking is not a uni-directional process; it also involves the supply of information to others. In other words, transfer of knowledge happens in both directions. They recommend making a clearer distinction between the demand and provision of knowledge in future research. |
| 8 | (Boardman & Ponomariov, 2009) | 1) Personal or professional characteristics affect university scientists interact with industry?

2) What are the interaction channels? | Survey of 4916 US academics at RUs, conducted by Research Value Mapping Program at Georgia Tech.
Response rate 38%. | (1) Positive relationship between conducting government-funded research, supporting graduate students and interactions with the private sector;
(2) Subscription to traditional scientific norms is not necessarily at odds with pursuing commercially relevant activities; (3) Scientists affiliated with University research centres are more likely to interact with the private sector.
(4) There is less evidence of conflict between interactions with industry and more traditional academic roles. These findings shows a synergy between a wide range of traditional academic activities and roles and interactions with the private sector. | It is suggested to conduct multiple, theory-driven inquiries focused on specific individual-level attributes that correlate with particular types of industry interactions. |

9	(Giuliani, Morrison, Pietrobelli, & Rabellotti, 2010)	(1) What is the role of researchers' individual characteristics in explaining their propensity to engage with industry? (2) What is the role of researchers' institutional environments in explaining their propensity to engage with industry?	Survey of 135 academic and PRO's researchers in the wine field in Chile, South Africa and Italy	The centrality of researchers in the national research system is highly significant. Researchers' demographic characteristics, such as younger researcher and female researcher are more inclined to form U-I linkages, whereas educational background, academic status and publication performance do not seem to influence this relationship. Working in a university vis-à-vis another type of public research organisation produces a higher propensity to engage with industry but the characteristics of the research organisations where researchers work appear to influence U-I linkages to a lesser extent.	i) Future studies should explore, in greater depth, the existence of a trade-off between quality of scientific publications and U-I collaboration for the young researcher. ii) Qualitative investigation of the motivations and conditions that generate higher involvement of women in UIC. iii) A comparative institutional aspect of national level policies in great depth iv) Differentiating between different types of linkages such as formal and informal linkages is a valuable direction for future research.
10	(D'Este & Perkmann, 2011)	What motivates academics to engage with industry?	Survey of 4337 university researchers in the UK (principal investigators with EPSRC grants). Response rate 35%.	Most academics engage with industry to further their research rather than to commercialise their knowledge. Joint research, contract research and consulting are strongly informed by research-related motives.	To provide more informed judgement on the potential benefits and drawbacks associated with the different channels of engagement with industry used by academic researchers.
11	(Valentina Tartari & Breschi, 2012)	What are the perceptions of the researcher on the university-industry collaboration from the	Survey of 2163 Italian researchers at three large universities, covering different scientific fields. Response rate 34%.	Three factors that can be contributed to the decision to engage in collaborative activities with industrial partners: one positive (access to resources) and two negative (loss of research freedom and	Future research could unpack the different collaborative activities that academics engage in and explore whether the evaluation of expected benefits

		benefit and cost perspectives? IVs: secrecy, freedom, and resources.		concerns related to secrecy/diffusion).	and costs is different for different kinds of collaboration.
12	(S. N. Ankrah, Burgess, Grimshaw, & Shaw, 2013)	How do the motives of, and outcomes for, individual actors in universities and industry correspond in government-sponsored UIRs for knowledge transfer?	Adopting a qualitative approach and relying primarily on interviews in addition to multiple sources of evidence and collected data through archival data from the Partnerships and Internet information on the Partnerships from their websites. Data collection took place in 16 cities across the UK.	The motives of (and outcomes for) university and industry actors correspond despite their differing work environments. Actors emphasise stability-seeking as a key determinant of engagement but conversely do not seek control over others. Actors highlight beneficial outcomes accruing to individual organisations rather than the societal benefits that are often cited as justifying government sponsorship. Intermediaries have a clear view of the motives of both actor groups and appear to be successful in facilitating successful collaboration between both groups.	Possible areas for further research could include (i) Other forms of UIRs for knowledge transfer other than the Faraday Partnership Initiative, (ii) UIRs for knowledge transfer in the service sector since the companies investigated in this study were mainly from the manufacturing sector, and (iii) UIRs for knowledge transfer in other countries (or cultures) other than the UK. Also, the strengths of the relationships between the motives and the benefits of the university and industry actors could be investigated.

The bulk of literature focused on advancing of the collaboration in developed economies, but the majority of them have ignored the diverse socio-economic needs of developing countries. Arza (2010) underlined the basic features that bring to the formation of U-I collaboration. These features create specific demands on the collaboration which are at variance with the economic demands of developed and developing countries. The review by Plewa et al. (2013) showed a strong U-I collaboration history in Germany, Netherlands, and Australia. Hence, they suggested the need for related research to focus on developing countries, to obtain a basis for further comparisons. Therefore, the competence of the researcher may be a criterion to distinguish between U-I collaboration in developed and developing country.

Two main issues have been drawn from the review of earlier studies. The first issue is the competence of researchers regarding the self-influence required to initiate highly technical research endeavours, and their social capital in facilitating the acquisition of external grants from the industry, resulting in the formation of U-I collaboration. Secondly, the anticipated outcome provides insight for policymakers in their decision to select short run or long run strategic plans that are consistent with the university mission.

Theoretical background and key concepts
U-I collaboration
There have been research collaborations between academia and industry since the 1980s after the enactment of Bayh Dole Act, and continues to garner interest from researchers, governments, and industry players (Franco & Haase, 2015; Aldridge & Audretsch, 2011). Hence, it has been gradually perceived as an approach to advancing innovation via knowledge exchange between academics and the industry (Ankrah & AL-Tabbaa, 2015). Researchers have described U-I collaboration as the interaction between the higher educational system and industry with the goal of promoting knowledge and technology transfer. Some studies have even pointed out that U-I collaborations are vital for generating technological and knowledge spillovers as well as significantly resolve the constraints of innovation market and make the investments in Research & Development (R&D) more viable (D'Este & Patel, 2007). More recently, Plewa et al. (2013) defined the collaboration as the bi-directional connection between university and industry, launched to facilitate the dissemination of creativity, ideas, skills and people with the goal of ultimately generating mutual value.

Rationale of U-I collaboration
The concept of U-I collaboration is deemed a highly controversial subject (Franco & Haase, 2015), given the difference between the knowledge generated by academics and industry practices. In other words, there is ambiguity in the values generated by the researchers from the industry perspective. Nonetheless, the industry requires innovative ideas to guarantee profits and competitive advantage to thrive in the business arena, while researchers need the funding to maintain faculty efficiency and continuity in knowledge generation and implementation but are hindered by budget cuts. Thus, the mutual benefit enjoyed by both parties via the collaboration is a strategic 'win-win' approach.

Empirical studies on the positive contribution of U-I collaboration concentrate on the role of the university, which involves technology and knowledge transfer via innovation and new knowledge generation (Freitas, Geuna, & Rossi, 2013). Therefore, the drive for industrial funding is a practical option for research universities (RUs) to confront the challenge of dwindling public financing and increasing global competition as long as the RUs takes into consideration the rapid changes in the business world. Yuko Harayama, Head of the Council for Science, Technology and Innovation (CSTI), Japan, has outlined the demands of research environment, for instance, an automated driving area for the purpose of developing new transportation systems and technologies in order to prevent accidents and ease congestion or 'smart city' project that develops 'smart energy mix', such as different energy sources towards creating a less centrally controlled, low-carbon emission and dependable power industry (Kakuchi, 2015).

Interaction channels of U-I collaboration
Although several studies identified the interaction channels between the university and industry, Arza (2010) went further to categorize the motivation of U-I collaboration relationship into four: service, traditional, bi-directional and commercial channels. The service channel involves the provision of academic knowledge such as scientific and technological services, consultancy or solutions to challenges confronting the industry for a fee (Franco & Haase, 2015; Freitas et al., 2013; Perkmann et al. 2013; Arza, 2010). This kind of service is a short-term arrangement and on a contractual basis. The traditional channel is a way the industry acquires academic knowledge from universities through academic activities such as publications, conferences, training, conventions, talks, and so on (Franco

& Haase, 2015; Perkmann et al., 2013; Arza, 2010). The bi-directional channel entails knowledge exchange between universities and related industries, i.e. where academic and practical knowledge is traded between both parties via mutual learning collaborations that include new product development, contribution to network groups, scientific-technological parks etc. (Franco & Haase, 2015; Arza, 2010). This way, researchers can gain industry perspective and augment their theoretical knowledge. Finally, the commercial channel denotes the intellectual property of inventions (spin-offs, incubations, technology licenses and patents) created through the collaboration between universities and related industries (Franco & Haase, 2015; Arza, 2010). Nonetheless, it is asserted that the interaction channels is dependent on the individual researchers' motivation to participate in collaboration with the industry (Arza, 2010).

Influence of researcher on U-I collaboration

Previous studies posited the different factors that drive the effectiveness of U-I collaborations, which include communication, understanding, trust, and individuals; however, the relational factors had garnered the most interest (Plewa et al., 2013). In turn, these relational success factors greatly depend on the academic researchers. Tartari and Breschi (2012) noted that scientists' discernment of the possible benefits and costs of collaboration is critical because they reveal an individualistic understanding of the issues associated with U-I collaboration, and most significantly because they control their enthusiasm in participating in the collaboration. The academics' perception ultimately determines the success or failure of the U-I collaboration. Hence, Perkmann and partners (2013) reports that U-I collaboration is approached positively by highly motivated and successful academics, regardless of which institutions they belong. A study on the role played by academics Freitas, Geuna, and Rossi (2013) revealed that personal contractual agreements between individual researchers and industry account for at least 50 percent of U-I collaboration. In brief, researchers play a crucial role in the formation of U-I collaboration.

Researcher and U-I collaboration

Notwithstanding the increasing interest in U-I interactions, Boardman and Ponomariov (2009) reported there had been a dearth of systematic research on the academics who collaborate with private business entities. However, some studies point out that most indicators of successful U-I collaboration may be related to inter-personal exchanges. These researchers hold a wide array of individual-level features that could determine the effectiveness of U-I collaboration. There are two types of academic attributes. The first type is professional attributes, which comprises grants activity and sources, institutional affiliation with university-based research centres, collaboration with peers and students, tenure status, and academic discipline. The second type is personal attributes, consisting of sex, race, age and reported scientific values. Studies have shown that academic tenure and reputation are important factors that drive U-I interactions (Giuliani et al., 2010). Age has a mixed effect on the collaboration, although younger scientists who maintain a level of social interaction increase the possibility of U-I collaboration (D'Este & Patel, 2007). The importance of age as a predictor in models of scientific behaviours is attributable to its ability to approximate the degree to which scientists hold human and social capital for the duration of their careers, which is relevant to their collaborations with related industries.

More insightful information on the researchers' motivations and underlying motives for collaboration with industry are of vital significance for the universities and policy-makers (Franco & Haase, 2015; D'Este & Perkmann, 2011). In an empirical study, Lee (2000) discovered that the collaboration allows researchers to be put through learning opportunities such as field testing and practical applications of their research outcomes. In this context, D'Este and Perkmann (2011) similarly performed an empirical study on academics who acquired research grants from the Engineering and Physical Sciences Research Council (EPSRC) in the UK between 1999 to 2003. The studies identified four kinds of researchers' motivations involved in the U-I collaboration: commercialization; learning; funding; and access to in-kind resources. The results confirm that the majority of researchers collaborating with related industries are greatly enthused by learning, to advance their research whereas commercialization was graded the least preferred.

Banal-Estañol, Jofre-Bonet, and Lawson (2015) asserted that the scale of collaboration is not influenced by external factors, but rather the researcher and agreement between university and industry. Therefore, they identified the observed and unobserved characteristics of the researchers that influence the formation of the U-I collaboration such as tenure, gender, personal traits, abilities or skills. They also elucidated that some intrinsic features of the researchers, for instance, competence or talent is vital when performing research activities. These characteristics of academics serve as a criterion by the industry for selecting research partners.

Stimulus-Organism-Response theory and U-I collaboration

The conventional Stimulus-Organism-Response (S-O-R) theory consists of stimulus as an independent variable, organism as a mediator, and response as the dependent variable (Goi, Kalidas, & Zeeshan, 2014). Goi and partners further note that even though most literature in the past agreed on the three dimensions variables but some researchers preferred the effect of two dimensions, which is only stimulus-response. In the light of the 'organism' in the traditional S-O-R model as the mediator refers to an individual's cognitive system which may involve the examination on the neural circuits, such as preference, judgment, affective and so forth. Nevertheless, we proposed to examine the existence and direction of causal effects relationship between the Researcher competence which served as predictive variable and U-I collaboration as the explained variable. Hence, there be an absence of a mediating effect regarding response to the research problem.

By and large, the parameters of the stimuli in the context of this study refer to the capacity of the researcher which is served as the stimuli in applying for the external grants. The acceptance and endorsement of the project proposal is the expected response outcome. In respect to the application of the S-O-R model in this study, it reflects the client's endorsement on the project proposal which is influenced by the interest and evoked by the stimuli presented by the researcher; a successful U-I collaboration should be based on interests of researchers and the industry practitioners. Therefore, it is assumed that as the intensity of the stimuli increase, the level of acceptance by the client to grant the project to the researcher is high.

Researcher competence as stimuli in U-I collaboration formation

Studies have suggested a positive relation between diversity in the firm's knowledge base and their innovative abilities (Østergaard, Timmermans, & Kristinsson, 2011). It is acknowledged that human capital is the foremost concern for several organisations while diversity links potential knowledge, abilities and experience of each to produce a viable environment especially in the research field, where the academic research is mainly carried out in teams. Every individual is multifaceted regarding their qualities, competence, core motivations for research that bring about diverse perceptions and assessments of the U-I collaboration (Tartari & Breschi, 2012).

The evidence presented to date holds the idea that the researcher competence is a critical factor in the course of securing external research grants. The notion of competence has been used in the related literature in human resource development by Robert White and David C. McClelland since 1959 (Stan, 2014). Therefore, in a professional sense, competence directly influences the outcome of activity (Lindberg & Rantatalo, 2014). Although previous studies have shown that the notions of 'competency' and 'competence' have been used interchangeably, the competence refers to general competence in terms of qualities of an individual or set of skills that facilitates the performance of an individual in certain situations (according to British School); while competency refers to a set of traits that influences one in certain situations, or specific skill set of activities used to evaluate universal competence (Stan, 2014).

Some consider competence an attribute of employee that can be transformed into task performing, i.e. competence is defined regarding the requirements of a certain task (Eilström & Kock, 2008). Competence is also defined as a dynamic arrangement of the activity, mobilized and regulated by a subject to execute a particular task, in a specific situation (Denancé & Somat, 2015). The most frequently used definition of competence is the sum of knowledge, skills and attitudes that make up an individual's ability to efficiently perform an assigned task (Stan, 2014). Nonetheless, there is no consensus on the definition of competence, although one realistic view on 'competence-in-use' was suggested by Eilström and Kock (2008), who stated that competence is the actual capacity of an individual to perform and complete a certain task when the individual interacts with the task.

Self-Leadership

Competence entails the common perception of having the abilities to execute a specific task efficiently (Houghton & Yoho, 2005). As a whole, self-leadership comprises self-regulating and self-directing one's performance that not only workable on individual but somehow influence team members' inspiration to work towards achieving the organisation goal, and goals achievement are important for effectiveness (Şahin, 2011). As highlighted by Perkmann et al. (2013), the U-I collaboration is pursued by highly motivated and successful individuals. Hence, researchers' motivation play a major role in influencing the acquisition of external grants (Franco & Haase, 2015). Based on Javadi et al. (2013), most of the individuals only practice a small part of their self-leadership by using self-awareness, self-control and self-motivation to gain higher capability. They have conducted a survey at an educational organisation in Isfahan and the results shown that there is a significant relationship between job satisfaction and self-leadership.

According to Renault (2006) the faculty members are the decision makers to collaborate with industry. These individual's beliefs and capabilities may be an influence on the formation of collaboration relationship between university and industry. They further denote that if a researcher decides not to collaborate with the industry might choose basic research topics that funded by Government. As discussed earlier, self-leadership may be understood as the process by which one influences their thoughts and behaviours. Hence, the most important approach in the formation of the U-I collaboration is highly dependent on the willingness of the researchers, and the motivation to get them partake in the research activities. In such a scenario, there is a reciprocal response of the underlying theory on U-I collaboration. Nonetheless, self-leadership demonstrates a great propensity to influence the acquisition of external projects from the industry.

Many scholars believe that individuals have the potential to make things happen using more or less proactive behaviour depending on their motivation in the situation. As a result, based on the above-mentioned discussion and justification, the proposition below is postulated.

Proposition 1:   Self-leadership is positively related to the formation of U-I collaboration.

Social Capital
Social capital is used as a vehicle to establish a relationship between the university and industry through the researcher network for information acquisition and knowledge transfer, the involvement of researcher in the networks of the industry, and trust that built and relationship developed between researcher and industry. As such, as the scope and quality of social networks, social capital can be used to promote one's interests or to convert one form of capital into another (Møllegaard & Meier, 2015).

In this study, researcher's social ties and network of relationship act as a catalyst in the U-I collaboration. Insufficient resources for establishing interaction with the industry are the most frequent obstacles that hinder the academic researchers (Franco & Haase, 2015). Sometimes the informal relationship between business people and academics served as an essential element underlying the establishment of most formal collaboration (Franco & Haase, 2015; D'Este & Patel, 2007). Social capital helps to secure projects via social ties inherent in individual or team and it is a critical determinant of the successful U-I collaboration formation (van Rijnsoever et al., 2008).

Trust and trustworthiness are the assets created and leveraged through interactions between two parties in the social capital relational dimension. Trust has been identified as one of the crucial elements to ensure successful U-I collaboration and thus leads to a sustainable relationship in future (Bstieler, Hemmert, & Barczak, 2015). Plewa et al. (2013) indicated that initial confidence in one individual's credibility might transform into trust in the person and the relationship. Both university and industry represent different institutional norms such as cultures, backgrounds and missions can be overcome in trust-based interactions (Dornbusch & Neuhäusler, 2015). In fact, lack of trust over issues such as intellectual property, uncertainty about the potential benefits of the collaboration, and the difficulty in communicating at the initial stage have been identified as a challenge in the formation of U-I collaboration (Jones & Clulow, 2012).

Therefore, based on the above-mentioned explanation and justification, the proposition below is postulated.

Proposition 2:   Social capital is positively related to the formation of U-I collaboration.

Proposed conceptual model
Based on the findings above from the previous studies, an adapted integrative Stimulus-Organism-Response Model (Jacoby, 2002) as the backbone theory, propositions developed on the influence of possible stimuli that gives rise to the U-I collaboration a conceptual model is proposed as depicted in figure-4. It can be determined that researcher competence such as self-leadership and social capital is crucial in securing external grants as predictive variables in the formation of U-I collaboration.
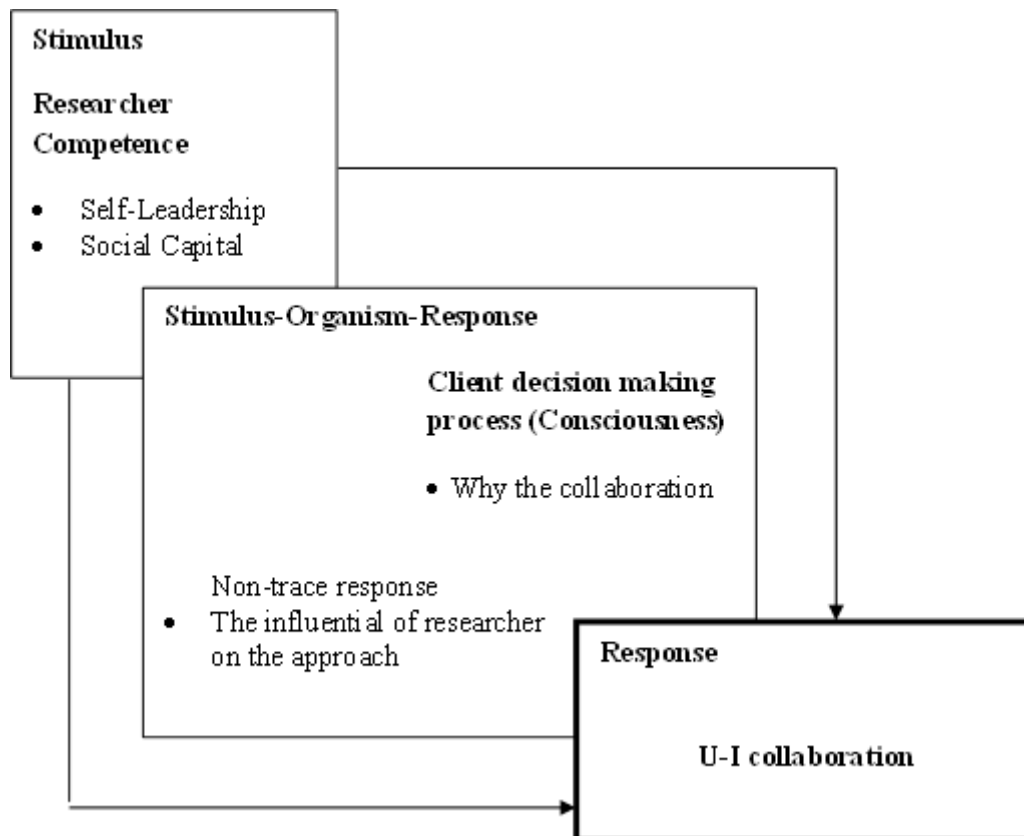
Figure-1: Proposed conceptual model of researcher competence on U-I collaboration

Discussion

Under economic pressure, research universities (RUs) in developing countries are expected to move towards the establishment of 'Entrepreneurial University' and assume more roles in the development of economic and social strategy. Essentially, the university leaders are obliged to think creatively and implement an innovation business model to achieve a breakthrough in the financial constraint for a sustainable tomorrow. By and large, increasing concern among policymakers to enhance commercialisation rate is one of the vital reasons towards having more depth and breadth of understanding of U-I collaboration in the case of developing countries, e.g. Malaysia (Chandran, Sundram, & Santhidran, 2014).

It is a widely held view that there are reciprocal benefits enjoyed by all parties involved in the U-I collaboration especially in terms of improving the organisational stock of capacity in open innovation in addition to the internal R&D (Ankrah & AL-Tabbaa, 2015; Afzal, Ahmad, Qureshi, Zaman, & Khan, 2014). However, Iqbal and associates (2015) argued that human capital is the most crucial element in firming a country's capability to innovate and human capital has commonly been assumed as the organisational assets whose economic value is derived from the employee's skills, knowledge, competence, and experience. Given the change in the type of duties assumed by researchers in response to the increased demands from industry, hence, the need arises to support, manage and organise them in a more efficient way (Geuna & Muscio, 2009). Moreover, Iqbal et al. (2015) bring to light that stem from the perceptions of 'global competency' and the 'global engineer', it is believed that international collaborative research is a desirable objective. Therefore, the RUs are expected to respond to this call in a timely fashion to remain competitive and sustainable in the world market.

It is commonly agreed that the traditional S-O-R model gives explanations of the factors that contribute to retailers' success by examining the customer behaviour in response to the goods (Goi et al., 2014). We assumed the potential of Researcher competence served as enabler or stimulus in the process of securing external grants. The integration of competency to generate revenue reflects the cognitive dimensions of entrepreneurship and every researcher will be deemed as an 'entrepreneur' in this context. Most research in retailing had adopted Mehrabian and Russeell affected model and introduced S-O-R model that required a stimulus, a set of mediating variables, and behavioural responses (Vieira, 2013; Goi et al., 2014). However, Vieira (2013) commented that literature review demonstrated positive, negative, and even null results in the S-O-R model which cause some dispute about its generalisation capacity in the retail field. More so, many literature had pointed out the

strategies to design a stimulus in retail and service industry, however, there is scant research on how to design a stimulus to enhance the consumer experience (Goi et al., 2014). Thereby, this study not only contributes to the literation on U-I collaboration but also to the literature S-O-R theory.

Practically this study shed light on the influence of Researcher competence on U-I collaboration whereby the causal relation has a crucial implication for designing policy involvements, e.g. internal support mechanisms, incentives to motivate the academic to get involved in the collaboration activities, competitive pay-scale in university so as to recruit qualified technology transfer personnel (Grimaldi et al., 2011). While this is a challenging task as highlighted by Grimaldi and partners that in the case of all ecosystem evolutions, the beginning is transformed by human action.

Limitation, future research, and conclusion

Within our theorising, we assented to Perkmann and associates (2013) that individual researcher play a key role in the process of securing external grants typically the U-I collaboration is pursued by researchers who are renowned, having an abundant stock of social capital, high volume of publications and very much connected in the academic society. Also, Perkmann and associates stressed that highly motivated and successful individuals rather than direct and manage, are the main predictors in ensuring the tenability of the proposed project. Hence, we strongly recommend that more research builds on these first conceptual insights and empirically test on the relation between the individual researcher and the formation of U-I collaboration.

Even though we intended to systematically integrate the extant literature, several aspects of the involvement and factors of successfully secured external grants by the researcher require further research. For instance, we proposed researchers competence namely self-leadership and social capital be positively related to the formation of U-I collaboration. We believed that competence creates a unique value to serve as a motivation factor for the researcher to unleash his or her potential in boosting the U-I formation. This is by S-O-R model which conceives stimuli in an environment are having an impact on a person which then results in an action to respond to that stimulus.

In conclusion, the findings will significantly influence the design of policies in research universities about the U-I collaboration. If the findings show that the competence of researcher positively and significantly influences the U-I collaboration, then it is apparent that interventions are required to promote researchers excellence resulting in further collaboration. On the contrary, if collaborations serve as an incentive to boost researchers' competence, collaboration should then be promoted by policy-makers to enhance the researchers' competence, which in turn will improve the research quality, and thus generate exceptional research outcomes regarding patents and high impact research publications.

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QUANTIFICATION OF SUKUK'S RISK

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Abstract: Risk is commonly referred to the degree of uncertainty. Quantitative tools, which include VaR, are used extensively in risk calculation to determine the worst expected loss that an institution can suffer for an investment. In this study using Sukuk as the main sample, VaR is calculated and compared between Murabahah, Musharakah and Wakalah Sukuk. The results indicated that the risk values are very much depending on the types or underlying foundation for each Sukuk.

Keywords: Value-at-Risk, Sukuk

1. INTRODUCTION

Risk is commonly referred to degree of uncertainty. In investment activities, risk is related to the probability of obtaining actual return lower than the expected return. This can also be known as volatility level. Managing risk is a process to reduce the impact of mispricing and misunderstanding that may influence investment decision. Quantitative tools used in risk management have evolved tremendously due to changing trends of risk-taking practices (Holton, 2003). This can be related to extensive concentration on credit risk in the 1970s, followed by engineered financial instruments for derivatives and fixed income in the 1980s and formal introduction of Value-at-Risk (VaR) by JP Morgan in the 1990s. To date, the latter continues to be a prime reference tool in selecting the most appropriate investment portfolio (Damodaran, 2005; Coleman, 2011).

VaR summarizes in a single risk number, the worst expected loss that an institution can suffer over a target horizon under normal market conditions at a given confidence level (BCBS, 2012; Dowd, 2005; Jorion 2002). It answers the question of "What is the most I can lose on this investment?". VaR is used to set up position and trading limit not only to shares but its application can be extended to other financial instruments such as bonds or Sukuk.

A number of studies have addressed VaR and bonds (for example Bolgun, 2004; Brooks & Persand, 2002; Vlaar, 2000). Nonetheless, extensive researches to associate VaR and Sukuk have yet to be studied. The continuous growth of the Sukuk market has provided a justification that quantitative research on the instrument is needed to support the conceptual views on Sukuk. In line with this, the objective of this study is to analyze the risk values using VaR focusing on Sukuk issuance in Malaysia.

1.1 Why Sukuk?

Sukuk was formally introduced by Fiqa Academy of Organization of the Islamic Conference (OIC) in 1988. It is sometimes referred to as Islamic bonds though technically its basis is somehow different compared to bonds. Its main role is to assist in financing major business activities or projects. Sukuk has become widely issued and accepted by many countries including those that are not classified as majority-Muslim countries. Figure 1 illustrated the global Sukuk issuance that demonstrated Malaysia as the leading issuer.
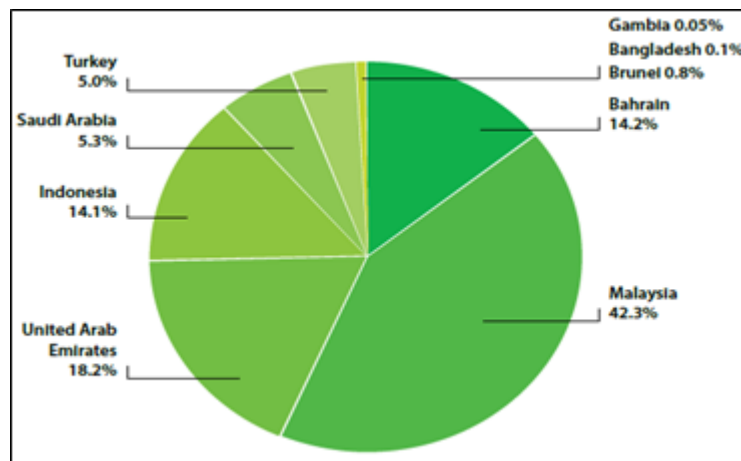
Fig. 1: Global Sukuk Issuance by Country
Sources: IIFM Sukuk Report (2015)

2. LITERATURE REVIEW

The importance of VaR in the banking and finance industry has been noted in Basel II and the most recently, Basel III. Nonetheless, most previous studies related to VaR modelling are directed to determining expected losses on stocks portfolio rather than fixed income securities (Berkalaar, Cumperayot & Kouwenberg, 2002; Pederzoli, 2006). A detail research on fixed income securities especially the Shariah-based instruments in the Malaysian market has yet to be thoroughly examined. In addition, traditional VaR approaches such as based on variance-covariance and historical simulations have several shortcomings especially when VaR modelling is very much influenced by main sources of bias; heavy-tails and volatility clustering. The extents to which the VaR behaviours are affected by these circumstances need further clarifications in that extreme outcomes will happen more frequently than would be predicted by the normal distribution Dark (2010), Obi, Sil and Choi (2010) and Yu, Li and Jin (2010).

It is interesting to note that most investors assume that portfolio will portray normal but in fact it is actually log-normal. Although it is easy to assuming a normal distribution, this will definitely fail to account for any financial time series imperfection. As stressed by Mabrouk and Saadi (2012), Giannopoulos (2003) and Luciano and Marena (2002) the condition will undoubtedly lead to underestimating or overestimating VaR. An inaccurate VaR value can be produced when treatment to higher moments such as skewness and kurtosis are misestimated. This problem will be amplified when VaR measurements assimilate different underlying parameters; for instance, the length of time horizon and confidence level. The normality assumption too may be inappropriate during market stress such as recession or economic turnover. Davis and Fouda (1999) mentioned that any inaccurate calculation of heavy-tailed events will influence one's investment decision.

Sethapramote, Prukumpai and Kanyamee (2014) and Lucas and Zhang (2014) promoted that the performance of VaR estimator can be affected by sample variation or estimation risk caused by heavy-tailed distribution or abnormalities. Thus it is important to integrate VaR models with either Student-t or other Bayesian distributions to reduce abnormalities problems. With this, better indication of the instruments' financial risk level can be obtained.

3. DATA AND METHODOLOGY

3.1 Data

The sample obtained from Thomson Reuters Eikon Datastream covers the time series secondary monthly data over the period of 2012 to 2015 for Sukuk Murabahah, Musharakah and Wakalah. The monthly data is chosen because Sukuk is not actively traded in daily circumstances. Thus its volatility is rather small compared to monthly observations. In addition, the Sukuk structures for this study are chosen based on the leading Sukuk issuance in Malaysia (refer Fig. 2).
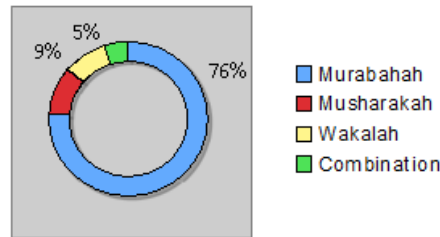
Fig. 2: Malaysia Sukuk Issuance by Structure
Source: Securities Commision (2015)

3.2 Methodology

The monthly data is first transformed into log form to prevent any negative values are dictate to the return (Holton, 2003). Next, is the stationarity test using ADF and PP to determine whether the data contains any unit root. Further descriptive tests including Mean, Standard Deviation, Skewness, Kurtosis, Ljung-Box and Arch LM are conducted. Before calculating VaR, the diagnostic tests for volatility parameter using GARCH-based are done to verify it as a well-specified model.

The following VaR formula is used to quantify the financial risk for the Sukuk with 95% confidence level and 30-days risk horizon (Dargiri et al., 2013; JPMorgan, 1996; Mabrouk & Aloui, 2010):

$$VaR_t = W_t as \sqrt{Dt} \qquad (1)$$

where:

W_t is the portfolio value at time t

σ is the standard deviation of the portfolio return

$\sqrt{\Delta t}$ is the holding period horizon (h) as a fraction of a year.

In order to adjust non-normality of the return distribution, student t-distribution [$v_t \sim t(0,1,\upsilon)$] is applied to accommodate this condition. As highlighted by Danielsson and de Vries (1997) and Engel and Gizycki (1999), t-distribution will provide better results as compared to normal distribution due to its ability to captures the downside risk measure more efficiently. Thus better risk prediction can be obtained. The t-distribution is illustrated as follows:

$$f(t \mid v) = \Gamma\left(\frac{v+1}{2}\right) / \sqrt{\pi(v-2)} / \Gamma(v/2)\left(1+\frac{t^2}{v-2}\right)^{-(v+1)/2} \qquad (2)$$

The input parameter, σ is based on GARCH (1,1) whereby the estimator is

$$\sigma_t^2 = \omega + \alpha\ \varepsilon_{t-1}^2 + \beta\ \sigma_{t-1}^2 \qquad (3)$$

Note: ω > 0 and α, β ≥ 0. The simplest form of GARCH (1,1) model is applied since relatively it is easier to be estimated and more parsimony (Bollerslev, 1986).

4. RESULTS AND DISCUSSIONS

The results of the stationarity tests using both the ADF test and PP test are presented in Table 1. The series are found to be stationary at first difference as compared to level form. Thus, the data is integrated of order (1).

Table 1: Stationarity Tests

	ADF		PP	
	Level	**1st Difference**	**Level**	**1st Difference**
Murabahah	-1.5347 (0.4056)	-13.3434 (0.0000) ***	-2.5284 (0.2113)	-43.7152 (0.0001) ***
Musharakah	-1.8941 (0.5172)	-17.7214 (0.0000) ***	-1.7643 (0.5345)	-44.0013 (0.0001) ***
Wakalah	-2.2031 (0.6588)	-21.6653 (0.0001) ***	-2.8768 (0.5548)	-41.3430 (0.0001) ***

Notes:
1. Values in parentheses denote the p-value.
2. *** denotes significance at 1% level.

The descriptive statistics are represented by the values of Mean, Standard Deviation, Skewness, Kurtosis, Ljung-Box and Arch LM in Table 2.

The values for mean are almost zero while Murabahah illustrate the highest standard deviation value compared to other two Sukuk. Skewness and Kurtosis present significant rejection of the normality hypothesis. The Kurtosis values more than 3 also signify that the data is leptokurtic or fat-tailed. In addition, Ljung-Box Q results provide evidence that the returns have serial correlation. The ARCH effects confirmed that the series are heteroscedastic with large values of chi-square. In all, the descriptive statistics gave clear indication that the Sukuk returns are not normally distributed plus the existence of volatility clustering. Thus, it is appropriate to apply the suggested volatility model of GARCH(1,1).

Table 2: Basic Statistics

	Murabahah	Musharakah	Wakalah
Mean	0.0002	0.0012	0.0026
Std Dev	0.0239	0.0144	0.0132
Skewness	0.5452	0.2111	0.2043
Kurtosis	19.9851	14.7923	11.2353
JB	23808 (0.0000)***	21733 (0.0000)***	15472 (0.0001)***
LB(20)r^2	2175.00 (0.0000)***	1912.01 (0.0000)***	972.21 (0.0000)***
ARCHLM(1)	613.71	539.35	329.12

Notes:
1. *JB test statistics are based on Jarque-Bera (1987); asymptotically chi-square-distributed at 2 degress of freedom.*
2. *LB(20) is the Ljung-Box test for serial correlation with 20 lags, squared return (r^2).*
3. *ARCH-LM(1) is the test for ARCH effects for 1 lag.*
4. *Values in parentheses represent the p-value. *** denotes significance at 1% level.*

Table 3 summarizes the output for estimation and diagnostic tests of the risk parameter using GARCH(1,1). All the parameters satisfy the restriction of $\omega > 0$ and α, $\beta \geq 0$ whereby all three coefficients are found to be highly significant for all samples. The intercept values ω are small while β show high values between 0.8 and 0.9. The sums of $\alpha + \beta$ are close to unity or value of one. These imply high persistence of volatility levels. The Ljung-Box statistics at lag 20 showed no evidence of non-linear dependence in standardized squared residuals. In summary, the GARCH(1,1) model is well-specified with the evidence of LM test for ARCH residuals that display no evidence of time-varying volatility

Table 3: Estimation Results and Diagnostic Tests for GARCH(1,1)$_t$

	Murabahah	Musharakah	Wakalah
ω	2.76E-05 (5.142E-07)***	2.25E-06 (4.812E-07)***	2.03E-05 (3.772E-07)***
α_1	0.1135 (0.0021)***	0.1064 (0.0014)***	0.1018 (0.0012)***
β_1	0.8101 (0.0132)***	0.8041 (0.0019)***	0.8034 (0.0010)***
$\alpha + \beta$	0.9236	0.9105	0.9052
$E(\mu_1/\sigma_1)^2$	0.9616	0.9438	0.9219
$LB^2(20)$	18.3712 (0.3170)	13.8587 (0.6590)	11.5989 (0.7145)
ARCH(1)	1.8922 (0.2037)	1.7122 (0.1743)	1.5457 (0.1323)

Notes:
1. *Standard errors are in parentheses.*
2. *** *represents significance at 1% level.*
3. *ω is the constant in the conditional variance equations, α refers to the lagged squared error, and β coefficient refers to the lagged conditional variance.*
4. *$LB^2(20)$ is the Ljung-Box statistics at lag 20, distributes as a chi-square with 20 degrees of freedom. The critical value for LB test at lag 20 is 37.56 at 1% level of significance.*

The quantification VaR values are done based on Monte Carlo Simulation of 10,000 iterations using @RISK (4.5). The results are portrayed in the Table 4.

Table 4: VaR Results

	Murabahah	Musharakah	Wakalah
VaR	4.91%	2.87%	0.91%

The VaR for Murabahah Sukuk VaR value is the highest as compared to the other two Sukuk. This proves that Murabahah Sukuk is riskier than Musharakah and Wakalah. The main reason can be due to the fact that a higher volatility is observed because the Murabahah Sukuk issuance experienced greater absolute downside risk. Although a generalized assumption can be made about Murabahah in that investors may experience higher losses or higher probability of default, the Sukuk may also provide the highest return.

In addition, Murabahah underlying structure is characterized as debt-based. In most circumstances, it is issued to finance a commodity or an asset with the intention to resale it to the borrower. Technically, Murabahah faced higher credit risk because it is a contract of sale whereby the seller declares the cost and profit with its settlement by the buyer can be done either on installment basis or deferred lump sum basis. As highlighted by Norliza et al. (2009), similar to conventional bond, Murabahah values and demands can be influenced by other microeconomic factor such as production index and interest rates.

Musharakah Sukuk on the other hand is based on profit sharing and equity ownership. Within this underlying structure, Musharakah is based on participatory structure or partnership created through a joint investment. It highlights that certificate holders or investors can also becomes the owners of the assets, which in turn reduces the settlement risk. In all, it yields a lower VaR for Musharakah. In addition, with Musharakah Sukuk, the instrument can be bought and sold in the secondary market. Thus the risk can be transferred and reduces the total estimated VaR. Murabahah Sukuk however does not experienced this authorization and in fact the latter cannot be legally traded in secondary markets.

Having the smallest portion with 9 percent of the Sukuk market, Wakalah may perhaps be the less popular type of Sukuk compared to Murabahah and Musharakah. The agent or wakil is merely assisting in maintaining the underlying assets comprised in the portfolio as instructed. The wakil is not held to be a partner, therefore does not share the risk of loss. The calculated VaR value of less than 1 percent showed that Wakalah Sukuk has the lowest risk. In risk-return formal relationships, the Sukuk it probably will generate the lowest return.

5. CONCLUSIONS

This paper highlights the application of risk quantification using VaR to Sukuk issuance in the Malaysian market. By applying the GARCH(1,1) risk parameter to the VaR theoretical formula, the results showed that Murabahah Sukuk has the highest risk compared to Musharakah and Wakalah. The main reason underlying these results are due to the different underlying structure of each Sukuk, which influence the risk component.

With the recent Basel III, VaR continues to become a risk measure within the spectrum of financial instruments. Its flexibility characteristics lies in the ability to occupy different types of return distribution. The quantitative research in this manner can enrich existing publication especially using Sukuk as the tested sample. In all, the advancement in understanding Shariah-based fixed income securities such as Sukuk is important and relevant to identify the treatment for security risk. This may influence better financial risk management approach and more reliable investment decision (Trenca et al., 2011).

6. ACKNOWLEDGEMENT

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BRAND VALUES OF BIOMEDICAL CALIBRATION LABORATORY (BMCL), AN ACCREDITED ISO/IEC 17025 CALIBRATION LABORATORY

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Abstract: The growing needs of the healthcare industry means the amount of equipment involved is significantly increased along with demands for biomedical equipment calibration services. Accredited testing and calibration laboratories in Malaysia need to comply with ISO/IEC 17025:2005 requirements and national unified laboratory accreditation scheme, known as Skim Akreditasi Makmal Malaysia (SAMM), award by Department of Standard Malaysia. Biomedical Calibration Laboratory (BMCL) of Politeknik Sultan Salahuddin Abdul Aziz Shah is the first biomedical calibration laboratory accredited with ISO/IEC 17025:2005 in Malaysia. This article discuss the most important functional brand value of BMCL from the perspective of academicians, customers and industry experts in medical field in Malaysia. Data collected through focus group semi-structured discussion. Finding reveal that capacity is the most important brand value followed by reliability, quality, after sales service and capabilities.

Keywords: Biomedical, Calibration Laboratory, Brand Value, Accredited, Focus Group, Credibility

1. INTRODUCTION

Politeknik Sultan Salahuddin Abdul Aziz Shah (PSA) established its Centre of Excellence in Technology (COT) in the field of Medical Electronics since 2010, and currently recognized nationally as the Centre for Medical Electronic Technology (CMET) by Ministry of Higher Education, Malaysia. CMET operates training, research, innovation and development activities in line with the Malaysian Education Blueprint (Higher Education) 2015-2025.

CMET also established calibration laboratory for medical equipment analyzer known as Biomedical Calibration Laboratory (BMCL). This laboratory is an accredited MS ISO/IEC 17025:2005 calibration laboratory since 2014 awarded by Department of Standard Malaysia. BMCL is the first accredited calibration laboratory for medical analyzer in Malaysia (Department of Standard Malaysia).

Biomedical instrument calibrated under BMCL's scope of accreditation are Multiparameter/ Electrocardiograph (ECG) /Patient Simulator, Defibrillator/Pacer Analyzer, Electrosurgical Analyzer, Electrical Safety Analyzer, Syringe Pump (Manually operated type), Infusion Pump Analyzer and Non-invasive Blood Pressure (NIBP) Analyzer. Calibration certificate with ILAC-MRA logo will be issued to customer within the lead time. .

1.1 Demand for Biomedical Equipment Calibration Services

The growing needs of the healthcare industry with the growing numbers of new private and governmental hospitals indicates the number of instruments involved will increased significantly along with the need to operate and maintain them (ETP Annual Report 2014 (Healthcare)). Most of devices are expensive and of high technology that requires routine preventive maintenance and regular calibration services to ensure proper working condition of equipment and applications.

The global medical devices market size by year 2020 is projected to be USD 435.8 billion (ITA, 2016) where Malaysia is contribute to USD 1.2 billion (AMMI, 2013). Based on the medical devices Entry Point Projects (EPPs) in the Economic Transformation Programed (ETP), Malaysia will develop the medical devices industry more profitable. Moreover, with the regulatory for the licensing and registration of medical devices, products which are not registered with Medical Device Authority (MDA) will not be allowed in the market (AMMI, 2013). These will also generate the demand for medical devices calibration services in the market since proper maintenance and calibration of biomedical analyzer ensure safety, quality and performance of the equipment. Moreover patients and consumer's safety and health are also protected.

Global Medical devices market will continuously grow driven by other factors such as rise in aging population, innovations in medical devices, changing lifestyles and increasing awareness about the medical conditions and available treatments (Deloitte, 2016). In addition, global medical devices market is growing very fast due to its wide-ranging use in hospitals, research and development

centers, educational institutions and clinical laboratories (Global Industry Analysis and Opportunity Assessment 2015– 2025).

BMCL as the first accredited calibration laboratory for biomedical equipment analyzer in the country, grants BMCL both opportunities and challenges. In order to be competitive locally and globally, BMCL needs to sustain and raise its brand values as the leading player in biomedical equipment's calibration services provider in Malaysia.

2. LITERATURE REVIEW
2.1   Brand Values in B2B Market
Supply and demand in industrial market are represented by organizations rather than individual consumers. In general, industrial market transactions are significantly different from consumer market. Previous research acknowledged that brand value management in industrial markets differ from that in consumer market (Dull & Piotroski, 2011), (Keller, Parameswaran & Jacob, 2011) and (Kotler & Pfoertsch, 2007). Furthermore, transactions in industrial market often involve high risk on the part of the buyer due to significant cost, scale of transactions and complexity of buying decision process. However, the number of customer in B2B market are fewer compared to consumer market (Kotler & Pfoertsch, 2006).

Brand values benefits companies in two ways. It may increase loyalty hence it help build and establish customer-firm relationships. Secondly brand values may generate a price premium for the company (Leischnig & Enke, 2011). Marketing studies can examined brand values from two perspectives either the customer or the firm. Majority   research such as Pappu, Quester & Cooksey (2005), Yoo & Donthu (2001) and Christopher (1996), explore brand values in consumer market. Previous researchers which explore brand values in industrial market or B2B market for example are Cretu & Brodie (2007), Biedenbach & Marell (2010) and Mudambi, Doyle & Wong (1997).

Based on Leek & Christodoulides (2012) studies, functional and emotional values are the core brand values of business market. Functional value refers to quality, technology, capacity, infrastructure, after sales service, capabilities, reliabilities, innovation and price. Emotional quality refers to risk reduction, reassurance, trust and credibility.
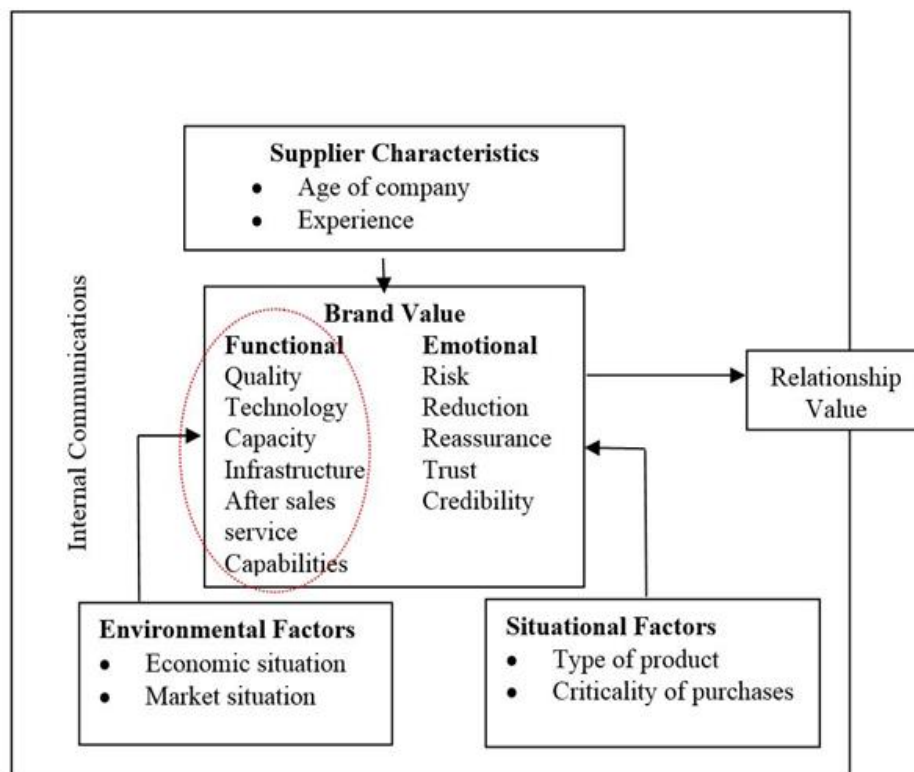

Fig. 1 : The B2B Brand Value framework (Leek & Christodoulides, 2012)

Figure 1 shows how brand values and company characteristics can be theorized as leading to relationship value. This framework also consider situational and environmental factors which affect the influence of branding in purchases decision. In this research, functional values emerged as the

primary factors considered by buyers in the decision making process. Among the functional brand values, quality was perceived as the most important functional attributes of the brand (Leek & Christodoulides, 2012).

Others researcher agree with quality significantly influence firm reputation (Cretu & Brodie, 2007). Quality experience of services have direct impact on behavioural intentions (Chen, & Chen, 2010). Others indicate that the quality and trust has a positive impact on the anticipation of future interaction (Crosby, Evans & Cowles, 1990), (Loureiro & González, 2008) and (Chenet et.al, 2010). However Babaeian Jelodar, Yiu & Wilkinson (2016), Keller, (2003), Herbig & Milewicz, (2012) and Erdem & Swait (1998) stress that others attributes such as performance satisfaction, commitment, credibility and teamwork were attributes to brand values.

2.2 Quality and accreditation

Basically, companies need to deliver the quality they assured to customers. There are many different definitions of quality across research field. In business, engineering and manufacturing, quality has a pragmatic interpretation as the non-inferiority or superiority of something; it's also defined as fitness for purpose. Quality is a perceptual, conditional, and somewhat subjective attribute and may be understood differently by different field. ISO 8402-1986 standard defines quality as "the totality of features and characteristics of a product or service that bears its ability to satisfy stated or implied needs".

Public sector and business entity have known to the culture of quality which often associated with ISO or international organization for standardization (ISO) according to Kang'a et.al. (2017), Nisipeanu, Chiurtu & Darabont (2017), Nasser, Tijane, & El Bouazzi (2017), Psomas, Pantouvakis & Kafetzopoulos (2013) and Gilvin, Gibbens & Baker (2016). Accreditation of ISO/IEC 17025 is a voluntary, third party assessments where the laboratory's quality management system is thoroughly evaluated on a regular basis to ensure continued technical competence and compliance with ISO/IEC 17025, granted by an accreditation body. International Laboratory Accreditation Cooperation (ILAC) - Mutual Recognition Arrangement (MRA) agreement ensure members recognizes other members' accredited laboratory (International Organization For Standardization).

ISO/IEC 17025 is the global quality standard for testing and calibration laboratories. Laboratory need to implemented and demonstrate quality management and quality assurance under accreditation of ISO/IEC 17025 (Tsimillis & Michael, 2014). The quality standard consist of 15 Management requirements and 10 Technical Requirements. Management requirements are primarily related to the operation and effectiveness of the quality management system within the laboratory. Technical requirements includes factors which determines the correctness and reliability of the tests and calibrations performed in laboratory. According to Al-mijrab, Elgharib & Ahmed (2016), implementing a successful ISO/IEC 17025 increased market share, improved service provision, increased productivity and streamlined procedures. The practical benefits of these technical and management quality improvements are seen on a daily basis in the laboratory. Faster identification and resolution of issues regarding methods, personnel or equipment, improved customer satisfaction and overall increased laboratory business are all the outcome of implementing an effective quality system (Honsa & McIntyre, 2003).

2.3 After Sales Services

After sales service refers to numerous processes which make sure customers are pleased with the products and services of the organization. With reference to business dictionary, after sales service are periodic or as-required maintenance or repair of equipment by its manufacturer or supplier, during and after a warranty period. After-sales service includes what organization do at the point of sale, follow up after the customer has left and effectively dealing with complaints. Providing good after-sales service shows organization's mission to build a long-term relationship with their customers, earn their loyalty and keep their business

The needs and demands of the customers must be fulfilled for them to blowout a positive word of mouth. After-sales service has a strategic relevance in its potential contribution to company profitability (Saccani, Johansson & Perona, 2007). In line with this, according to Gaiardelli, Saccani & Songini (2006), after-sales cannot be considered simply a set of operative activities but it plays a strategic role as major profit source. However, Bendixen, Bukasa & Abratt (2004) argue that price and delivery were more important in business-to-business market. Other researcher stress that after-sales service quality affect satisfaction, which in turn affects behavioral intentions. Therefore, after-sales services affect the whole offering and consequently, the quality of the relationship with customers (Rigopoulou et.al., 2008).

2.4 Price

The fundamental rule of pricing tells us that the price charged for a product or service offered must match the value consumers perceive when they acquire that product or service. According to Dodds, Monroe, & Grewal (1991), price had a positive effect perceived quality, but a negative effect on perceived value and willingness to buy. A price premium can be obtained when a company has high brand equity (Gaiardelli, Saccani & Songini, 2006). Customer feels satisfied and is fully committed to pay the product price against the quality delivered (Ghafoor et.al., 2016).

2.5 Reliability

Reliability in normal understanding is the quality of being trustworthy or of performing consistently well. In calibration services, reliability means the degree to which the result of a measurement, calculation, or specification can be depended on to be accurate. The purpose of calibration is to ensure readings from an instrument are consistent with other measurement, to determine the accuracy of the instrument readings and establish the reliability of the instrument i.e. that it can be trusted (Measurement Standards Laboratory of New Zealand). In business to business market, there is a need for reliability which as service providers, we deliver what we promised for example meet the lead time of calibration service. According to Gunasekaran, Patel, & McGaughey (2004), good supply chain management increase delivery performance through a reduction in lead time. Reliability has a more profound impact on your business (Bendixen, Bukasa & Abratt, 2004) since customer earn trust when business always deliver service in shorter time, lower cost and efficient procedure or system.

2.6 Capabilities

Capability describes a unique, collective ability that can be applied to achieve a specific outcome. A capability describes the complete set of capabilities an organization requires to execute its business model or fulfil its mission. An easy way to grasp the concept is to think about capabilities as organizational level skills imbedded in people, process, and/or technology. Capability provide a common language for change, create a common link between executive intent and operational activities and provide a foundation for assessment and prioritization (Scott, 2014). Capabilities are complex bundles of skills and knowledge embedded in organizational processes (Krasnikov & Jayachandran, 2008).

The scope of accreditation is transcribed for a specific International System (SI) unit at a particular level of measurement, with its corresponding uncertainty. Accredited calibration laboratories provide a calibration within their scope of capabilities that reports whether or not an electronic instrument meets its specification. The challenge for the customer of calibration services is to choose the laboratory which has the necessary capabilities to provide a statement of conformance to specifications. However, there is value in purchasing from an accredited laboratory. Even if their accredited uncertainties are too large to verify an instrument's performance against its published specification, the fact that they have undergone a rigorous evaluation emphasizes their commitment to quality and technical proficiency of their measurement services (Abell, 2001).

A study on industrial global brand leadership conducted by Beverland, Napoli & Lindgreen, (2007), five capabilities identified are relational support, coordinating network players, leveraging brand architecture, adding value, and quantifying the intangible. Supporting these distinctiveness capacities were five organizational level supportive capabilities: entrepreneurial, reflexive, innovative, brand supportive dominant logic, and executional capabilities. Theoretical and practical issues associated with organizational capabilities have been a major research focus in marketing but little research on industry environment and internal competitive capability development. According to O'Cass & Weerawardena (2010), industry environment and internal competitive capabilities may lead to higher brand performance. Others study the relative impact of firm's functional capabilities and diversification strategy on financial performance (Nath, Nachiappan & Ramanathan, 2010).

2.7 Capacity

Capacity is the power to hold, receive or accommodate. Capacity is really about "amount" or "volume." The relevant question related to capacity is "Do we have enough?" and the related question, "How much is needed?" Recent discussions with a large consumer products manufacturer revealed that while they had internal competencies in certain essential technologies, and even some capabilities, their years of buying it on the outside had left their internal capacity very thin. They were constrained less by what they knew and more by their inability to get their skills and know-how to enough of the places where it was needed (Vincent, 2008).

Consequently a definition of capacity as the ability to work off an existing demand makes for a more dynamic measure. Once capacity is expressed in these terms it becomes apparent that it is related to

an output quantity from the service delivery system. Consequently capacity has a time dimension and is influenced by all input elements to the system. So a variable mix of product and service packages will give rise to variations in the input and demand placed on the service delivery system. This variation will, in turn, mean the capacity of the system will alter as the balance of the resources required alters with changes in the product produced (Armistead & Clark 1991).

3. METHODOLOGY

This study used focus group approach. Focus group is a form of qualitative research that is used often in social science research (Silverman, 2016) and (Stewart & Shamdasani, 2014). Before the focus group meeting, a semi structured question were prepared as a guidance during focus group discussion. The researcher adopted the B2B brand values framework from Leek & Christodoulides (2012). A semi-structured discussion format with either an individual or group can take between 30 minutes and several hours to complete (Cheong, Bhatnagar & Graves, 2007). In this study, the focus group discussions took 2 hours to complete.

The participants of the focus group are selected based on their position and relevance to the topic under study. All participants were informed by formal letter through email about the purpose of the study and time range allocation. The arrangement of focus group meeting took place once participant volunteered to participate. Among 12 selected respondent, 9 respondent agreed to participate. They are four academicians, three industry expert and two customers from biomedical field. Some were directors in their field and willing to share. According to (Stewart & Shamdasani, 2014), a focus group discussion is a group of individuals around 10 people is brought together in a room to engage in a guided discussion of some topics.

During this focus group discussion, a moderator was appointed to ensure discussion was inline with research objectives and data was recorded using video recorder, tape recorder and manually record by appointed staff. Subsequently all data were transcribed and compared. The final transcript prepared and analysed using content analysis.

The following section presents the findings regarding accreditation and brand values from the focus group discussion.

4. RESULTS AND DISCUSSION

Table 1 shows academicians', customers and industry expert's responses about brand values for BMCL. There were five functional brand values identified from the focus group discussion.

Table 1: Sample Response of Brand Values of BMCL

Brand Values	Frequency	Sample Responses
Capacity	33	"How to lessen the load, with extra load to promote..with extra work to do marketing and to deliver very good service" - Respondent 8 "as centre of technology.. industry will park their personel as reference point and give consultation job" - Respondent 3 "You need more technician than calibration engineer if you insist to run this accredited laboratory like a business entity" - Respondent 5
Reliability	17	" looking at the accreditation certificate, we respect" - Respondent 6 " I can see your staff commitment, very high" - Respondent 4 " if you sent oversea, equipment may damaged even if properly pack" - Respondent 5
Quality	11	"Accredited 17025, once you awarded you strong" -Respondent 1 "You are recognized overseas with the ILAC-

Brand Values	Frequency	Sample Responses
		MRA mark" – Respondent 7

"Since you are pioneer, industry will remember you"
– Respondent 5 |
| After Sales Services | 5 | "insert the repair element in your services because industry like company that supported with maintenance service..
- Respondent 7

"When come to calibration, they will return to us back..either we sent back to manufacture or we have to correct." - Respondent 4

"customers they want one stop centre."- Respondent 5 |
| Capabilities | 4 | Your strength... The turnaround.. The lead time is faster..if sent here..Within a week get back... - Respondent 2

"The turnaround time is good" - Respondent 5

"If you don't have the facilities, outsource."
- Respondent 9 |

Even many researchers agree that quality or accreditation significantly benefits company's brand value, from research finding reveal that the most important brand value for BMCL was capacity with highest frequency (33), followed by reliability (17), quality (11), after sales service (5) and capabilities (4). Capacity are the most crucial brand value to achieve but BMCL can improve the laboratory capacity by strategically allocate manpower across department. As mention by respondent 5, BMCL need more technicians than calibration engineer.

BMCL have the capabilities to meet the lead time and fulfill customer satisfaction. According to Peter et.al., (2010), laboratory capacity can be improved by increased resources. Laboratories that achieve accreditation are recognized for superior test reliability, operational performance, quality management, and competence. Furthermore, accreditation promotes trust in laboratories and confidence among authorities, health care providers, and patients that laboratories and the results they produce are accurate and reliable. Successful laboratories can rationalize the resources they need to maintain quality for example number of staff and organization structure.

Functional brand value are positively related with customer satisfaction (Candi & Kahn, 2016). However emotional relationship help industrial firm differentiate themselves effectively in business market (Coleman, Chernatony & Christodoulides, 2015). Findings also identified emotional brand values with concern to BMCL such as trust. Trust is confidence or belief in the competence and integrity of the other party. Reliable and trustful in B2B relationship help organization minimize perceived risk (Bendixen, Bukasa & Abratt, 2004). Like most transactions, it is important to establish a level of trust and evaluate the reputation of the calibration provider (Abell, 2001). Respondent 5 and 9 mentioned:

" You need industry linkages through Memorandum
of Understanding (MOU) or Memorandum of Agreement (MOA)
in order to gain trust in this industry"
- Respondent 5.

"BMCL should strategically carry outreach programmes
in order to promote BMCL locally and globally"
- Respondent 9.

Outreach programs are the facet of marketing in which a company representative aggressively seeks out potential customer by meeting with local businesses or the public, speaking at local events, or getting involved with the local chamber of commerce. Thus to dramatically informed potential

customer either locally or globally, awareness programs about BMCL should be carried out. Outreach can range at the least from simple exhibits, tours, and curatorial, talks to more sophisticated activity, including multilevel conferences, traveling exhibits, workshops and courses based activities (Freivogel, 1978). Others outreach programs such as written materials including news releases, newsletter articles, emails, business cards, and flyers.

A study on collaboration and industry linkages (Santoro, 2000) stresses that industry–university alliances can be instrumental in facilitating the industrial firm's advancement of both knowledge and new technologies. Collaboration in the Business-to-Business (B2B) ensuring reliability of workflows underlying inter-organizational business processes (Demirkan et. al., 2012). Trust is shown to have a positive influence in building behaviors (social interaction, open communications, customer orientation) and service outcomes (technical, functional and economic quality) on trust formation (Doney, Barry, & Abratt, 2007). Thus to gain trust from other parties especially potential customers from overseas, BMCL need to execute outreach programs and initiate more collaboration among players in biomedical industry.

5. CONCLUSION

Findings of the study demonstrated that functional brand values such as capacity, quality, capabilities, reliability and price were found to be of importance to BMCL. Accreditation of ISO/IEC significantly benefits BMCL in terms of quality management, quality assurance and trust. In order to sustain the accreditation, BMCL as a public sector organization, should be given appropriate level of autonomy in making decision to be able to operate as legal business entity and properly strengthen the organization structure. Laboratory accreditation is a challenging process and the commitment of top management and staff involvement will support the success of its implementation.

The study however did not cover environmental factors and situational factors which contribute to the brand values. Further research considering these factors could enhance the brand values of an accredited laboratory.

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CORPORATE SOCIAL RESPONSIBILITY AND COPRORATE IDENTITY MANAGEMENT ON CITY HOTELS' IMAGE AND PERFORMANCE

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Abstract: Nowadays, CSR can be seen as both an investment and marketing strategy for an organization. Connecting with today's customer is harder than ever. CSR can help boost an organizations' image and perception whilst relatively increasing brand image and recognition. The purpose of this research is to illustrate the importance of Corporate Social Responsibility (CSR) and its effect on hotels in Malaysia. This study explored the relationship between Corporate Identity Management comprises (Mission & Value Dissemination (MVD), Consistent Image Implementation (CII), Visual Identity Implementation (VII), Corporate Social Responsibility (CSR) and Corporate Image Attractiveness (CIA). The study also investigated the role of the CSR integration in the linkage between CIM and Corporate Image Attractiveness. This study found that Mission & Value Dissemination (MVD) and Corporate Social Responsibility influenced directly the Corporate Image of Hotels. The integration of the CSR did not seem to moderate the influence of MVD, CII, VII on hotels' Corporate Image Attractiveness (CIA). The study findings showed that CIA has a direct influence on Corporate Performance (CP).

Keywords: Corporate Social Responsibility (CSR), Corporate Identity Management (CIM), Corporate Image, Performance, Hotels, Malaysia

1. INTROUDCTION

Today, governments, investors, consumers and even employees have become more sophisticated and more aware of excellent corporate behaviour. In this new business environment, the most valuable asset is company reputation or identity and CSR has become one of the key components of corporate reputation. CSR is generally used to illustrate a business's endeavours to achieve sustainable outcomes by committing to good business performance and standards. It may be comparatively new in the region, the actual practices and related policies are not. Social responsibility is management's acceptance of the commitment to consider consumer satisfaction, profit and the societal well-being of equal value in evaluating a firm's performance. Many companies associated the term CSR with philanthropy or generosity that is merely a component of their corporate culture and looked upon as charity work such as sponsorships, donations, and community service activities. (Kotler & Lee, 2005).

Despite the growing body of literature but there is still lack of studies that examines the effect of CSR on companies' corporate image and identity as well as company success (i.e. Sen & Bhattacharya, 2001) especially in the hospitality industry. CSR provides a competitive advantage and assists in enhancing positive corporate image and reputation thus company needs to identify CSR activities that best reflect their particular industry in the marketplace (Tong & Wong, 2016). There remains a significant gap in the testing and application of the relationship between corporate image, company performance and CSR in multi-industry contexts, such as for companies of different sizes, from different industries (Vlachos *et al.*, 2009).

This study aims to understand and explore the roles play by Corporate Identity Management (CIM) and Corporate Social Responsibility (CSR) and its effects on hotels in Malaysia. There are three main objectives constructed as the followings;
i)To determine which factors of CIM that will influence the Corporate Image among hotels
ii) To examine the influence of Corporate Social Responsible on Corporate Image among hotels.
iii) To identify the moderating role of CSR towards the relationship between CIM and Corporate Image.

As the demand for travel and tourism is keep increasing, thus city tourism has becomes greatly important especially with the expansion of low cost and non-frill airlines. Thus this creates a significant demand for tourism product and services such accommodations in the urban tourism sector. Besides leisure, tourists that visit cities have several purposes such as business, conferences, shopping (Ashworth & Page, 2011). This study can assist hotels in Malaysia to recognize and understand the relationship and importance of Corporate Social Responsibilities (CSR) and Corporate Identity Management (CIM).

2. Literature Review
2.1 Corporate Social Responsibility (CSR)

CSR is the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations to meet other social expectation, the responsibility to meet additional activities that society finds attractive (Micheal & Pamela, 2010; Galbreath, 2010). CSR adopts a position that builds both shareholder value and work holder value to deliver "sustainable growth for the future". The definition of CSR is "the ability of a company to incorporate its responsibility to society to develop solutions for economic and social problems" in relation to its perceived societal or stakeholders obligations (Sen & Bhattacharya, 2001; McWilliams & Siegel, 2001). Corporate social responsibility is visible and transparent business practices that are based on ethical values and admiration for the community, employees, the environment, shareholders and other stakeholders (Said et al., 2009). Rajasekhara et al. (2010) states that CSR is a complex and diverse term representing business standards focusing on the long-term nature of business itself and increasing value for shareholders. The CSR principles are prerogative for all company employees which gratifies and benefits to all parties with the concept of integrity, respect and fairness (Waldman et al., 2006)). Companies have to be caring and they should look after the welfare of their customers and society with better CSR programs (Mohr *et al.,* 2001; Maignan & Ralston, 2002) that required CSR leadership - CSR decision, CSR adoption and CSR commitment (Nada et al., 2009). The CSR program must have an optimistic and positive effect on consumer behaviour that dependent on its corporate social orientation and values (Sen & Bhattacharya, 2001; Achua, 2008; Melo 2012).

A CRS campaign aims at two goals – to support and sustain a social cause and to improve marketing performance that will enhance reputation and better corporate brand recognition. It is represented by responsible stakeholders, sustainable product brand loyalty and enhanced government and community relations (Webb & Mohr, 1998; Polonsky & Wood, 2004). CSR is extremely useful in corporate identity- building because of its ability to facilitate corporate image attractiveness and thereby increase competitive advantage and overall company performance. A company might need to clarify what they stand for, how corporate responsibility is carried out, and how people profit from such actions (Sana-ur & Rian, 2011). Experimental researchers have found links between CSR and corporate identity that impacting company reputation and corporate image (such as Cornelius *et al.,* 2007). CSR is found improving firms' status, reputation and monetary success in the marketplace However, how and under which conditions CSR leads to the development of corporate image, brand equity, competitive advantage and its relationship to company's performance (Arendt & Brettel, 2010; Vlachos *et al.,* 2009; Jahdi & Acikdilli, 2009).

2.2 Corporate Identity Management

Corporate identity deals with the impressions, image and personality that an organization presents to its stakeholders in order to differentiate itself and create a unique position in the environment in which it operates (Schmitt & Pan, 1994). Simoes and Dibb (2008) suggest that there is a common internal platform for identity management that reflects consistent messages about the organization so that a reputable corporate image is transmitted across audiences. Corporate identity is linked to a range of related concepts that referred as external determinants of corporate image, such as reputation and branding. CIM comprises the internal efforts by which a company works to identify itself. The objective of corporate identity management (CIM) is to establish a favourable reputation with an organization's stakeholders in respect of the services, to work for the organization or to invest in it (Balmer, 1995).

Corporate identity or reputation is a snapshot that reunites the numerous images of a company held by all its constituencies or population. It indicates the overall attractiveness or magnetism of the company to employees, consumers, investors, suppliers and local communities. Therefore, corporate identity is defined as the manifestation of an organization over time as seen through their belief and words (Gotsi & Wilson, 2001). They add that reputation embodies the history of other peoples' experience with a service provider related to several key characteristics to the concept of corporate reputation, such as a cognitive feature of an industry or philanthropic criteria in judging a company and its future prospects and views. Corporate identity or reputation is based on the stakeholder's general assessment of a company over time. This evaluation of the stakeholder's direct experience and familiarity with the company, any other form of communication, statement and symbolism that provides information about the firm's actions and/or a comparison with the actions or accomplishment of other leading rivals (Gotsi & Wilson, 2001).

2.3 Corporate Image Attractiveness

Corporate image is the image an audience has of an organisation through the accumulation of received messages. Corporate Image is manufactured and, hence, is not a true reflection of the

company's reality (Gotsi & Wilson, 2001). They stress that the original meaning of image has been equated with a visual representation of reality, which it is commonly refers to a fabrication or public impression created to appeal to the audience rather than to reproduce reality. In addition, the term 'image' represents the sum of beliefs, attitudes and impressions that a person or group has for an object. Corporate image is crucial in order to produce Quality Company. In hospitality industry, advertising can be one of the reasons for their being superseded, even though they carry a five star name, such as Holiday Villa or Holiday Inn. However, it seems these hotels are far behind compared to Ritz-Carlton, JW Marriott, St. Regis, Sheraton and others in-line with these hotels. Therefore, the hotel's name must be parallel when delivering the best corporate image, which includes staff behaviour, cleanliness and tidiness, time management, architecture, etc. The corporate image is the result of all experiences, impressions, beliefs, feelings and knowledge that people have acquired related to a company (Worcester, 2009). Corporate image attractiveness can be defined as the attractiveness of the corporate image, as perceived by its various audiences (Bhattacharya & Sen, 2003; Martinez et al. 2014) that the link between favorable corporate identity and image towards superior business performance (Brown et al., 2006).

3. Hypotheses and Conceptual Framework

Corporate Identity
  Management
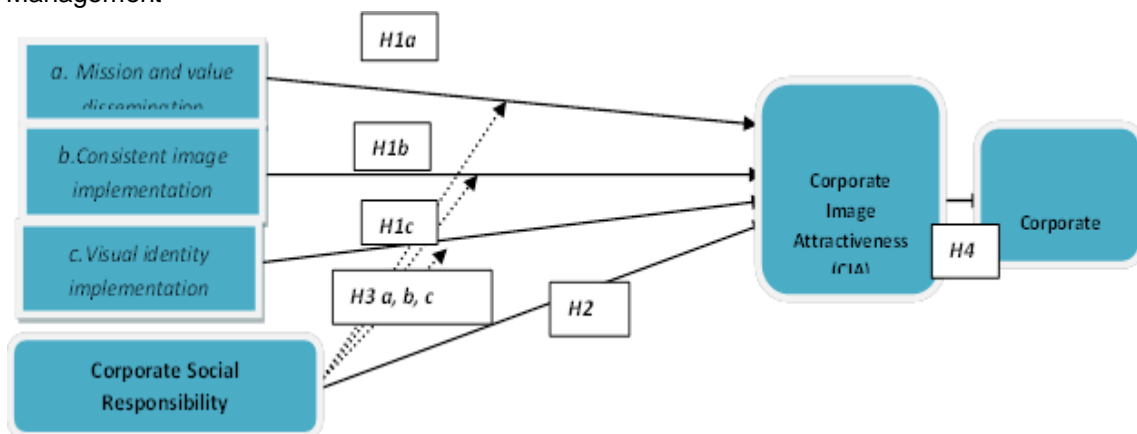
Figure 1: The research conceptual model

This study suggests the following hypotheses in the context of city/business hotels in Malaysia;

H1a: Mission and Value Dissemination (MVD) have an impact on Corporate Image Attractiveness.
H1b: Consistent Image Implementation (CII) has an impact on Corporate Image Attractiveness.
H1c: Visual Identity Implementation (VII) has an impact on Corporate Image Attractiveness.
H2: CSR activities or programmes have an impact on Corporate Image Attractiveness.
H3a: CSR initiatives moderate the relationship of Mission and Value Dissemination (MVD) with Corporate Image Attractiveness.
H3b: CSR initiatives moderate the relationship of Consistent Image Implementation (CII) with Corporate Image Attractiveness.
H3c: CSR initiatives moderate the relationship of Visual Identity Implementation (VII) with Corporate Image Attractiveness.
H4: Corporate Image Attractiveness (CIA) will influence the Corporate Performance of the organisation.

4. Methodology
4.1 Research Design
Database for this research was obtained from Malaysia Association of Hotels. A total number of 335 city hotels/business hotels (3 stars & above) were identified for the actual survey and selected from the listing. The survey was conducted through self-administered questionnaires, which were distributed to the respective hotels. A total of 149 hotels responded to this study, which represents a response rate of 44.7 per cent. This study is to clarify the domain constructs; the unit of analysis is conducted at the organizational level of analysis. Therefore, the senior executives or managers' perceptions of the study variables are measured. The questionnaires were distributed to the Human Resource Manager or Public Affairs & Communication Manager or Operation Manager of each hotel.

These people are regarded as the main source of information because they are directly responsible for planning and management of the company.

The data collection instrument is a structured questionnaire, which was first developed and pre-tested among a small group of respondents, who are academics and have significant expertise in marketing and hospitality industry. The scale used for the questionnaire was a 6-point Likert-type scale from '6' for 'strongly agree' to '1' strongly disagrees. The six-point scale was used to anchor each item statement was chosen in order to avoid the clustering of responses at the neutral point and remain non-committal (Aziz & Yassin, 2010). The last part of the questionnaire included several questions, which were intended to identify the personal and organizational information variables, namely, age of organization, and percentage of company involvement in marketing and existence of business plan.

4.2 Measures

In order to ascertain whether the measures retained construct validity (i.e. measure what they are supposed to) an exploratory factor analysis using principal components and varimax rotation technique was conducted to examine the underlying dimension of market orientation and market competency. In determining the factor/s, common decision rules employed in empirical research were applied: (i) minimum eigenvalue of 1 (ii) KMO measure of sampling adequacy greater than 0.5 and the Bartlett's test of sphericity should be significant which indicate that the items for consumption factor are appropriate for factor analysis. (iii) minimum factor loading of 0.5 for each indicator variable. The cut-off value of 0.5 and higher is assigned such that only items with loadings of at least 0.50 are retained in order to obtain a power level at 80% at 0.05 significant levels (Hair *et al.,* 1998). Items with loadings exceeding 0.50 on two or more dimensions are removed and have to retest (King and Teo, 1996). (iv) simplicity of factor structure, and (v) exclusion of single item factor structure. v) reliability analysis is carried out to eliminate items that are not strongly related to other items in the construct and construct reliability was assessed using Cronbach's alpha. As suggested by Nunnally (1978), the reliability of a construct between 0.6 and 0.8 is acceptable.

5. Findings

The study sample comprises of 150 types of city hotels, which vary on characteristics such as company, age of company, and number of employees. There are about 44.6% - 4 star hotels, 34.6% - 3 star hotels and 20.6% - 5 star hotels. More than half of the hotels used marketing plan and more than 60% of the hotels have over than 50 permanent experienced employees. The multiple regression analysis (stepwise method) is performed to test empirically the hypotheses postulated in the study. It enables us to better assess the contribution of independent variables to Corporate Image Attractiveness. Additional procedures are employed to detect outliers and not to violate the assumptions of the multiple regressions. Hypothesis H1a, H1b, H1c and H2 have a direct influence on CIA. CSR and MVD, with coefficients of 0.501 and 0.444, respectively, are both significantly related to CIA at the $p<0.05$ level. Thus, H1a and H2 are supported by the coefficients. It is proved that CSR and MVD play major roles in order to produce the best CIA. In order to achieve the highest corporate image attractiveness, a company must have a very well defined mission to put them on top or parallel with other thriving companies. Employees also play a major role when they view themselves as partners in charting the direction of the company and are aware of the relevant values.

Table I: Regression Analysis - The Influence of CIM (MVD, CII, VII) and CSR on Corporate Image Attractiveness

Dependent Variable	Independent Variables	Unstd. Beta	Std. Beta	t	Sig.	VIF
CIA	Constant CSR MVD	0.163 0.501 0.444	 0.473 0.438	 5.030 4.660	 0.000 0.000	 1.99 1.19
R = 0.862 R Square = 0.743 F= 111.551 Sig. F = 0.000						

From the Table 1, it can be deduced that CSR is more influential in explaining CIA with a beta value of 0.473, which is higher than the 0.438 for MVD, since it is clearly affirm that investment in CSR is integrated as an important dimension of a company's business strategy. Essentially, CSR is the deliberate or planned inclusion of public interest in corporate decision making, and the honouring of a

triple bottom line, which is people, planet and profit. Furthermore, pursuing CSR in business practices can help any business enhance reputation and standing in building trust from stakeholders, generating sales, boosting enthusiasm and also product innovation or modernization.

Table 2: The Moderating Effect of CSR as a moderator in the relationship between CII, VII and MVD

Independent Variables	Std. Beta 1	Std. Beta 2	Std. Beta 3
MVD	0.397	**0.394***	1.188*
CII	**0.374***	0.164	0.324
VII	0.104	-0.078	-0.917
CSR		**0.436***	**0.612***
CIICSR			-0.292
VIICSR			1.334
MVDCSR			-1.310
R=0.870, R Square = 0.756 , Adjusted R Square = 0.733, F=31.937, Sig. F = 0.000 Note *p<0.05			

Table 2 shows the hierarchical regression result, the CSR as a moderator in the relationship between factors of CIM (MVD, CII and VII) and CIA. The hierarchical regression tested hypotheses H3a, H3b, and H3c. The hierarchical regression shows that CSR did not moderate the relationship between MVD, CII, VII and CIA. Thus, all the hypotheses were rejected. Instead, CSR has direct relationship to hotel's CIA. CSR as an investment may not act as a moderator in strengthening the effect of CIM initiatives and its outcomes. Therefore, CSR does not strengthen the relationship between of CIM and corporate image. A firm's financial ability and its willingness to allocate such resources for marketing can hugely impact its corporate identity activities, acting as an impetus between the corporate identity activities and corporate brand relationships.

Table 3: Regression Analysis – The Influence of CIA on Corporate Performance

Dependent Variable	Independent Variables	Unstd. Beta	Std. Beta	t	Sig.	VIF
CP	Constant CIA	-0.060 0.948	0.837	13.495	0.000	1.000
R = 0.837 R Square = 0.700 F= 182.111 Sig. F = 0.000						

Hypothesis 4 proposes that CIA has a direct influence on Firm Performance. Table 3 shows that the coefficient for CIA with a value of 0.948 is statistically significantly related to CP because the p value of 0.000 is less than the 0.05 level. Thus, Hypothesis 4, which states that CIA has a direct influence on CP and the impact of CIA is the crucial factor that will definitely influence the hotel performance. As CIA is directly enhance a firm's performance, thus organisation should maintains the best services including employee courtesy, cleanliness, uniform, food, etc. The organisation must offer service with the value enhancement for customers, maintain the level of customer loyalty, etc. Hypothesis 4 is significant at 0.000 and it is proved that CIA is key factor that influences CP.

6. Discussion & Conclusion

The findings supported previous studies such as Vlachos et al (2009) such as press coverage discussing CSR activities enhanced individuals' perceptions of a firm's standing vis-à-vis its reputation, image, and credibility. In building trust, it is suggested that managers should devise CSR programmes that reinforce perceptions of high service quality that leads to greater organizational recognition and association as well as greater purchase intent among consumers. Awareness of an organization's CSR activities may help in times of crisis, as stakeholders are less likely to believe negative information about an organization given the positive perceptions built via its CSR programs. The management in the service industry should also take into account that CSR plans or initiatives can backfire if they are used as 'a tool solely to improve the brand equity rather than to improve relationships with main customers'.

The study also reveals that corporate mission and value dissemination have an impact on the corporate image. It addresses that the relationship between value and image in a corporate sector shows that is associated with problem solving process in an organisation. This relates to Melo (2012) stresses that corporate value is associated with the 'humanistic culture' in the organisation. Members in the organisation will involve, participate and collaborate in line with the organisation's goals and mission. The formation of corporate image attractiveness perception is depends on the values judge by the stakeholders (Tran et al., 2015). The corporate values are focus on the organisation aims and visions of the company to achieve in the future which enhance the image but it is not a direct contributor to the company's earnings (Thomsen, 2005). Corporate image enables an organisation to be readily distinguishable from competing brands in the marketplace (Kazoleas et al., 2001; Hatch, Schultz & Williamson, 2003) and is coherent with the global vision of brands contributed by Kaur and Soch (2013). The expressive corporate value and its offerings as indicated by Yeo et al. (2011) are crucial and should be positively portrayed to prospects. The corporate brand building needs to be addressed by hotel services due to the current intense competition in the marketplace. This study confirms that corporate image is crucial to the hotels' performance which supports Kaur and Soch's (2013)'s findings, that indicate customer intention to be loyal is based on the corporate image of the service provider.

CSR is extremely valuable in corporate identity building due to its ability to facilitate corporate image attractiveness, thus, increasing a firm's competitive advantage and overall performance. Thus, CSR and CIM activities must be tailored to the organizations' settings to ensure the organisation sustainability. This is an important factor in a decision making process as suggested by Viruilaite and Daubaraite (2011) in the current level of complexity and competition in today's business environment. It also strengthens Martinez et al. (2014) that highlight marketers and the management of hotels need to enhance its CIA (Corporate image attractiveness) through better CSR programs. This will create positive perception among its customers. CSR activities encourage significantly better outcomes in hospitality industry. This insinuates that CSR and Mission and CIM - Mission & Value Dissemination activities must be tailored to the organizations' settings to ensure the success and effectiveness of their efforts to enhance their corporate image.

The present research should be assessed and evaluated carefully bearing in mind its limitations, which point to prospective avenues for future research. First, given the nature of influence method or mechanisms, other relevant variables should also be considered as boundary and limiting conditions of the correlation and their influence on CSR and marketing. Second, the research findings are limited by the comparatively small survey sample selected using convenience sampling, which may have resulted in sampling bias. Third, most of the survey respondents comprised 3-star hotels and above, which are not represented by general hotels such as motel, backpackers and home stay. A replication of this study is strongly recommended with larger sample sizes and greater representation from various groups of respondents (from all types and classes of hotel), where possible, utilizing probability and random sampling. Fourth, the research is also limited to certain customer's views of the organization. Hence, it may be useful to scrutinize the differences and similarities of CSR's impact and its effectiveness on the various groups of customers including investors and employees, and observe the explicit relations between CSR approaches and the respective stakeholder reactions. It is hope that this study will inspire future research that further contributes to the understanding and consideration of a more vital role of CSR and CIA to secure a sustainable competitive advantage.

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RISKS AND FINANCING DECISIONS: DYNAMIC PANEL DATA EVIDENCE FROM THE PHILIPPINES

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Abstract: Using a sample of listed non-financial Philippine firms over the period 2004-2014, this study empirically examines the effects of macroeconomic and firm-specific uncertainty on firm leverage. We employ a dynamic panel data method, namely the robust two-step system GMM estimator on both the book and market leverage ratios. We further analyze the effects of macroeconomic and firm-specific uncertainty on firm debt maturity. The results provide strong evidence of the negative effects of macroeconomic and firm-specific uncertainty on firm leverage. The results also indicate that while short-term debt is adversely affected by both firm-specific and macroeconomic uncertainty, long-term debt is only affected by macroeconomic uncertainty. This implies that although the Philippine firms take into account both firm-specific and macroeconomic uncertainty in their financing decisions in the short-run, they are only concerned about the adverse effects of macroeconomic uncertainty in the long-run.

Keywords: Capital structure, Leverage, Macroeconomic uncertainty, Firm-specific uncertainty, Debt maturity, System GMM

1. INTRODUCTION

This study extends the literature on the determinants of corporate capital structure by examining the impact of macroeconomic and firm-specific uncertainty on corporate capital structure. Although numerous studies have been conducted to identify the factors influencing firms' capital structure choices since the introduction of the irrelevance theorem by Modigliani and Miller (1958), there are surprisingly very few research that has been done on the combined effects of macroeconomic and firm-specific uncertainty on corporate capital structure. Some studies have included firm-specific uncertainty in their analyses, but very few have considered the effect of macroeconomic uncertainty.

The major theories of capital structure offer alternative explanations on the association between risk and firm leverage. On the one hand, the trade-off theory postulates a negative association between firm-specific risk and firm leverage (Bradley et al., 1984). On the other hand, the agency theory conjectures that the association between risk and firm leverage is positive (Myers, 1977). However, both theories are referring to firm-specific risk only.

More recently, some studies (e.g. Bhamra et al., 2010; Chen, 2010; Levy and Hennessy, 2007) have proposed theoretical frameworks to explain the firms' financing decisions when facing volatility in the macroeconomic environment. Most of these studies find that macroeconomic uncertainty has an adverse impact on firm leverage. Similar findings are reported by empirical studies such as Caglayan and Rashid (2014), Rashid (2013) and Baum et al. (2009). These studies are, however, mainly conducted on developed countries such as the U.S. and the U.K. The question here is whether these findings are also applicable to developing countries such as countries in the South East Asia. Another shortcoming to the existing literature on the effect of uncertainty on firm leverage is that none of the past studies consider the impact of macroeconomic and firm-specific uncertainty on firm debt maturity. It is, therefore, unclear whether macroeconomic and firm-specific uncertainty have similar effects on different debt maturities.

This study aims to fill this research gap by providing new evidence on the effects of macroeconomic and firm-specific uncertainty on the usage of debt and the choice of debt maturity by firms based on a developing country dataset. Specifically, this study utilizes an annual panel dataset for a sample of 100 listed non-financial Philippine firms over the period 2004-2014. Being a relatively small and highly

open economy, the Philippines is susceptible to the volatile international environment. This has affected the country's ability to sustain steady growth rates for long periods of time. The Philippine economy has also undergone multiple episodes of macroeconomic imbalances such as balance of payments crises, fiscal crises and financial crises since its independence. This renders the Philippines an interesting case of a developing country to conduct our analyses. We employ a dynamic panel data method, namely the robust two-step system generalized method of moments (system GMM) estimator on both the book and market leverage ratios.

The results show that there is a statistically significant negative association between both macroeconomic and firm-specific uncertainty and firm leverage. The results also indicate that while both firm-specific and macroeconomic uncertainty are important determinants of short-term debt, long-term debt is only affected by macroeconomic uncertainty. The results suggest that although the Philippine firms take into account both firm-specific and macroeconomic uncertainty in their financing decisions in the short-run, they are only concerned about the adverse effects of macroeconomic uncertainty in the long-run.

This paper is organized as follows. The next section discusses the literatures and the hypotheses. The third section describes the data and explains the methodology, while section four discusses the empirical results. The final section concludes this study.

2. LITERATURE REVIEW AND HYPOTHESES

Bollerslev et al. (1992, p. 6) once wrote that "uncertainty is central to much of modern finance theory". However, existing theoretical and empirical studies have provided inconclusive results on the relationship between firm-specific uncertainty and firm leverage. Some theoretical studies predict an inverse relationship between firm-specific uncertainty and firm leverage. For instance, using a single period model, Bradley et al. (1984) produce results which support the bankruptcy hypothesis of the trade-off theory, that is, there is an inverse relationship between firm-specific risk and firm leverage. However, Myers (1977) arrives at the opposite conclusion where the author predicts a positive association between firm-specific risk and firm leverage. This could be due to the reduction in the agency cost of debt as a result of an increase in uncertainty. Therefore, firms are likely to increase their leverage when uncertainty increases. Meanwhile, empirical studies such as Memon et al. (2015) and Ebrahim et al. (2014) find a positive association between firm-specific uncertainty and firm leverage, while the opposite is reported by Caglayan and Rashid (2014), Rashid (2013) and Baum et al. (2009).

With regards to the effect of macroeconomic uncertainty, some recent studies have proposed theoretical frameworks to explain the firms' financing decisions when facing volatility in the macroeconomic environment. Most of these studies find that macroeconomic uncertainty has an adverse impact on firm leverage. Bhamra et al. (2010) find that during periods of heightened macroeconomic uncertainty, firms opt for less debt to preserve their financial flexibility. Chen (2010) posits that macroeconomic uncertainty, in particular volatility in business cycles, should also be of importance to the decisions made by firms. The author predicts that firms will use less leverage during times of increasing macroeconomic uncertainty due to lower expected interest tax shields. Similar findings are reported by empirical studies on the relationship between macroeconomic uncertainty and corporate capital structure. Baum et al. (2009) study the link between macroeconomic and idiosyncratic sources of uncertainty and the optimal level of short-term leverage of U.S. non-financial firms during the period 1993-2002. They find that an increase in either form of uncertainty leads to a decrease in firms' short-term leverage. This effect is stronger for macroeconomic uncertainty compared to for idiosyncratic uncertainty. Rashid (2013) empirically examines the effects of uncertainty on firms' leverage decisions using a sample of U.K. energy firms during the period 1981-2009. The author finds that both macroeconomic and firm-specific uncertainties have negative impact on the firms' target leverage. However, less known is whether these relationships also exist among developing countries, such as firms in the Philippines, and whether these relationships hold among different debt maturities. Based on this discussion, we hypothesize that there is a significant negative relationship between both macroeconomic and firm-specific uncertainty and firm leverage in the Philippines, where leverage is proxied by total debt, short-term debt and long-term debt.

3. DATA AND METHODOLOGY

This study covers firms listed on the Philippine Stock Exchange between 2004 and 2014. Following Callahan et al. (2003), our sampling objective is to collect a net sample of at least 10% of these firms, which is deemed sufficient for statistical inference purposes. Firms from all major sectors, except the financial sector, are randomly selected. We exclude firms that have less than five years of consecutive data. Firm-specific data are extracted from Datastream. In order to overcome the effects

of outliers, the upper and lower 1% observations of all variables are winsorized. The final sample consists of an unbalanced panel of 1,004 firm-year observations from 100 listed non-financial Philippine firms. This represents 37% of the target population. Macroeconomic data are gathered from International Financial Statistics (IFS) by the International Monetary Fund (IMF).

The capital structure regression models are estimated using a dynamic panel data method, namely the two-step system GMM estimator proposed by Blundell and Bond (1998). The model is as follows:

$$LEV_{it} = \beta_0 + \beta_1 LEV_{it-1} + \beta_2 UNCER\_FIRM_{it} + \beta_3 UNCER\_MACRO_t + \beta_4 INVESTMENT_{it} + \beta_5 PROFITABILITY_{it} + \beta_6 FIRM\_SIZE_{it} + \beta_7 NDTS_{it} + \varepsilon_{it} \qquad (1)$$

Where subscript i denote the firm and t denotes the year. LEV is the leverage ratio, UNCER_FIRM denotes firm-specific uncertainty, UNCER_MACRO represents macroeconomic uncertainty, INVESTMENT is the investment of the firm, PROFITABILITY is the profitability of the firm, FIRM_SIZE denotes firm size, NDTS represents non-debt tax shields and ε is the error term.

This study adopts six different leverage ratios as dependent variables. Three are book leverage ratios, namely the book value of total debt ratio (measured as the book value of total debt over book value of total assets), book value of short-term debt ratio (book value of short-term debt over book value of total assets) and book value of long-term debt ratio (book value of long-term debt over book value of total assets). The other three are market leverage ratios, namely the market value of total debt ratio (book value of total debt over the sum of book value of total debt and market value of equity), market value of short-term debt ratio (book value of short-term debt over the sum of book value of total debt and market value of equity) and market value of long-term debt ratio (book value of long-term debt over the sum of book value of total debt and market value of equity). Market value of equity is computed by multiplying the number of company's shares outstanding and share price.

The independent variables are macroeconomic and firm-specific uncertainty. Our proxy for macroeconomic uncertainty is constructed from the conditional variance of the real interest rate, which is estimated using a generalized autoregressive conditional heteroscedasticity (GARCH) model. Specifically, allowing for ARMA errors in the mean equation, the GARCH (1,1) model is estimated for the real interest rate over the period 1990Q1-2014Q4. Following Caglayan and Rashid (2014), Rashid (2013) and Baum et al. (2009), we estimate the GARCH model over a longer period of time rather than for the study period of 2004-2014 since the model performs better with data covering a relatively longer time period. We compute the aggregate of the relevant four-quarter series of conditional variance to obtain the annual measure of macroeconomic uncertainty. Details of the model are provided in Table 1.

Table 1: GARCH (1,1) model of macroeconomic uncertainty

Panel A: GARCH (1,1) estimates	
AR(1)	-0.553*** (0.17)
AR(2)	-0.242 (0.15)
AR(3)	-0.190* (0.11)
MA(1)	0.548** (0.22)
ARCH(1)	0.772*** (0.20)
GARCH(1)	0.448*** (0.07)
Constant	0.000 (0.00)
Panel B: Diagnostic tests for remaining GARCH effects	
Log-likelihood	279.252
Observations	100
LM-test(6)	-0.448
p-value	0.655
Q(8)	7.354
p-value	0.118
Q(15)	9.175
p-value	0.606

Notes: Standard errors are given in parentheses. ***, ** and * indicate statistical significance at the level of 1, 5 and 10%, respectively.

Following Paligorova (2010) and John et al. (2008), firm-specific uncertainty is measured as volatility of profits, which is computed as the recursive standard deviation of operating return on asset. Based

on previous empirical research on capital structure, we include four firm-specific control variables in our analyses, namely investment (measured as investment over total assets), profitability (earnings before interest and taxes over total assets), firm size (natural logarithm of total assets) and non-debt tax shields (depreciation and amortization over total assets).

4. RESULTS AND DISCUSSION
4.1 Descriptive Statistics
Table 2 provides a summary of descriptive statistics. The average book value of total debt ratio is 17.5%, while the standard deviation is 17.1%. The average market value of total debt ratio is 15.9%, while the standard deviation is 16.2%. On average, the Philippine firms have more long-term debts than short-term debts under both book and market definitions of leverage.

Table 2: Descriptive statistics

Variable	Obs.	Mean	Std. Dev.	Min	Max
BVDRTD	1,004	0.175	0.171	0.000	0.773
BVDRSTD	1,004	0.071	0.095	0.000	0.610
BVDRLTD	1,004	0.104	0.138	0.000	0.680
MVDRTD	1,004	0.159	0.162	0.000	0.780
MVDRSTD	1,004	0.067	0.092	0.000	0.595
MVDRLTD	1,004	0.092	0.127	0.000	0.695
INVESTMENT	1,004	0.046	0.059	0.000	0.517
PROFITABILITY	1,004	0.060	0.213	-5.298	0.736
FIRM_SIZE	1,004	22.525	1.953	17.287	27.816
NDTS	1,004	0.032	0.035	-0.003	0.252
UNCER_FIRM	1,004	0.057	0.082	0.000	1.703
UNCER_MACRO	1,004	0.000	0.000	0.000	0.000

Notes: BVDRTD = Book value of total debt ratio; BVDRSTD = Book value of short-term debt ratio; BVDRLTD = Book value of long-term debt ratio; MVDRTD = Market value of total debt ratio; MVDRSTD = Market value of short-term debt ratio; MVDRLTD = Market value of long-term debt ratio; INVESTMENT = Investment; PROFITABILITY = Profitability; FIRM_SIZE = Firm size; NDTS = Non-debt tax shields; UNCER_FIRM = Firm-specific uncertainty; UNCER_MACRO = Macroeconomic uncertainty.

Table 3 presents the correlations between the explanatory variables. Since the explanatory variables are not highly correlated, multicollinearity is not an issue in this study.

Table 3: Correlation matrix between explanatory variables

	(1)	(2)	(3)	(4)	(5)	(6)
INVESTMENT (1)	1.000					
PROFITABILITY (2)	0.098*	1.000				
FIRM_SIZE (3)	0.170*	0.218*	1.000			
NDTS (4)	0.505*	0.148*	0.115*	1.000		
UNCER_FIRM (5)	-0.020	-0.549*	-0.139*	0.030	1.000	
UNCER_MACRO (6)	0.015	0.023	-0.068*	0.052	-0.148*	1.000

Notes: INVESTMENT = Investment; PROFITABILITY = Profitability; FIRM_SIZE = Firm size; NDTS = Non-debt tax shields; UNCER_FIRM = Firm-specific uncertainty; UNCER_MACRO = Macroeconomic uncertainty. An * indicates statistically significant at the level of 5% or less.

4.2 Regression Results

Table 4: Two-step system GMM estimation of book and market leverage models

	Model 1 BVDRTD	Model 2 MVDRTD
Lagged dependent variable	0.860*** (0.07)	0.750*** (0.08)
	0.293*** (0.09)	0.230** (0.11)
INVESTMENT	-0.059** (0.03)	-0.062** (0.03)

PROFITABILITY	0.010*** (0.00)	0.013* (0.00)
FIRM_SIZE	-0.346*** (0.12)	-0.275* (0.16)
NDTS	-0.131*** (0.05)	-0.150*** (0.06)
UNCER_FIRM	-363.372*** (84.07)	-374.850*** (95.76)
UNCER_MACRO	-0.190*** (0.06)	-0.235*** (0.07)
Constant	904	904
Observations	0.868	0.759
AR(2): p-value	0.669	0.103
J-statistic: p-value		

Notes: BVDRTD = Book value of total debt ratio; MVDRTD = Market value of total debt ratio; INVESTMENT = Investment; PROFITABILITY = Profitability; FIRM_SIZE = Firm size; NDTS = Non-debt tax shields; UNCER_FIRM = Firm-specific uncertainty; UNCER_MACRO = Macroeconomic uncertainty. Asymptotic standard errors (in parentheses) are heteroscedasticity robust. ***, ** and * indicate statistical significance at the level of 1, 5 and 10%, respectively.

Table 4 shows the results for the two-step system GMM estimation on the book value of total debt ratio (Model 1) and the market value of total debt ratio (Model 2). Asymptotic standard errors are robust to heteroscedasticity. In order to check for the robustness of the instrumental variables in the system GMM estimations, two specification tests are employed. For both models, the Hansen *J*-statistics confirm the validity of the instruments, and the estimated statistics for AR(2) test indicate that the residuals of the models are not subject to second-order correlations.

Both models show relatively similar results, which indicate the robustness of our results. In line with our hypotheses, the coefficients for both firm-specific and macroeconomic uncertainty are negative and significant at the 1% level. This implies that when firms encounter increasing firm-specific and macroeconomic uncertainty, they use less leverage in their capital structures. This is consistent with the findings of Caglayan and Rashid (2014) and Rashid (2013).

The coefficient for the lagged dependent variable is significantly positive at the 1% level. This indicates the persistent effects of leverage. This is in line with past findings by Caglayan and Rashid (2014) and Rashid (2013).

The coefficient for investment is significantly positive at the 1% and 5% level for book and market leverage ratios, respectively. This implies that firms use more debt as capital investment increases. This is consistent with prior results by Caglayan and Rashid (2014) and de Miguel and Pindado (2001).

The coefficient for profitability is significantly negative at the 5% level. This is consistent with prior findings by Rashid (2013) and Baum et al. (2009). This also supports the pecking order theory. According to Myers (1984) and Myers and Majluf (1984), firms prefer to fund new investment with internal funds or retained earnings compared to external financing due to information asymmetry and adverse selection problems. Thus, more profitable firms are inclined to use less debt in their capital structure.

The coefficient for firm size is significantly positive at the 1% level. This is consistent with prior studies by Chakraborty (2013) and Rashid (2013). This also supports the trade-off theory, where large firms are able to use more leverage since they have greater bargaining power in the debt markets due to their reputation and creditworthiness.

The coefficient for non-debt tax shields is significantly negative at the 1% and 10% level for book and market leverage ratios, respectively. This is in line with the trade-off theory, and is supported by the argument of DeAngelo and Masulis (1980) that tax benefits of debt financing can be substituted by non-debt tax shields such as tax deductions for depreciation and investment tax credits.

Table 5: Two-step system GMM estimation of short-term and long-term leverage models

	Model 3 BVDRSTD	Model 4 BVDRLTD	Model 5 MVDRSTD	Model 6 MVDRLTD
Lagged dependent variable	0.504*** (0.07)	0.765*** (0.06)	0.537*** (0.10)	0.669*** (0.08)
INVESTMENT	0.072* (0.04)	0.240*** (0.09)	0.060* (0.04)	0.211* (0.12)
PROFITABILITY	-0.032* (0.02)	-0.020 (0.01)	-0.032* (0.02)	-0.023* (0.01)
FIRM_SIZE	0.003* (0.00)	0.011*** (0.00)	0.003 (0.00)	0.010*** (0.00)

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	0.107	-0.177	0.040	-0.213
NDTS	(0.10)	(0.11)	(0.09)	(0.14)
	-0.086[*]	-0.030	-0.095[**]	-0.048
UNCER_FIRM	(0.05)	(0.03)	(0.05)	(0.03)
	-93.766	-279.820[***]	-207.685[**]	-267.479[***]
UNCER_MACRO	(61.44)	(68.25)	(81.33)	(65.96)
	-0.038	-0.227[***]	-0.028	-0.207[***]
Constant	(0.04)	(0.06)	(0.04)	(0.06)
	904	904	904	904
Observations	0.690	0.291	0.540	0.236
AR(2): p-value	0.426	0.326	0.175	0.265
J-statistic: p-value				

Notes: BVDRSTD = Book value of short-term debt ratio; BVDRLTD = Book value of long-term debt ratio; MVDRSTD = Market value of short-term debt ratio; MVDRLTD = Market value of long-term debt ratio; INVESTMENT = Investment; PROFITABILITY = Profitability; FIRM_SIZE = Firm size; NDTS = Non-debt tax shields; UNCER_FIRM = Firm-specific uncertainty; UNCER_MACRO = Macroeconomic uncertainty. Asymptotic standard errors (in parentheses) are heteroscedasticity robust. [***], [**] and [*] indicate statistical significance at the level of 1, 5 and 10%, respectively.

Next, we estimate the effects of macroeconomic and firm-specific uncertainty on firm debt maturity, and the results are reported in Table 5. Models 3 and 5 are short-term models, while Models 4 and 6 are long-term models. The results show that while firm-specific uncertainty has a significant negative effect on short-term debts, its effect on long-term debts is insignificant. The opposite results are observed for macroeconomic uncertainty, where it has a significant negative effect on long-term debts. Macroeconomic uncertainty also has a significant negative effect on the market value of short-term debt ratio, but its effect on the book value of short-term debt ratio is insignificant. The results for other variables are generally preserved except for non-debt tax shields which becomes insignificant.

5. CONCLUSION
This study empirically examines the effects of macroeconomic and firm-specific uncertainty on firm leverage and debt maturity based on an unbalanced panel of 100 listed non-financial Philippine firms over the period 2004-2014. We employ the robust two-step system GMM model in our analyses. We find that there is a statistically significant negative association between macroeconomic and firm-specific uncertainty on firm leverage. The results are comparable to those found in developed countries. The results also show that while short-term debt is adversely affected by both firm-specific and macroeconomic uncertainty, long-term debt is only affected by macroeconomic uncertainty. This implies that although the Philippine firms take into account both firm-specific and macroeconomic uncertainty in their financing decisions in the short-run, they are only concerned about the adverse effects of macroeconomic uncertainty in the long-run. This is a new contribution since past studies have not examined the effects of macroeconomic and firm-specific uncertainty on firm debt maturity.
The results of this study provide further evidence on the relationship between risk and financing decisions. This may benefit the capital structure literature. The findings of this study is also useful for policy makers to formulate appropriate policies to ensure stability in the business and macroeconomic environment. This will facilitate firms to make sound financing decisions in both the short- and long-run.

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SOCIAL ENTREPRENEURSHIP DEVELOPMENT IN BULGARIA

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Abstract: In the last decade the concept of development and promotion of social economy and social entrepreneurship are part of EU policy to tackle the social exclusion of persons in a vulnerable position. Also, the model of social economy is one of the key instruments for achieving social objectives within the framework of the sustainable and inclusive growth. Social benefits are measured by integration and employment of disadvantaged people, the contribution to the process of social inclusion of other vulnerable people, and the economic indicator is expressed by saved public funds for social welfare, on the one hand, and the additional funds compensating the social costs of long-term unemployment. What is important to happen is to create suitable conditions for the development of social enterprises with the widest possible range - vulnerable groups themselves and their problems are diverse and different, and the „answer" to their needs must be flexible in order to be efficient and effective; „way to solutions" is not important (the path may be different, as are diverse and vast opportunities for economic initiatives) that leads to the result itself, the result is important - better integration and sustainable tackling of social exclusion [39].

The Economic and Social Council of the Republic of Bulgaria (ESC) [81] believes that social enterprises in Bulgaria are still an untapped business model. Current social enterprises are mainly non governmental organizations by applying the relevant legislation creating social enterprises whose business is focused on the realization of the social purpose and mission of the organization. Social enterprises in Bulgaria operate in various sectors, the most serious part are in: the delivery of social services; providing jobs for people with disabilities; mediation in finding employment of unemployed persons; provision of health services; activities in the field of education and others.

In realizing these activities the leading is not the end product but the achieved social effect on individuals themselves expressed in obtaining the necessary support to integrate into society. In this sense, there are three basic models of social enterprises:

• The most common model is the one that creates jobs and develops the workforce. By business jobs are created primarily for people with disabilities. Most often the social enterprise is the employer of people with disabilities in order to achieve the integration of persons with disabilities in the labor market and create conditions for a better life.

• Another popular model of a social enterprise is the one in which the enterprise produces goods and seeks markets, also engaging with their distribution. Most often social enterprises involve persons with disabilities in the form of occupational therapy involved in the production of certain goods. Existing social enterprises in Bulgaria within this model are engaged in the manufacture of certain products by persons who are unemployed or socially excluded. The aim is to enable them to work and improve their social inclusion.

• The third existing model in Bulgaria is related to the provision of social services generally through payment of external customers, while social enterprise provides social services to its members. Payment is under contract with the state or a municipality. Within this model, services are provided to different users paid directly to social enterprise for direct service.

Implementing the strategy „Europe 2020" in Bulgaria, a National Reform Programme [47] is developed. There are four priority areas: better infrastructure; competitive youth (reducing the share of early school leavers, increasing the number of young graduates, encouraging young scientists realization of young people in Bulgaria); better business environment (higher employment, more investment, incl. in innovation); more trust in state institutions (protection of interests of citizens and businesses, social justice and security).

It is important to note that the National development program: Bulgaria 2020 [46] identifies a specific area of impact and measures related to the social economy and entrepreneurship, in particular in

Priority 2: Reducing poverty and promoting social inclusion, Sub-priority 2.1 Providing employment opportunities and raising wages: „promoting entrepreneurship - encouraging entrepreneurship, including social entrepreneurship for unemployed persons and persons from disadvantaged groups". According to this document, policy of social inclusion requires a special approach for the most vulnerable groups in the Bulgarian society, which contribute to the overcoming of their social exclusion and to break the transmission of poverty between generations. The political decision to strengthen the status and role of social enterprises would provide an additional tool to achieve the national target of Bulgaria to reduce the number of people living in poverty with 260,000 by 2020.

The vision and priorities to promote development of social economy are defined in National concept of social economy adopted in 2011. It follows the priorities of the strategy „Europe 2020" to promote the social economy to achieve sustainability, economic growth and quality of life (mostly of disadvantaged groups). To realize these commitments, the state should create an appropriate legal and institutional environment and coordinated sectoral policies to allow in an accelerated scope to put into practice successful models of social enterprises. In the concept criteria for identification of enterprises and organizations of the social economy are developed, which could serve as a basis for creating a favorable (administrative and legal) environment for the development of social enterprises (access to finance, social clauses in public contracts, tax breaks, etc.). The concept serves as a standard to support the development of social economy and encouraging all participants to promote the spirit of social solidarity. According to the concept social economy is „both part of the real economy and of civil society in which individuals and / or legal persons, associations of volunteers or other organized entities doing business in the public interest and reinvest profits to achieve social objectives".

In the National Strategy for the youth 2010-2020 [49] is noted that Bulgaria should improve economic activity and career development of young people, promote social entrepreneurship among them. For this purpose it is necessary to promote public-private partnerships and social entrepreneurship in services for the development of young people. For the realization and active participation of young people in social and economic life, an appropriate and favorable environment is required, as well as conditions for school and university education in the field of social entrepreneurship.

The priority of the National Strategy for reducing poverty and promoting social inclusion (2020) [51] is to provide employment opportunities and increase income through active involvement of citizens in the labor market. Among the specific measures is promoting entrepreneurship, including social entrepreneurship.

The long-term strategy for employment of people with disabilities 2011-2020 aims to provide opportunities for people with disabilities of working age to effectively exercise their right to free choice of employment realization and to improve their quality of life for a free and full involvement in public life.

Within the Operational Programme „Human Resources Development" (OP „HRD") 2007-2013, Area of Intervention 5.1 „Support of social economy" provides support to existing specialty businesses, cooperatives of people with disabilities and social enterprises. It also supports the creation of new forms of social enterprises, including sheltered workshops, creating conditions for strengthening community and voluntary initiatives contributing to raising the level of social capital.

The strategy of the OP „Human Resources Development" 2014 - 2020 relies on the notion that the most critical to tackling poverty and social exclusion is the application of such social policies that give people access to economic opportunities and the needed knowledge and skills to utilize set up options - so that they managed to cope with the trap of poverty and social exclusion, dependence on social protection system, vulnerability to the adverse events of economic or social nature. The implementation of such active social policies must take into account not only national but also local specifics and characteristics. Here the important role of the social economy and social entrepreneurship in solving the problems of poverty and social exclusion. The potential of social enterprises lies in two of their essential characteristics.

First, they act locally networked with multiple stakeholders and knowing well the local problems and they can offer solutions proven to work in a place like reach those groups at risk of poverty or social exclusion to which active social policies reach very rarely in comparison to purely passive assistance.

Second, social economy organizations have the potential to mobilize and activate people themselves at risk of poverty and social exclusion and thus enable them to engage themselves in improving their living situation.

These two circumstances allot an important place of support for the social economy in the overall strategy of OP „HRD" to promote social inclusion.

Providing support for social enterprises through European structural and investment funds is fully in line with the Initiative for Social Business (COM (2011) 682 final) [82], but also announced in February 2013 Social Investment Package (COM (2013) 83 final) [83], in which the European Commission

recommends member states to support social entrepreneurs by providing incentives for starting and developing businesses, expanding their knowledge and networking.

Specific opportunities for project financing of social enterprises will provide investment priorities №1: „Socio-economic integration of marginalized communities such as the Roma" and №4: „Promoting social entrepreneurship and professional integration in social enterprises and promoting social solidarity economy in order to facilitate access to employment", thematic objective 9: „Promoting social inclusion, fighting poverty and all forms of discrimination".

Indicative eligible activities are in the following areas:

• Improving access to employment - activation of economically inactive persons; mediation to find a job; vocational information and counseling; psychological support; motivational training; providing of training; inclusion in internships, apprenticeships, employment including in the social economy; promoting self-employment, etc.;

• Support the activities of social enterprises specialized enterprises and cooperatives of people with disabilities in relation to employment;

• Social marketing and promotion of the social economy and social entrepreneurship;

• Social and professional integration of representatives of vulnerable groups in the social economy sector;

• Education and training for persons who are employed in social enterprises, specialized enterprises and cooperatives of people with disabilities;

• Equipment and adaptation of jobs;

• Support for activities related to creating partnerships and dissemination of best practices in the field of social economy;

• Improving the capacity and human resources to effectively manage social enterprises specialized enterprises and cooperatives of people with disabilities;

• Provide „supported employment" for people with disabilities;

• Public awareness campaigns on the potential of social economy.

OP „HRD" defines the types of beneficiaries who may be: Ministry of labor and social policy; Agency for Social Assistance; Agency for Persons with Disabilities; social enterprises; employers; specialized enterprises and cooperatives of people with disabilities; educational and training institutions and organizations; NGOs; municipalities and districts of municipalities; social partners; financial institutions, social service providers.

There are other documents defining the key role of social entrepreneurship in combating poverty and social exclusion of various vulnerable groups. Reforms are needed and implementing innovative measures aimed to develop new approaches and models to tackle poverty and social exclusion. The social economy and entrepreneurship is one of the key instruments through which to complement ongoing government policy targeted to social support and smart and sustainable growth.

In Bulgaria there is freedom in relation to self-determination as a social enterprise and choice of form by which to function. At the time, regardless of the national concept of social economy and its implementation plan, a systematic state policy is lacking, providing easily accessible and flexible incentives for their development, including all forms. Rather, private donors and programs develop initiatives aimed at increasing the capacity and the incentives. Entirely by the organizations themselves depend on whether and how to define as a social enterprise that comes to the question whether this means real and whether it is long-solving specific social problem and seeking support for it.

The following challenges facing social enterprises in Bulgaria are identified [89]:

1. Lack of legal framework relating to the definition of social enterprises in order to properly guide policies;

In Bulgaria there is still no legal definition of social enterprise, but has a set of characteristics (in National Concept for Social Economy) which are the starting point for identifying social enterprise.

2. The majority of social enterprises in Bulgaria are aimed at providing different types of services (passive) while social entrepreneurship should develop towards active engagement of target groups in the process.

3. Problems encountered during the operation of social enterprises: facilities, administration, personnel, equipment;

4. Lack of sufficient incentives related to the supply of products of social enterprises in the market;

5. Interaction with other companies, organizations, administrations;

6. The need for training and motivation of people working in social enterprises and those who wish to take up a job there.

Social entrepreneurship is one of the most innovative ways to achieve a better quality of life, independence and inclusion in society of persons from vulnerable groups. Need to be taken key legislative changes in order set in strategic and political national documents measures to become real mechanisms to support social entrepreneurship in Bulgaria, as well as the successful development of social enterprises, requires the creation of sustainable partnerships between business, NGOs and the public sector - partnerships in which each of these actors recognizes its role to achieve socially important objectives and is willing to invest resources in that [12].

The study conducted an analysis on what extent is developed and adopted the concept of social entrepreneurship and the role of social enterprises for socio-economic development of Bulgaria by exploring opportunities to promote social entrepreneurship in the country through government policy, NGOs, business initiative, training and counseling.

The report presents and compares different points of view, particularly with regard to recommendations on regulatory changes, and it is prepared in a form allowing each piece to be read and used independently.

Keywords: Social Management, Social Activities, Social Economy, Social Entrepreneurship

1. INTRODUCTION

The promotion of innovative ideas in public policy is crucial to support the values of an active-oriented problem solving social system. These views underlie the ongoing social reforms in various countries and focus on the development of social entrepreneurship and the role of social entrepreneurs. An understanding is underlined that namely social entrepreneurs have the capability through localization of usable resources - human capital, buildings and equipment, to find flexible approaches to satisfy unmet social needs [78].

Social entrepreneurship is identified at European Union (EU) as a key instrument for regional cohesion and overcoming the problems of poverty and social exclusion. As part of its policy to promote the social economy and social innovation, social entrepreneurship contribute to achieving the strategic goals set in 2020 [87].

Legally binding definition for social enterprise at EU level has not been introduced. However, in the last 5 years we have seen that the leading strategic and normative documents define uniformly key elements in the definition [42]:

- Social enterprises pursue profit (socially significant) goals

Social enterprises are created to achieve social objectives (overcoming social injustice and social inequalities of vulnerable groups of people or achieve important public goals in the fields of ecology and sustainable development) and subject its economic activity, in contrast goals of profit in favor of individuals. Social enterprises pursue a direct leading goal to create social benefits in the public interest or for their members.

- Activity that carries out an economic / commercial in nature

The activity of social enterprises is expressed in the provision of goods or services in a competitive market, entrepreneurial way. Very often economic activity covers the delivery of services of general interest (e.g. social, health, educational, etc.) and very often they are in there essence a social innovation. It is possible that the goods / services are not in themselves directly for the needs of vulnerable groups, but the results or revenues to be in direct benefit or directly to support vulnerable groups and to solve socially significant problem

- Reinvestment of profits from economic activity

All or at least most of the profit of the enterprise is reinvested back into the activity itself (for its expansion or construction fund that also achieves social purpose and which can not be distributed among individual owners of social businesses or during its existence, or by reason of termination) and not being distributed to private shareholders or owners.

- Institutional independence and inner self-governance

Social enterprises are institutionally independent of the state authorities at central and local level (i.e. state institutions and municipalities do not have the ability to influence in inner decision-making social enterprises neither by law nor by virtue of its founding documents). Internal management of social enterprises include mechanisms for participation in the decision-making of representatives of vulnerable groups (such as its employees, users, members) for which it exists or the basis of the mechanism of control laid down the principle of social justice. Internal control is based on the principles of representativeness and transparency.

The social economy develops through **various organizational - legal forms of entrepreneurship** as cooperatives, mutual societies, associations, social enterprises and organizations, foundations and other existing in different EU member countries entities.

Personality in the social economy have cooperatives, enterprises and organizations duly registered under national law, whose business has a social and humanitarian results and they reinvest profits for social purposes.

On **criteria for the identification of the entities in the social economy** Bulgaria will adhere to the indicators of the European Parliament to determine the economic and humanitarian activities as part of the social economy [45]:

- rule of community and social activity before profit;
- protection and enforcement of the principles of solidarity and responsibility;
- reconcile the interests of the participants and the general interest;
- democratic control by the participants (one member - one vote);
- voluntary and open membership;
- self-government and autonomy from government authorities;
- use a major part of the economic outturn:
- to follow sustainable development objectives of the company;
- to meet the specific needs of participants;
- in favor of the collective interest.

These indicators contribute to the visibility of social enterprises and activities among businesses from the real economy, but should not be seen as absolute as it can also hamper their activities and development. For example, autonomy to public authorities can be legitimate impediment for state subsidies, if applied to the transparency of the use of public funds, regardless of their size.

There are some guiding criteria for respondents to self-determination as a social enterprise [42]:

1) over 50% of profits regularly invest to achieve social objectives:

- Support for socially vulnerable groups and / or individuals in isolation;

- Environmental protection with impact on society;

- Social innovation; - Implementation of other activities, production and / or production of goods and services with a social purpose; and / or

2) more than 30% of the staff from vulnerable groups [84].

Legal and organizational forms through which you can develop social entrepreneurship shown in different national documents

National concept of social economy considers the following legal forms through which social entrepreneurship develops:

1) Social enterprises - legal non-profit organizations doing business with a strong social effect towards members of vulnerable groups in the broadest sense: to improve their standards of living, employment, provision of services and/or other forms of direct support, the end result is their active social inclusion.

2) Social enterprises - companies (LTD) owned by non-profit organizations as the „income from operations of the company is used for social purposes".

3) Social enterprises according to the Law of Integration of People with Disabilities - cooperatives or specialized enterprises (companies) of and for people with disabilities – „transparent and democratic governance principles make them particularly suitable form of entrepreneurship in the field of social integration".

4) Social enterprises - cooperatives, but only if they „meet the indicators of social enterprises".

However, OP „HRD" considers social enterprises along with specialized enterprises and cooperatives for people with disabilities as a tool for creating supported employment for people „who have difficulties with their integration into the labor market" [55]. It leads to the conclusion that 1) social enterprises are regarded as a separate group of specialized enterprises and cooperatives for people with disabilities and 2) namely by supporting social enterprises addressing social problems of persons who do not fall within the vulnerable group of people disabilities is promoted. Overs social enterprises are mentioned as some of the beneficiaries types of support among NGOs, cooperatives, providers of social, health or educational services.

Bulgaria has not introduced a legal definition of social enterprise, nor is there a clear and explicitly defined regulatory framework. Strategic documents in the field distinguish between „social economy enterprises" and „social enterprises", the intention is the first group to cover a wider range of persons, some of which are social enterprises [45, 55]. Moreover, from 2012 onwards statistical information is collect for existing social enterprises in Bulgaria. In 2013, NSI includes guiding criteria for respondents with regard to whether they identify themselves as social enterprise or not. As main features of social enterprise are included:

- achieving social purpose;
- making of economic activity;

• predominantly reinvestment of profits back into the business than distribution among individual partners, shareholders, founders / members.

In terms of the types of legal and organizational forms through which one can develop social enterprise, inconsistencies and discrepancies are observed between different strategic documents and programs [45]. There is no unified framework and general binding characteristics of social enterprises. This makes it difficult referencing them in each case to an enterprise and determination what is a social enterprises or not. Solving this problem would have been related to more effective planning and efficient spending of public funds to promote the development of social entrepreneurship.

Social entrepreneurship can be carried out under different legal forms. A common and appropriate form (in terms of criteria for defining an enterprise as social enterprises) in Bulgarian context are the NGOs [37]. Reasons that necessitate this conclusion are as follows: 1) achieving non-profit (including social) goal is leading in this legal form and it is a legal due; 2) NGOs are legally able to make direct business that must meet strict criteria; 3) under the laws revenue from economic activity should be used to achieve profit objectives of NGOs; 4) the law prohibits distribution of profit realized from business activities between founders, members, members of bodies or other related or unrelated persons in the organization (as opposed to traders). All these legally guaranteed performance objectives and activities of NGOs identify the potential of the NGOs to develop social enterprises. Next, this potential is complemented by the advantages over other operators available to NGOs in the search of the social effect:

• Their existence is justified by the needs of people in a community, they have been created by themselves and therefore people recognize them as an opportunity to tackle a social problem;

• The relationship with the community helps to identify social needs and select appropriate interventions for their satisfaction;

• They can generate additional resources and build over using a combination of public resources endowment.

The utilization of this potential must be linked to overcome some weaknesses common in NGOs - insufficient management skills, especially related to activities generating resources; as well as deficits in other important economic field skills such as marketing and sales, people management and accounting - deficits inherent in SMEs in principle and are eventually overcome.

A social enterprise could be set up as a trading company [90]. Current legislation on companies does not provide for restrictions on the purposes and the distribution of profits similar to those of NGOs. Therefore, in order to get closer to the concept of social enterprise, a company must be established either by NGOs or provide for such rules in the internal spatial documents. Recently, we are seeing interest from start-up entrepreneurs, especially young people with jobs in the business sector, environmentally friendly, energy resources or effects on health and well-being. They need to be supported to develop their ideas into a social business with special attention to limiting their private interests in favor of public socially significant goals.

Specialized enterprises and cooperatives of people with disabilities are companies that meet additional criteria concerning employment of people with disabilities [27] and should be entered in a special register at the Agency for people with disabilities [70]. They are recognized as social enterprises by definition.

A social enterprise, acting within the discussed above legal forms, in itself does not require a special registration to be „recognized" as such. Various laws have provided a number of additional registrations to be made depending on specific goods and services that will provide a social enterprise. Such as: registration as a mediator in employment at the Employment Agency (EA) [33], registration of providers of social services to the Agency for Social Assistance (ASA) [36], registration of hospitals in the regional health inspection [30], registration of training organizations to the National Agency for Vocational education and training (NAVET) [35].

Regardless of the legal form under which social enterprises are established, several major taxes are relevant to their activities. Revenue from economic activities of the social enterprise is subject to annual corporate tax of 10% on profits. In certain cases, the law and representative social costs of social enterprises will be subject to tax costs, withholding tax and value added tax.

Bulgarian legislation provides different categories of preferences that are relevant to the work of social enterprises. Some of them can be used regardless of the legal form. These include tax breaks for donors of certain vulnerable groups (people with disabilities, including technical resources for them, socially disadvantaged persons, children with disabilities or parents, drug addicts for their treatment) [29], tax breaks for employers of long-term unemployed or people with disabilities [29, 33, 37], the possibility of exemption from VAT on certain supplies of goods and services [22].

Social enterprises as NGOs registered in the public interest are exempt from paying local tax donation [32]. Social enterprises - specialized enterprises and cooperatives of people with disabilities [29], may request assignment due to their annual corporate tax and use it entirely for the integration of people with disabilities or for maintaining and creating jobs for hearing impaired people in the next two years. There are also tax breaks for donors of social enterprises registered as public benefit NGOs, such as a hospital or a specialized company or a cooperative of disabled people [23, 29].

National legislation regulates the possibility of „conservation" of contracts in respect of specialized enterprises and cooperatives of people with disabilities [34]. If the object of the contract is one of those in a special list of the Council of Ministers or it runs programs to protect the employment of persons with disabilities, the contracting authority is obliged to keep only specialized enterprises / cooperatives of people with disabilities the right to apply for contractors.

Existing financing mechanisms for social enterprises, along with the aforementioned tax benefits are [91]:

• Bank loans - extremely difficult without special exemptions for certain categories of social enterprises;

• Risk equity financing - available only to merchants, mainly small and medium enterprises. NGOs do not have access to such funding.

• Grant funding for the development of social enterprises - such funding has been provided under the OP Human Resources Development 2007-2013 and is expected within the next programming period. Moreover, to support to the development of social entrepreneurship in the second programming period provided means and within the framework of the Operational Program „Innovation and Competitiveness". Agency for Persons with Disabilities supports projects of specialized enterprises and cooperatives of people with disabilities

• Collection of fees for paid services - social enterprises normally can independently make prices. However, given the specifics of vulnerable groups they work, their ability to support themselves solely from business income is likely to be limited.

2. METHODOLOGY

This report provides an overview of legislation, strategic documents and analysis of the development of social entrepreneurship in Bulgaria. Results of a pilot study are also presented aimed at more qualitative research through the contributions received as a result of interviews with representatives of various categories of organizations in expert and managerial positions, formulating basic conclusions about current needs and ways to promote social entrepreneurship. Prepared are issues with the opportunity to complement and express their own opinions and recommendations to address different aspects and views on the state of social entrepreneurship, in particular how it is accepted and supported by society and how it could be promoted incl. activities for capacity building - consulting, training, information, motivation, etc., cooperation, etc.

3. SOCIAL ENTREPRENEURSHIP IN BULGARIA

The staging of the problem of social entrepreneurship in Bulgaria is entirely determined by economic and cultural contexts in the country. It can be concluded that the concept of social entrepreneurship is a relatively young both as theory and practice. Undoubtedly there is a misunderstanding of this project, not only by society but also by the authorities of the tax and legislative regulation. In the public perception there is an underlying understanding that social entrepreneurship is a type of social labour readjustment of unprotected groups in commercial enterprises. From the legislative point of view itself Law for Non-profit, albeit allowing the conduct of business by NGOs, is not sufficient to stimulate similar initiatives. On the one hand, the lack of explicit mention of the social enterprise category leads to a situation in which existing social enterprises are often not perceived in such a quality. On the other hand, the experience of developed countries shows that the majority of social entrepreneurs start a business with a donation of social capital in the form of networks of relationships and acquaintances linked by common values and interests. Fundraising through charity, volunteer work and corporate responsibility entails expansion of capital and thus leads to generation of new products and services [78].

Unfortunately, in Bulgaria donation is more „retail", which does not apply tax relief. Corporate responsibility, which despite some conventions can be assigned as part of the concept of social entrepreneurship, is gaining momentum in recent years. In this direction a number of good practices can be summarized which provokes some hopes for the development of social enterprises.

3.1 Types of organizations providing consulting and advice to social entrepreneurs

By providing opportunities for absorption of European funds through the operational programs in Bulgaria there is a growth of organizations and individuals providing consulting services. Interest in obtaining grants and poor knowledge and development of social entrepreneurship leads to a focus on providing consultancy services to the preparation of project proposals according to the available options at that time. There are no long-term strategies and a clear vision of sustainability activities.

Below are mentioned some of the representative associations of consulting organizations in the country as an example of the activities carried out in general management consulting and European programs, which social entrepreneurs also could benefit from. Considering the placement of social entrepreneurship as a priority, consulting organizations start orienting towards activities in this direction.

Bulgarian Association of Management Consulting Organizations (BAMCO) [13] brings together and represents professional consulting organizations and certified consultants. The Association was established in October 1997. Through its members BAMCO have access to more than 400 highly qualified management consultants.

BAMCO mission is to maintain high professional and ethical standards in the field of management consulting, to assist in the development of the market of consulting services to assist its members in the identification and realization of business opportunities.

Vision: As an official representative of professional management consulting in Bulgaria, BAMCO aims to be one of the main partners of Bulgarian and international business, governmental and non-governmental organizations in accelerating economic and social development and integration of the country and the region within the European Union.

Key priorities:

• Joining professional consulting organizations and individual consultants who contribute to the reputation and recognition of the profession.

• Maintain high professional and ethical standards in the field of management consulting, development of professional qualifications and competence of management consultants.

• Presentation and protect the professional interests of members of the organization.

• Identification, exchange and implementation of business opportunities by creating the conditions for mutual understanding and partnership between members of the organization.

• Identification and realization of business opportunities through partnerships with Bulgarian and international business, state, municipal, government and NGOs.

BAMCO members are active in many industry sectors in the areas of consulting:

• Project management
• European projects
• Corporate Strategy and Organizational Development
• Financial and administrative systems
• Human Resources
• Production Management and Services
• Marketing and Corporate Communications
• Information Technology
• Economic and environmental studies.

Bulgarian Association of Consultants in European programs (BAKEP) [14], established in 2009, is the first and a unique non-governmental professional organization of consulting organizations and independent experts whose sphere of activity is focused on the full and efficient absorption of EU funds as a tool for achieving the objectives of the regional policy of the European Union.

Through its activities BAKEP aims to contribute to increasing the efficiency of implementation and management of the entire project cycle to support funding of European funds of Bulgarian private and public sector, thereby contributing to improving socio-economic conditions for sustainable development in Bulgaria. To achieve this, the organization brings together and channeled competence of its members and partner managing authorities to optimize the development and implementation of European programs.

In this connection, part of the targeted activities of BAKEP can be divided into three main modules:

Cooperation with the competent state authorities:

• Organizing and participating in contact groups with the state and local administration.

• Participation at the expert level and civic organization in the development of policies in the sector;

• Identify, summarize and officially presented to the competent authorities of the opinions of beneficiaries of EU and other donor programs, accompanied by recommendations for change inappropriate practices;

• Preparation of opinions on the draft regulations, instructions, decisions and other acts in the sphere of the objectives of the Association.

• Participate and assist in governmental projects in areas similar to the objectives of the Association.

Establishing a uniform standard of professional consulting companies:

• Organization study issues related to the development of consultancy in Europe and the country.

• Organization of consulting, expert advice and coordination on various issues, as well as offices for legal, economic, informational and other services supporting the activities of the members.

• Organization of staff training.

Promotion of local and international experience and best practices:

• Support and promote the organization of scientific conferences and meetings on the objectives of the Association in the country and abroad;

• Implement and maintain relationships with the media and carrying out activity to familiarize the public with the objectives and work of the Association, as well as the importance of issues related to the absorption of EU funds allocated to the country;

• Making the cooperation with similar goals and activities;

• Organization of national, regional and international symposia, lectures, conferences on issues related to the utilization of funds under grant programs;

The Program for Rural Development accepts that weak entrepreneurial activity in rural areas is an obstacle to the utilization of internal resources of the local economy (tourism, processing of agricultural and forestry production, social entrepreneurship, disposal) and to strengthen the vertical and horizontal links in the economy. It is therefore necessary to support the development of entrepreneurial skills to promote business initiatives by local residents and to improve the business environment in rural areas. Entrepreneurship development is also a successful method for increasing women's employment and integration of people at risk of marginalization. It is also a priority of the National Strategy to promote development of small and medium-sized enterprises 2014-2020 [52].

Based on the analyses and conclusions of them it can be considered that social enterprises can find their application and development in rural areas. There are two main options identified taking into account existing conditions in rural areas, which can lead to a positive economic impact for a social enterprise. Tourism and agriculture have great potential for development in Bulgaria and social entrepreneurship has a place in the development of these sectors [69]. This means there is a potential for development of consulting services in the field of social entrepreneurship in these areas, which implies the need for capacity building among business consultants.

Usually business consulting services offered on the Bulgarian market are oriented to research on funding, project development, project management, design services, legal services and more. To these can be added and business analysis and business development, business software, reporting and control. Recently developed: a management training business negotiations, ERP selection, team building, recruitment, IT consulting, etc.

3.2 Support structures for the development of social entrepreneurship

As a start in the development of social enterprises in Bulgaria the year 2002 can be considered, when Counterpart Int. - Bulgaria began implementation of a program for creating and supporting social enterprises funded by United States Agency for International Development [17]. This is the first targeted use and introduction of the term „social enterprise" in the public domain in Bulgaria, causing concern among NGOs and local communities. Under the program in the period 2002 - 2006 year are conducted campaigns for promotion of social enterprises as a tool for social inclusion, employment of disadvantaged groups and strategic opportunity to increase the capacity of social service providers. Simultaneously, after the two competitions for non-profit organizations were selected 45 organizations from 17 communities participating in trainings and obtaining technical assistance and funding for the creation of social enterprises. As a result of the program and in view of the growing role of social economy within a united Europe as part of activities was the support to social enterprises organized campaign to prepare legislative changes to legislate social enterprise in existing regulations. Despite the efforts of NGOs and expressed political will of the government to ensure adequate legislation, the proposals remain only on paper [15].

The first step for institutional support of social entrepreneurship was made in 2009 when the Social Assistance Agency initiated direct grant assistance under the scheme BG051PO0015.1.01 Social

entrepreneurship - promoting and supporting social enterprises /Pilot phase/. Purpose of the procedure is to support the development of social entrepreneurship as an opportunity to improve the quality of life of individuals at risk and overcoming social isolation.

In 2011 it launched a new procedure - BG051PO001-5.1.02 „New opportunities". The main objective is to support the development process of social economy and create social capital by supporting municipalities to provide employment and activity of persons at risk. The specific objectives are: Support for individuals from target groups; Optimizing social costs of municipalities; Support local initiatives aimed at tackling local problems arising from poverty and social exclusion of people from the municipality; Creation and support of best practices for the development of social enterprises.

Other government agencies and NGOs that provide support for activities in the field of social entrepreneurship are the Agency for Persons with Disabilities, the National Association of Employers of People with Disabilities, Open Society Institute, Social alternative Trust which supports mostly members of the Roma community, the organization „Reach for Change", which aim is to raise charity to a higher level through the development of models of social entrepreneurship for children and youth at risk.

3.3 Facts and figures

Due to the weak development of its subject, the statistics for social enterprises in the country is not well developed. Best data is in terms of specialized enterprises for people with disabilities. Overall the society does not create sufficient and adequate opportunities for social inclusion of vulnerable groups [17]. There is lack of understanding and appropriate responses to the disadvantaged. The activities of social enterprises in Bulgaria are usually not particularly attractive to business areas due to lower earnings and slower return on investment. The most common area of activity of social enterprises in Bulgaria are the services most often social and educational. Production and trade are less developed. Businesses that deal with production, clothes, food (bread, honey), souvenirs, postcards, carpentry goods, works of applied art and more.

According to the summary data for 2012 of the National Statistical Institute (NSI) 4872 enterprises have identified themselves as „social". 2717 of them are registered as commercial companies and cooperatives. Social enterprises as commercial companies / cooperatives have generated a total of 3,597,289 lev income and made 3,419,789 lev operating expenses. Economic areas where there are most social enterprises - companies and cooperatives are trade and repair of motor vehicles and motorcycles (964) and manufacturing (395). 2155 by those which define themselves as social enterprises are registered as NGOs with only 253 of them have generated profit from their business.

In 2013, the number of those which define themselves as social enterprises is smaller - 3612. Of these, 2046 are registered as commercial companies and cooperatives. Areas of economic activity of social enterprises - companies/cooperatives remain unchanged. 1381 social enterprises - companies/cooperatives gain. 1566 of self-identified social enterprises are registered as NGOs with only 197 of them have generated profit by business (totaling 22,116 lev). These same NGOs have generated revenues from non-profit activities totaling 179,675 Levs.

According to the Agency for Persons with Disabilities and the National Association of Employers of People with Disabilities at the end of 2012 in the register of APD are included 131 specialized enterprises for people with disabilities. Of these, 67 are SMEs and 64 - microenterprises. The total number of employees in these amounted to about 1,200 people, 30% of them are people with disabilities. Only 12% of the total of 465 000 persons with disabilities in the country work (according to the National Association of Employers of People with Disabilities).

In August 2015 in the register of the Agency for Persons with Disabilities there are 281 registered specialized enterprises and cooperatives of people with disabilities. They employ 3364 people with disabilities (i. e. people who have LEDC to % of disability).

Two of the schemes of the OP „Human Resources Development" 2007-2013 [54] were aimed at social enterprises: „Social entrepreneurship - promoting and supporting social enterprises /Pilot phase/" and „New Opportunities". They provided support to 77 new enterprises in the social economy and 87 existing ones. As of 09.30.2013, 3681 persons have begun work in the social economy under the programme.

NSI data [43] for 2012 and 2013 show that the number of companies identified themselves as social enterprises decreased. It should be borne in mind that taking into account the activity for 2012 NSI for the first time includes a question about whether respondents identify themselves as social enterprise, without specifying the guiding criteria for self-determination. For reporting purposes in 2013 were introduced guiding criteria. Next, it must be recognized that in 2013 completed schemes of OP „HRD" aimed at supporting social enterprises, and a study in the summer of 2014 shows that the majority of funded enterprises no longer operate [42]. This is a clear indicator that the presence only of project

financing is not a good way to achieve financial sustainability of social enterprises, as well as the need for such programs to strengthen requirements to the viability of social enterprises.

The data also show that social enterprises created in the form of commercial companies and cooperatives are more like a number of NGOs. The reasons may be sought in the fact that employment programs and support agency for people with disabilities, directly related to the development of social enterprises, are mainly aimed at companies and cooperatives. Next, the lack of affordable programs for NGOs to develop capacities and skills in business planning and management also affect the numbers.

NSI provides information on the methodology for the statistical survey of social enterprises in Bulgaria, as well as specific information about those which self-identify as social enterprises on certain indicators. The survey was launched in January 2013 as the first reference year is 2012, and it is conducted with annual periodicity. The scope of the study includes all non-financial corporations and non-profit organizations in the country that have developed activities during the reporting year. The main source of information are the annual accounts of non-financial enterprises, compiling and compiling balance sheet and annual report of the non-profit enterprises. To obtain information about the number of social enterprises in Bulgaria, NSI include the following question in the annual activity reports of enterprises (AAR) in „Information for the enterprise".

Questions included in AAR-2012	Questions included in AAR -2013
Section: Social focus Does your company carry out activities with a social purpose? YES / NO The enterprise has a social focus when: 1. Over 50% of profits regularly invested in charitable activities: - Support for socially vulnerable groups; - Environmental protection; - Social innovation; - Other charitable activities with charitable nature; and / or 2. Over 30% of the staff from vulnerable groups	Category: Social Enterprise Is your business a 'social enterprise'? YES / NO „Social enterprise" is defined as an operator in the social economy whose primary goal is to achieve positive measurable social impact rather than generate profit for owners or shareholders. It operates in the market by providing social services or goods to disadvantaged or used method of production of goods or services that is embedded social purpose. Your enterprise is "social" when: 1. Over 50% of profits are regularly invested to achieve social objectives: - Support for socially vulnerable groups and / or individuals in isolation; - Environmental protection with impact on society; - Social innovation; - Implementation of other activities, production and / or production of goods and services with a social purpose; and / or 2. Over 30% of staff from socially vulnerable groups.

According to NSI data from the statistical survey of social enterprises, self-identified as social in 2012 for the country are 4872, the largest share of enterprises in Sofia, and the smallest in Kardzhali.

A variety of social enterprises is identified in Bulgaria [17]:

• Private commercial companies that hire people at risk and / or offer products or services for such people;

• Specialized enterprises for people with disabilities who employ these vulnerable groups;

• Non-governmental organizations that develop business within the statutory opportunity to do so or register companies for the development of such activity, providing jobs for people from vulnerable groups;

• Social enterprises to municipalities that employ people from risk groups (mostly of people with disabilities);

• Social enterprises in the form of public-private partnerships with municipalities;

• Day care centers for people with disabilities who are looking for business opportunities with the aim of socialization and adaptation to its clients;

• Social enterprise within a large industrial holding company established for vocational rehabilitation workers received the degree of injury while working at the plant.

This diversity can be perceived and conceptualized in different perspectives that could help understand the current situation in the country.

From the standpoint of the working definition, they can be organized into two main groups: Enterprises created as a result of business initiative and operating on a market basis (as we call them „entrepreneurial" type), or enterprises in which dominant is the social cause and profit in the background.

Entrepreneurial type:

1. Specialized enterprises for people with disabilities - the most common type, sustainable enterprises created under the Integration of Persons with Disabilities.

2. Private companies have started their own resources - several cases arising from authentic business idea. They turned out viable precisely because they do not rely on outside help.

3. Municipal specialized enterprises for people with disabilities - this is an intermediate type between single specialized enterprises and municipal social enterprises. They remain profit-oriented and actually work on a competitive basis, but in severe financial situations can rely on the support of the municipalities as important, and in some cases major customers.

With a dominant social cause:

1. Municipal social enterprises (or public-private partnerships involving the municipality) - the difference with the upper type (local specialized companies) is that leading to them is a social cause (e.g. improved living and social status of persons from vulnerable groups - most often people with disabilities). They have no right to separate business income from their activities are not sufficient to finance themselves, i.e. they are supported mainly by the municipal budget and interruption of funding would not be able to continue their activities. As of this type can be assigned and the only case of an undertaking in a big industrial giant that created it with the aim of vocational rehabilitation workers received the degree of injury while working at the plant. This specific is that the services of a social enterprise is valued, but in practice it can not offer them to external customers and generate revenues.

2. Enterprises of non-profit organizations - several major NGOs have their own businesses that offer products on the market and the profit fund their basic social activities. Legally they can function as a separate business entities registered or in the possibility of independent economic activities of NGOs.

3. Social services for vulnerable groups seeking further or sustained funding through entrepreneurship, along with employment and socialization - mostly day centers for people with disabilities who work for the inclusion of their clients through their involvement in various activities - most often produce cards martenitsi, souvenirs, sculptures and more.

In terms of business objectives, they are clearly expressed in entrepreneurs and present only an abstract in companies with leading social cause.

Other applicable typology is based on the form of assistance to vulnerable groups. From this perspective, one can distinguish four basic groups of enterprises.

• Enterprises that create employment / engage people from vulnerable groups to participate in the production process / provision of services, i.e. they are not passive recipients - social enterprises in Bulgaria are concentrated primarily in this group, which is largely a result of the proliferation of specialized enterprises for people with disabilities;

• Enterprises that offer a standard product / service, but social influence - such as social assistants for sick people, oven in the Roma neighborhood and others. This group is less common than the first;

• Innovative products themselves are related to social assistance or revolutionary social products - a classic example are the computers for the poor in India, an example of such products in Bulgaria are devices to help drive people with disabilities, imported and installed of social enterprise.

• Enterprises that offer free products / services or support financially vulnerable groups - the first historically established form of assistance, this possibility still exists hypothetically. Currently, this form of assistance is typical rather for border areas of social entrepreneurship - corporate social responsibility and charity.

Although the companies of the first group dominate, it should be noted that in some cases there is a combination of more than one form of the support described above. This occurs primarily in new business from an entrepreneurial type.

From the viewpoint of the development phase:

• Social enterprises which are still at the „conceptual design" that need funding and support;

• Social enterprises which are at the beginning of its development;

• Social enterprises in the growth phase;

• Established, stable functioning social enterprises;

• Completed projects in pilot phase that concluded and established social enterprises are in the process of completion or are no longer functioning.

3.4 Social enterprises and their impact

Repeatedly in various acts the Economic and Social Council of the country [81] has emphasized that social entrepreneurship plays an important role for social cohesion and the creation of growth and jobs. In a resolution adopted on the Communication of the European Commission (EC) – „Single Market Act II - Together for new growth", ESC welcomes the European Commission to develop a methodology to measure the socio-economic benefits of social enterprises. Measuring the positive social impact of the activities of social enterprises is a prerequisite for targeted investments in social enterprises in the context of the Regulation of the European Parliament and the Council on European Social Entrepreneurship Funds from April 17, 2013 and Proposal for a Regulation of the European Parliament and Council EU Programme for social change and innovation [6, 9].

This program is a tool that is managed directly by the European Commission and aims to support employment and social policies within the European Union. The program is part of an agreed package of European Commission Cohesion Policy for the period 2014-2020, it combines three existing programs: Progress (Programme for Employment and Social Solidarity), EURESS (European employment services) and Progress Microfinance (Microfinance Program), increasing their scope.

According to ESC, to meet the guidelines set out in the above documents, it is necessary to create an appropriate enabling environment within which target European funds and financial instruments to be matched appropriately with national measures. This will definitely contribute to enhancing investor confidence.

According to unofficial data, on the basis of the principles of social entrepreneurship now more than 85 non-governmental organizations at the local level are working. In most cases, they sell services, which implies a high economic risk and profit.

Typological features of this type of entrepreneurship in Bulgaria do not differ greatly from those of similar enterprises in the rest of Europe [39]:

First - There is a clear social impact - in the main activity on a balance between the pursuit of profit and direct support to the social status of certain groups.

Second - There is a clearly defined target group - mainly persons from socially vulnerable groups - those who need help to equalize their life or social status to that of other members of society.

Third - There is a specific business purpose - is aimed at improving living standards, employment, provision of services and other forms of direct support in order to overcome social exclusion of the target group.

An important feature of all social enterprises is a special symbiosis that carry a priori - between financial viability and ability to have a social impact. So they achieve simultaneous realization of economic, financial and social objectives, which become even greater value and cost to society.

While there is no collected general information about existing social enterprises and summary analysis of the type enterprises and major areas of activity at the end of 2005 was established Association of Social Enterprises in Bulgaria, whose 26 members worked in their development practices and strategic guidelines in terms of employment among people with disabilities.

Social enterprises are different types depending on their main characteristics:

First - depending on the area in which they work, they are:
- Social enterprises as a provider of social and health services;
- Social enterprises such as training and educational organizations;
- Social enterprises as an employer of persons from marginalized groups or people with disabilities;
- Social enterprises dealing with production and trade.

Second - depending on the target groups - social enterprises are oriented to:
- Socially disadvantaged persons;
- People with physical or mental disabilities;
- Children and families at risk;
- Young people who are not integrated into society (such as orphans);
- Ethnic minorities; Women - victims of violence; Elderly.

Third - depending on your goals social enterprise may have to:
- Economic development - through the creation of employment and wealth creation of target groups;
- Occupational integration of disadvantaged or disabled people, marginalized groups; Business orientation and entrepreneurship; Social protection.

As already mentioned, most social enterprises in Bulgaria at present are related to the activities of non-governmental organizations (NGOs):

- Non-governmental organizations providing services to representatives of their members or target groups that have directed their efforts - services can be educational, advisory services for people from vulnerable social groups, social or health services, social assistance, basic medical services and m. n.
- In practice there are organizations that perform business - they use profits from this business to finance activities in fulfillment of the social mission of the organization.
- Another type of organizations falling within social enterprises, NGOs are providing jobs to people at risk social groups, usually people with disabilities. In recent years, particularly encouraged by the funding provided by the EU and donor organizations are NGOs that create employment and workforce development. One can identify a number of NGOs, whose main task is precisely this - to create new jobs for certain social groups who are targeted for her. Often this model is associated with so-called „protecting jobs" where social enterprise employs people with disabilities - a typical example of this are the various unions and associations of disabled people - the blind, the deaf, etc.
- Another commonly distributed model of an NGO - social enterprise is one of the organizations that act as intermediaries between the target group - mostly disabled people and the market. These organizations create work habits, work environment and opportunities for people with disabilities to work, and then broker the sale of manufactured - either through bazaars, through special outlets, etc. The profits are used to purchase new materials and developing additional services. Provision of social services is another model of existence of social enterprise within NGOs - provide are paid social services to external customers and at the same time is a provider of social services for its members, which is subsidized by the municipality or the state after signing a contract.

In recent years there are targeted legislative and administrative efforts to create opportunities for more widespread penetration of commercial companies in the field of social entrepreneurship. Here shapes are quite varied:

- Private companies - companies registered under the Commerce Act, but seek besides maximizing profit to provide employment to provide services to marginalized groups and people with disabilities.
- Another type of companies are those NGOs created in the performance of their functions. They can provide social services to employ people with disabilities or provide other types of services, but revenues from their activities to be invested in social services for specific target groups.
- Specific type companies are those that are owned by associations of people with physical or mental disabilities - they largely overlap with specifics as companies NGOs, but are aimed at a specific target group and served primarily its interests.

Social cooperatives exist in many countries in Europe. In Bulgaria there are similar type of social enterprises as „socially oriented" Cooperatives are also business-oriented - their goal is profit, at the same time have a social purpose. In fact, they have the longest history of being in Bulgaria, but rarely are classified as social enterprise. However possess all the specifics of this type of enterprises:

- Provide employment of people with disabilities;
- Frequently seek employment adjustment of its members and the creation of sustainable employment;
- Achieving professional and financial support to start their own business;
- Provide support through the delivery of social services;
- Ensure delivery of specialized services for people with physical or mental disabilities, or financial difficulties.

One particular manifestation of social enterprise is the social responsibility of business. It is difficult to talk about the overlap of these two concepts - social enterprise and socially responsible business, but in the manifestations of this responsibility can be found characteristics that close to social entrepreneurship.

- Enduring commitment to a policy of business ethics and contribution to economic development and improving the quality of life of employees and their families;
- Socially responsible way of business management;
- Taking concrete commitments from businesses to the community;
- Participation of business in solving social problems;
- Existence of projects with a social focus that benefit communities, municipalities, state or municipal institutions, hospitals, schools or civic organizations.

What are the main activities involved in social enterprises in Bulgaria and how they are funded?

- Social enterprises, social service providers

According to the Social Assistance Act „social services" are those activities provided as services that are aimed at supporting the assisted persons to lead a full life. As an essential part of the concept of

„social service" is referred to the social integration of the consumer, which should accompany continuous process of providing the service. In this regard, the provision of paid social services leads to accumulation of income from business and in this sense is a type of social enterprise. The increasing trend in recent years of delegation of the provision of social services from the state and especially by municipalities reinforces that part of social enterprises, whether for a company or NGO.

Primary condition is social service providers to be entered in the register of the Agency for Social Assistance. They can:

- apply for funds to perform social services from the state budget and municipal budgets;
- finance their activities from fee income for social services paid by their users;
- apply for resources from fund „Social support" (now „Social protection") or other government funds, which finance social services;
- apply for projects funded under the Operational Programme „Human Resources Development";
- finance the other business of the company, if it comes to such;
- • Social enterprises providing health services

Since it is a non-medical health care institutions, this type of social enterprises provide basic health services that require specialization - Measurement of blood pressure, help from nurses, therapists, counseling on medications, dressing activities, screening and counseling, free anonymous counseling and testing for AIDS and others. In practice, these services are part of the social services provided by the enterprise - whether it's for home respite care or social services for addicts, Roma groups, young women, etc.

Primarily through fees for services provided as part of social services through targeted project financing, again as part of other services, through funding from the municipal budgets.

- • Social enterprises organizing training and providing educational services - this is another sphere in which social enterprises are active.

The law entitles both nonprofit organizations and commercial companies or cooperatives to be registered under prescribed a special procedure such as schools and vocational training centers. They can issue valid diplomas acquired educational or professional degree if enterprises themselves have appropriate registration and accreditation. The social aspect of this type of activity consists in hiring members of socially vulnerable groups and people with special needs as trainers or to organize trainings for them.

By tuition fees collected by the trainees, on a project basis through targeted subsidies granted by the state or municipalities.

- • Social enterprises in manufacturing - the latest trend over the years is to focus on organizing various industries - mainly small or medium-sized enterprises that produce products mainly in the field of light and food industry, agriculture. In developed countries technological particularly promising are in the field of modern technology, but in Bulgaria this type of activity is underdeveloped.

Primarily through the realization of production created through project financing.

Out of the above described funding mechanisms - through the prices of services provided, through funding from the state or municipal budgets, social enterprises in Bulgaria can use other funding opportunities:

Lending - still difficult to access for social enterprises. Despite the tightening of the credit market in the country due to the crisis of commercial banks develop specific credit products for small and medium-sized enterprises, including farmers.

Another possible mechanism to partially finance income from private donations - made by charitable campaigns and causes.

The most serious mechanism remains monetizing project activity in which NGOs are very strong and active. In Bulgaria immediately after the changes so far the main sources of financing the activities of NGOs continue to be foreign. The advent of European Structural Funds in Bulgaria in an unexpected way a new dimension to the partnership between NGOs and the state - in the face of MLSP and its agencies and municipalities. Most of the funds under the European programs are distributed from these structures and this required additional efforts to create effective working relationships between state, municipal and non-profit sector.

Yet, although huge for our scale, structural funds is difficult to replace the role of the state and municipalities as sources of financing the activities of social enterprises.

The presence of a working legal framework for specialized enterprises for people with disabilities (covered in the Integration of Persons with Disabilities), explains their massiveness and largely overlaps the term „social enterprise" to „specialized enterprise" [17]. In fact, social entrepreneurship in developed European practice encompasses a much wider range of risk groups. Among Bulgarian companies also identified various vulnerable groups. In addition to people with disabilities, social

enterprises in the country are also working for: people from ethnic minority groups; people in pre-retirement and retirement age; long-term unemployed; addicts; former prisoners; children living outside a family environment. The weak development of the sector is the fact that they are not registered presence of operating systems for monitoring and evaluation of the social effects embedded in social enterprises surveyed.

3.5 Social enterprises and state
The social economy is a collective concept, which focuses on the direct social impact of the activities of companies and / or organizations that have been established with a social purpose and deliberately organize their activities to achieve such a result. The social economy is both part of the real economy and of civil society in which individuals and / or legal persons, associations of volunteers or other organized entities doing business in the public interest and reinvest profits to achieve social goals [45].
Building components of the functional structure of the social economy are:
    1 / economic function for own resources;
    2 / social function, realized through the expenditure profile;
    3 / public policy function of generating public attitudes to social solidarity.
    In its functional structure, the social economy support the process of social inclusion and is different from corporate capitalism.
Within the social economy creates **a sustainable business model** that does not qualify in size and areas of activity, but by its respect for common values, such as: the rule of democracy, stronger involvement of civil society to achieve social progress, human personality; protection and enforcement of the principles of solidarity and responsibility, combining the interests of its user members with the general interest; democratic control by members; voluntary and open membership; management autonomy and independence in relation to public authorities; use of surplus revenue service members in conjunction with the general interest in achieving the objectives of sustainable development.
The development of social economy is based on cooperative, private, collective socio-economic initiatives based on cooperation and mobilization of resources, trust and mutual aid. Voluntary participation, democratic and transparent economic management and collective choice based on „one person - one vote" decision-making are leading principles. Relying on labor intensive technologies, puts public benefit ago profit offers lower prices for socially important products, the social economy increases life chances and leads to a more even distribution of national income. These socioeconomic initiatives are implemented with the participation and empowerment of vulnerable groups, and also economic freedom.
Social economy enterprises are run like businesses, producing goods and services for the market economy and focus of its resources in the pursuit of social and environmental goals [45].
The social economy includes all types of businesses, regardless of their legal form and implemented mainly to achieve social goals. These may include cooperatives, local self-help groups or businesses, associations, mutual societies, foundations, associations and others.
    Social economy occupies a specific space between the state (with its defense mechanisms) and the market (with its economic efficiency and focus on profits based on capital). The larger is this space, the greater is the need for the social economy to meet needs that can not be met by existing institutional practices.
Social economy and serve as a tool for development of social services; inclusion in the labor market of disadvantaged groups; to improve the functionality of the system of social services; development of local economies and combat poverty and social exclusion.
Through the development of the social economy sector to expand options for increasing economic growth and contribution to GDP, employment and creating conditions and an environment for innovative, socially significant business decisions.
The institutional resources for maintenance and development of the social economy is a bipolar system of public institutions that develop and implement legislative base and maintenance (resp. Stimulant) funding on the one hand and generating social product cooperatives, enterprises and organizations on the other.
To keep autonomy in the field of application, the relationship between the two countries the process is not exercised directly and can be carried out by diverse status and capacity mediating institutions.
Principle of institutional interaction is seamless forward and reverse link (between the State to enterprises and organizations with social work).
The direct connection provides:
    • law resource;
    • targeted stimulating state resources.

The feedback between the institutions of the social economy provides statistics from the scope of the competent state institutions.

It should enhance the role of local authorities to develop the social economy. At present there is a deficit in the theory and practice of their role and should be underlined that they examine and define the needs of local communities initiate and support local policies and informal platforms for the development of the various manifestations of the social economy in local communities. Expected to participate in the creation of social enterprises through public-private partnerships and municipal forms. The choice of mechanisms for implementing public-private partnership will depend on the capabilities, needs and preferences of local government.

Currently in the country there is a variety of businesses and organizations falling within the social economy sector: specialized companies, cooperatives of people with disabilities, sheltered workshops; types of cooperatives registered under the Cooperatives Act and corresponding indicators for social enterprises; social enterprises to corporate and non-profit organizations (foundations and associations). Role in the development of the sector have informal structures - networks and platforms working on the development of social economy. Regarding the network of mutuals, there are traditions in Bulgarian society. These people help each other in the field of financial services such as micro-credit, health and social security insurance. They could also develop into social enterprises.

In the country there is presence of institutional and legal freedom of action, and a wide possibility of the creation and development of social enterprises and informal networks under current legislation.

Social Economy and Social Entrepreneurship

Social Business is business entirely focused on the creation, operation and development of social enterprises. It is a relatively new concept in Bulgaria, although a number of organizations carry out such activities in the country.

There are four main ideas for social entrepreneurship:

The first idea focuses on risk. The social entrepreneur is a person who acts, decide and satisfy their needs in terms of uncertainties and risks.

The second idea focuses on innovative, creative, exploratory nature of social entrepreneurship.

The third idea emphasizes the dynamic role of social entrepreneur development of social economy and efficient use of limited social resources.

The fourth concept is associated with the social management. According to her, the entrepreneur is constantly looking for change and is an adequate response, maximizing opportunities through innovation.

The social entrepreneur creates social good, not through charity but through action combining economic and social objectives, provides support for socially vulnerable groups of society, promotes social positive change satisfies social needs. He optimal use of available resources and apply innovative approaches to the development of social economy.

Social economy and social enterprise

Social enterprise developed in specific, local context and represents the primary economic unit of the social economy.

Social enterprises position themselves between the traditional private and public sectors. The key distinguishing characteristics are social goals, combined with the entrepreneurial potential of the private sector. Social enterprises focus their activities and reinvest profits to achieve social, respectively public purpose, in the interests of its members and the wider range of people.

Social enterprises, regardless of the legal organizational form, covered by a European Commission policy to encourage enterprises, in particular small and medium-sized enterprises (SMEs). The main objective of this policy is to create a legal and administrative environment at European level and in each Member State in which social enterprises of any shape and size can meet the challenges posed by globalization, rapid technological change and the global economic crisis. Since most social enterprises are SMEs, they fall under the Act for small and medium businesses in Europe and all EU programs aimed at small businesses.

Social enterprises registered under the Law on NGOs (NPLEA) are non-governmental organizations doing business with a strong social effect against members of vulnerable groups in the broadest sense: to improve their standards of living, employment, provision of services and / or other forms of direct support, the end result is their active social inclusion.

Cooperative registered under the Cooperatives Act can also be defined as a social enterprise if it meets the indicators of social enterprises.

Social enterprises registered under the integration of people with disabilities are mostly cooperatives whose transparent and democratic governance principles make them particularly suitable form of entrepreneurship in the field of social integration.

In the field of employment social enterprises providing services related to:

• Promote employment opportunities and career development for long-term unemployed, people with disabilities and others in the labor market, as well as providing assistance in targeting workplace, providing employment and return to work;

• Promote opportunities for self-employment, entrepreneurship and development of cooperatives and starting one's own business.

The social economy and the European social model

Development and implementation of National Concept of social economy is a continuation of the work of the team of MLSP for full harmonization of social policies with best practices in Member States on the basis of the findings and conclusions in the Open Method of Coordination for social protection and social inclusion implementation of flexibility in the labor market combined with security and implementation approach for active inclusion.

In the modern European context, the social economy is an established and integral part of social protection and social safety nets, which produces and successfully combines economic profitability and social solidarity. The social economy is a carrier of the democratic values that put people first, creating jobs and promoting active citizenship. Development potential of the social economy is dependent on the adequacy of the established political, legislative and operational conditions. Actually existing entities with social economic and humanitarian activities in the country say more strongly the need for legal and institutional differentiation in the real economy to be able to fulfill their potential and interact on an equal basis for achieving synergistic social effect among themselves and in cooperation with state and corporate economy.

Social economy as a contribution towards the Lisbon goals

On 13 July 2010 the EU adopted the strategy „Europe 2020" [88], which succeeds the Lisbon Strategy by 2000. A key concept in the strategy „Europe 2020" is inclusive growth by focusing efforts and resources to fight poverty and social exclusion through the development of the labor market, including in crisis conditions. The strategy defines three interrelated priorities 5 goals and 7 flagship initiatives. The social economy is related to each element of this functional structure, but it is in direct Priority 3: inclusive growth which will stimulate the economy with high employment levels, leading to social and territorial cohesion.

On 27 October 2010 the European Commission adopted a Communication on a Single Market Act for competitive social market economy, which includes proposals to encourage businesses to market economy by providing access to resources and a favorable legal environment.

Volunteering and Social Economy

The principle of voluntariness is a fundamental principle in the establishment and operation of social economy enterprises. The social economy is based on the principle of solidarity through volunteering.

Voluntary work and activities are important and are important for personal development, improvement and individual participation, and to create greater public good volume. Volunteering is essential to fostering active citizenship, nurturing civil society and strengthening solidarity.

2011 is the European Year of Volunteering. It has the potential to contribute to the harmonious development of every society by promoting social inclusion and social welfare. Apart from its social role, volunteering has an economic value and contributes significantly to economic development.

European Year of Volunteering should highlight the important role of voluntary activities, while at the same time reminding the Member States that these activities should not be used for meeting basic needs normally met by social services nor as a substitute for action public authorities.

A number of national and international documents provide means and measures for the development of volunteering in the context of contemporary social attitudes and needs and as an important resource for the social economy.

One of the strategic objectives relating to youth in Bulgaria is the development of volunteering among young people as a force for personal development, mobility, learning, competitiveness, social cohesion, solidarity between generations and the formation of citizenship.

In connection with the development of policy in response to demographic challenges of an aging population, EU-level steps have been taken to promote active aging. An important focus of the overall policy of intensifying the adult population is the development of volunteering among older people. In this regard, the Government program of European development has set a measure for identifying areas of impact of measures on better use of the vast experience and potential of older people. At the national level is being developed National Concept to promote active aging, the main objective is a complete social and economic realization of the adult population. As a key area to achieve the goal are identified creating conditions to promote free voluntary activity among older people.

In the context of providing employment to individuals and communities disadvantaged, activation of voluntary initiatives and community development of social capital at the local level is the basis for the development of entrepreneurial activities.

OP „Human Resources Development" supports the development of social economy by promoting voluntary initiatives that underpin the creation of new forms of social enterprises and creation of new jobs, generating employment for individuals from vulnerable groups.

Part of incentives in terms of voluntary work is guaranteeing the rights of volunteers provide legal regulation of the status of volunteers and voluntary organizations.

Influence of social economy on employment

The components of the social economy in Bulgaria have the history, traditions and perspectives. Cooperatives that are consistently the most natural potential carrier of the characteristics of social enterprises receive more extensive development in the prewar period as a result of the associated efforts of people with minor physical capabilities, but with will and vision of self coping with social difficulties. In the democratic period social economy develops without stating visibility in the political spectrum, which remains in the background of public attention, but is environment for development of their potential, in parallel with the development of civil society.

By providing employment to vulnerable groups in society the social economy helps to unite economic and social resources to overcome social exclusion and reduces the risk of poverty and social exclusion, sustainability measures in the field of social policy.

The impact of the social economy in two directions - economic and social. The social benefits are measured by integration and employment of disadvantaged people, with the contribution to the process of social inclusion and the creation of social capital. The most serious economic indicator of the benefits of the social economy are saved public funds for social welfare, on the one hand, and the additional funds offset the social costs of long-term unemployment. Simultaneously, the newly created value in the social economy also represents a significant economic benefit. Additional economic impact of these organizations is their flexibility and ability to mobilize resources from different backgrounds - market and non-market resources, voluntary work and public support.

In Bulgaria the role of social economy in general development of the country is barely noticeable, unlike most EU countries. In the transition period significantly decreased the number of employees in the social economy, particularly in specialized enterprises and cooperatives of people with disabilities.

The overall design of employment policies put people at a disadvantage mainly in the role of passive consumers of proposed employment opportunities and training. Extremely poorly utilized opportunities for self-employment, for organizing the employment of people from vulnerable groups through alliances low levels between families, initiatives in the neighborhood or municipality to support their employment. In this connection more fully to exploit the importance of social capital in combination with employment policies and policies for social inclusion of disadvantaged people.

Flexibility in the implementation of specialized policies for disadvantaged people is low. This is especially well seen at this time of difficult economic activity.

In recent years, people with disabilities accelerated drop out of the labor market. A large percentage of people with disabilities who are not registered as unemployed at labor offices (LOs). According to unofficial data disabled people in working age are about 350 000 people.

According to data of the Employment Agency for the first half of 2010 the average number of registered directorates "Labour" unemployed with reduced capacity is 13,734 people. The share of people with reduced capacity in the total number of unemployed is 3.8%. The proportion of women in this group was 50.2%. The share of unemployed persons with disabilities under 29 is 6.1%, while that of people over 50 was 60.7%. Without qualification and specialization among people with disabilities registered in BT were 44.1% with primary or lower education - 39.1%. Opportunities for job placement of unemployed disabled workers are extremely limited. Their chances to find work in the real labor market are minimal. The jobs advertised in LOD not requiring education and training in mostly physical labor contraindicated for persons with reduced performance.

To the adverse factors for the increasing number of disabled people as a risk group in the labor market is established negative stereotypes in society, but especially the lack of adapted jobs and access to them. The limitations of the environment creates greater barriers to social inclusion than functional disabled persons.

The overwhelming majority of people with disabilities are excluded from the labor market. A significant factor in this is the levels of educational attainment: 90% of people with disabilities who work have secondary or higher education, while among people with disabilities in general they are a little more than half.

People with disabilities who are working, despite the low level of participation in the labor market generally have similar positions on this market compared to other citizens. Their ability to provide self-employment and the exercise of physical or mental work does not differ significantly from those of others. More significant differences are observed only in terms of manual labor: among workers with

disabilities skilled workers engaged in manual labor are less at the expense of unskilled. Also employed in construction and government are less at the expense of workers in health and social sphere.

Under Bulgarian legislation, and in particular the Integration of Persons with Disabilities, the employment of people with disabilities is done through:

- Integrated environment (open labor market);
- specialized environment (in specialized enterprises and cooperatives of people with disabilities).

Specialized enterprises and cooperatives of people with disabilities are those who fulfill the following conditions:

- have been registered under the Trade Law or the Law on Cooperatives;
- produce goods or provide services;
- have a share of persons with disabilities as follows:
- for blind and partially sighted persons - not less than 20 per cent of the total number of staff;
- for people with hearing impairments and other persons with disabilities - not less than 30 percent of the total number of staff;
- entered the register of the Agency for Persons with Disabilities.

Specialized enterprises and cooperatives are:

- municipal enterprises for people with disabilities;
- cooperatives for people with disabilities;
- specialized enterprises for the blind and partially sighted persons;
- specialized enterprises for people with hearing impairments;
- SMEs, including and micro-companies for people with disabilities. In recent years, a growing number of micro and small companies, including registered by enterprising individuals with disabilities in order to start own business;
- Occupational and health facilities that provide occupational therapy to patients by healthcare institutions and hospitals.

Specialized enterprises and cooperatives of people with disabilities are the main and preferred employers for people with disabilities in a specialized environment they feel physically and morally protected.

Today, the number of specialized enterprises and cooperatives of people with disabilities is 124, according to the Agency for Persons with Disabilities, but employed them not go beyond 5000, including people with disabilities are not more than 2500, its production is much reduced - work is mainly tailoring products to order, Cardboard and plastic products.

Currently specialized enterprises and cooperatives develop production and services in several key areas:

- tailoring;
- manufacture of plastics;
- Production of cardboard packaging;
- printing and bookbinding;
- cosmetics, herbal cosmetics;
- transport for people with disabilities;
- Web advertising and design; publishing; advertising;
- crafts, souvenirs, ornaments, martenitsi, greeting cards;
- providing public utility services;
- manufacture of electrical products for home and industry and production of filters for ventilation and air filters for internal combustion engines and filters for cleanroom and HEPA filters (by specialized enterprises for people with hearing impairments).

Apparel production occupies the largest share of the overall activity of specialized enterprises and cooperatives around 70 percent - the production of ladies', men's and children's clothing; specialized clothing system GORETEX - special working uniforms and specialized protective clothing, sports and ski suits, hunting clothing, bedding and bed linen, etc.

The structure of specialized enterprises and cooperatives around 20% are small businesses, 25% medium and 45% are micro-enterprises. At the same time majority of businesses are connected by one owner. Such are the cases of enterprises system in the Union of the Deaf in Bulgaria and the Union of the Blind in Bulgaria, as well as municipal enterprises, making these enterprises large according to the Law for SMEs - 10% of the total number of specialized enterprises and cooperatives.

After a dramatic decline in employment, production and the number of enterprises from the beginning of the transition in the last 10 years of sustainable development albeit at low levels. This show

sustainable developing cooperatives and enterprises as „Dobrudjanka" - Silistra, „Rayna Princess" - Panagyurishte, „Chernomorka" - Burgas, „Rodina" - Varna „Victoria" - Sofia, which under the same conditions and problems have results radically different from the others - stable participation of domestic and foreign market and of medium size 20 years ago, are now the largest in the country specialized enterprises and cooperatives of people with disabilities.

Within the sheltered workshops is also carried out employment for people with disabilities.

The objectives of **sheltered employment** are in direction:

• Providing employment for people with disabilities who are unable to work in the general labor market, which is why they are creating conditions for work in a specialized environment (workshops and studios);

• Encouraging and preparing the people who work in the protected environment to gain employment on the general labor market (the logic of this approach is that through training and career development opportunities are created for the integration of the overall labor market).

Lacking a supportive environment and appropriate actions with which to engage seriously disabled with a high share of employees with a high degree of disability to overcome their social isolation. Due to the specificity of certain types of disabilities, such as people with mental or sensory disabilities, employment rehabilitation process will require special support measures, which include special attention and approach to their development and implementation. The realization of human rights of persons with mental disabilities is still difficult to achieve. It requires the application of modern practices and engagement of the whole society. Too complex and topical problem for professional employment of persons with mental disabilities. Mastering them affordable professions and specialties is a condition for their inclusion in society.

Despite the difficulty of setting up and development of social enterprises in Bulgaria is visible tendency to use the capacity of NGOs for employment and integration of disadvantaged groups, social inclusion and provision of social services.

On the other hand, the social economy does not provide a universal solution because the differences between regions and their problems and needs are substantial. But if the state enhance the activity of policies to support and promote social enterprises, then the benefits will be multilateral. Last but not least and social enterprises in Bulgaria and the entire civil sector needs to demonstrate its ability to be an equal partner of the state in solving important social problems and to prove that innovation and flexibility are their primary feature.

Yet the country lacks a sufficient number of good practices for the development of social enterprises. Lacking a supportive environment and appropriate actions with which to engage people with disabilities, people with mental illnesses, people suffering from various addictions or persons who have served a sentence of imprisonment.

Annually between 7000 and 8000 people leaving the places of imprisonment. About 25 percent of them are maladjusted unaided to public life. For those persons missing supportive social environment through which to provide them with employment and increase their willingness to participate fully in public life after leaving prison.

In 2009, under the scheme „Social entrepreneurship - promoting and supporting social enterprises - pilot phase" OP "Human Resources Developmen"t funded 46 proposals for the creation of 35 new and supporting 11 existing social enterprises. Of these 34 organizations are leading providers of social services; 11 leading organizations municipalities and 1 leading organization is building. The aim of the scheme is to support recovery work habits, skills for self-sufficiency for people at risk - the production of specific goods and services, research opportunities and demand for their marketing and consulting for the development of social entrepreneurship

Social enterprise projects are for services in the home and garden; art workshop; workshop for applied arts; support centers for disadvantaged persons; Social Services Bureau; nursery; car wash; Information center; Labour Office.

National concept of social economy is the foundation on which will be implemented to attract and support the development of legal capacity undertakings and associations of social economy to support the successful implementation of national measures for social inclusion.

In order to maintain the autonomy as a democratic basis of the origin and functioning of the entities of the social economy concept adopts the principle of voluntary participation in the measures of the state on the model of this concept in response to government incentives.

The state controls the input and output of participation in government measures this concept to:

• maintain the reliability of statistical information on the application of the concept;

• ensuring appropriate application of state incentives to entities of the social economy, which fulfill the criteria for identification;

- distinguish between businesses of the social economy than others and provide them with equal opportunities for development through the creation of specific favorable legal and administrative environment.

3.6 Social enterprises and their markets
Social enterprises in Bulgaria operate in several directions:
- Delivery of social services;
- Providing jobs for people with disabilities;
- Mediation in finding employment of unemployed persons; -
- Provision of health services;
- Activity in the field of education and others.

In realizing these activities lead is not an end product, and the social impact on the people themselves expressed in this to obtain the necessary support to integrate into society.

Social service providers

One of the most outstanding areas of work of the Bulgarian social enterprises is the delivery of social services. This became possible after the conducted reforms in the social sphere in 2003 with amendments to the Social Assistance Act /SAA/ and its implementing rules. The provisions of the law regulating the circle of persons capable of being designated to provide necessary services, it is not proposed comprehensive range of subjects, and are described with the following features - the state, municipalities, Bulgarian physical persons registered under the Commerce Act and legal entities , individuals carrying out commercial activities and legal entities arising under the laws of another state - member of the European Union or another country of the European economic Area. And here the emphasis is not on the legal form of social enterprise, but on this activity is to support individuals and leads to social inclusion within the meaning of the SAA.

In pursuance of national policy in the social state delegate the performance of certain functions of the mayors of the municipalities in Bulgaria, as in turn give them the right to dispose of the funds for this by themselves means are provided and translated based on the state budget each calendar year. Mayors reserve the right to supplement designated by the state to local activities, providing them with funding by the respective municipal budget.

Bulgarian legislation expressly provides for the so called social negotiation - assigning social services financed by public funds to private providers. This is done through a competition organized by the Mayor of the municipality or the terms of negotiation involving the sole candidate. The control over the legality of the procedure may be exercised by administrative order in front of the customer or by court order before the Administrative Court. The law provides for the possibility provider of social services to provide these services alone against the agreed remuneration on market principles.

The degree to achieve quality in the service appears:
- compliance with the criteria and standards set by the regulations to implement the SAA and the ordinance on criteria and standards for social services for children adopted by the Council of Ministers of the Republic of Bulgaria;
- required by law special registration to the Agency for Social Assistance /ASA/ and the State Agency for Child Protection in cases where beneficiaries of social services are children.

Specialized enterprises for people with disabilities

One of the regulations envisaged opportunities for development of social entrepreneurship is reflected in the Law for Integration of Persons with Disabilities /IPDA/. This approach of the legislator is different manifestation being placed focus on two main criteria by which to accept going concern as socially. The criteria are: introduced a requirement specialized enterprises and cooperatives of people with disabilities are registered in a particular legal form; Cooperatives should carry out activities related to the production of goods or provision of services, among employees should have a relevant share of people with disabilities.

Particular attention causes restriction of the law social enterprise occur in the form of commercial legal entity established under the Trade law or the Cooperatives Act. So now cannot exist as a joint venture, limited liability company, limited partnership, limited partnership shares and partnership, as well as cooperative. Practically more used forms are joint venture and limited liability companies and with this in mind that capital companies to clearly distinguish the amount of liability.

Another possibility for the registration of social enterprise, according to the special law is a cooperative of disabled people covered in the Cooperatives act. For its occurrence is sufficient declaration of intention at least seven individuals. IPDA does not clarify whether the very founders /members/ and how many of them should be tied to membership in the cooperative relationship.

The second requirement is that social enterprise is engaged in the production of goods or the provision of services, making it an active participant in the economy. In addition to that introduced quantitative dimensions of staff:

- Specialized enterprises and cooperatives for the blind and partially sighted persons - no less than 20 percent of the employee number;
- Specialized enterprises and cooperatives of people with hearing impairments - not less than 30 percent of the employee number;
- Specialized enterprises and cooperatives of persons with other disabilities - not less than 30 percent of the employee number.

In so set laws can conclude that the presence of the required legal form and economic criteria must be met cumulatively. To complete factual giving legal status to a union as a specialized enterprise for people with disabilities it is compulsory to fit in the Agency for Persons with Disabilities. Social enterprise registered under the IPDA, benefiting from more favorable treatment under Bulgarian legislation.

Health support

The activity of social enterprises in the field of health services is relatively limited, confined mainly to the guidance of some patients what type of health insurance rights and obligations are, and offering free-hold medical examinations, free distribution of drugs and devices not requiring specialized prescription. According to the main law in this area - Health Act [26], health facilities are structures of the national health care system in which medical and non-medical specialists carry out activities to maintain and strengthen citizens' health. Although satisfy some of these traits, social enterprises not having the status of a health establishment cannot provide health services and should limit their activity to that. The status of health institutions are national centers on public health issues, the National Expert Medical Commission (NEPC), health offices, opticians and pharmacies. According the Health act quality of medical care based on medical standards established under the Hospitals Act. It regulates medical institutions as separate organizational structures on a functional basis in which doctors or dentists alone or with other medical and non-medical specialists carry out diagnosis, treatment and rehabilitation of ill persons. These organizationally separate units should have the status of legal persons registered under the Trade law or the Cooperatives act [28]. Social enterprises in the health sector achieve the desired social impact or limit its sphere of activity to the extent permitted, without the need for special registration under the Hospitals act or register as a separate company or a cooperative in accordance with legal requirements. Unfortunately, the Bulgarian legislator has not provided the opportunity the legal form of medical institutions to NGOs, which actually deters many organizations - social enterprises to offer integrated health and social services for vulnerable groups.

3.7 Support for social enterprises

One of the advantages of the social economy is a sufficiency of material resources enjoyed by sources and reserves to which the state has no access. Mobilization of movable and immovable property which is personal property of volunteers in the process is a prerequisite for market flexibility. As a result, this avoids the heavy bureaucracy, political relationships, financial rivalries is able to fail even ventures a national priority and above all it saves time.

Notwithstanding the phenomenal potential of self logistical provision, social policy of the state should not omit from sight your material needs of the social economy and the opportunity to promptly allocate such funds, which could prove crucial especially for preservation and development of employment especially in times of crisis. As a rule, social and economic impact of the addition of one such resource is very large.

Like the material and the provision of financial resources on the subjects of social economy generally is provided voluntarily by the participants, which provides security and flexibility due to the absence of bureaucratic obstacles. A serious problem with self-financing is scarce potential.

In this aspect, the social policy of the state suggests various approaches for financial support for the sector through:

• Schemes to provide grants for the creation and development of social enterprises and social platforms;
• Tax relief - extending the current preferences for all social enterprises under strict control of the nature of activities of social enterprises;
• New tax incentives for social enterprises;
• Government subsidies eligible under Regulation block off certain state aid [1, 3, 16, 71, 72];
• Access to credit;

• Identification of additional specific criteria for businesses of social economy in their participation in the procedures for obtaining public contracts, since by their nature they are not equivalent to capital associations.

• Promotion of philanthropy in favor of the social economy through tax incentives for donors;

• Seeking opportunities to use the programming period 2014-2020 for planning and funding for the implementation of national and local policies.

Significant addition of this resource possible Operational Programme „Human Resources Development" and OP „Competitiveness" for the periods 2007-2013 and 2014-2020, in particular the OP „HRD":

• Priority 5 „Social inclusion and promotion of social economy":

- Priority 5.1. Support the social economy. The aim is to stimulate initiatives in the social economy and investment in social capital by supporting the development of social entrepreneurship as an opportunity to improve the quality of life of individuals at risk and overcoming social isolation. Forthcoming opening of two new operations – „New Opportunities" - this operation aims to support the development process of social economy and create social capital by supporting municipalities to provide employment and activity of persons at risk; „Chance for All" - the scheme aims to support the social inclusion of people with disabilities by supporting specialized enterprises and cooperatives of people with disabilities to provide training to acquire or enhance their professional qualifications and employment for people with disabilities.

- Priority 5.2. Social services for prevention of social exclusion and overcoming its consequences. The aim is to expand the opportunities for improving the quality of life of vulnerable groups and / or their families by promoting equal opportunities for vulnerable groups and expand the volume, diversity and targeting of social services in the community and in institutions.

• Priority 1 „Promotion of economic activity and the development of labor market inclusive":

- Priority 1.1. Integration of vulnerable groups in the labor market, Operation Training and adaptation aimed at re-socialization of persons serving a penalty of imprisonment.

Resources that determine the development of the social economy and its components have different functions and effect. Political resource appears as a generalization and a regulator of other resources and financial determines their physical activity.

At the central government level

The state monitors the status and development of the social economy and through its competent institutions and experts, primarily through existing social protection systems, supports the entities in the social economy to maintain their capacity and territorial coverage adequate to the level of unemployment and social exclusion.

Presumably the resources of the entities in the social economy are secured separately by using personal material, financial and labor contributions of the participants in the activities. Depending on the current or prospective social and political reasons, the government granted to certain entities in the social economy target: human resources (through recruitment, through education and training measures); material resources, which also includes the provision of premises and communal services; financial resources.

Since the financial resource is able to replace or generate other resources, the European Commission and national governments adopt a particular view regarding the allocation of funds for social economy for the following reasons:

• amount of such subsidy is very small in scale compared to national budgets;

• returns as a specific product and stabilizing effect is usually very high;

• moral and mobilizing effect is high and essentially irreplaceable.

The Regulation on block off "de minimis" allows member states to grant up to € 200,000 of certain companies, including acting in the social economy, without any formalities. In 2008, the Commission adopted the General Regulation Block Off ((EU) № 800/2008), allowing Member States to grant a large number of categories of aid (training, employment, SMEs, environmental protection and others) without prior notification to the Commission. In the context of the financial crisis, the Commission adopted a temporary framework allowing Member States to grant additional assistance in order to ensure access to finance. All these categories of aid can be particularly useful for social enterprises and can be obtained without or with very little red tape.

The state pursues a consistent social policy appropriate to the nature of the social economy and force her subjects aimed at stabilizing the social outcomes they achieve, which will introduce procedural, tax, and people with disabilities and infrastructure concessions.

On local level

The competent state body charged with the implementation of the National concept of social economy, implement the state policy in the field of social economy on a territorial basis through the national network of executive agencies and local government.

At the level of social dialogue - recognition as a social partner

The social economy as an element of social dialogue is a concept understandable and acceptable by existing social partners to the subject of social dialogue and opportunities of social economy gives the example of resolving social contradictions account functioning both as an employer, employee, investor and owner of businesses.

At European level, the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) (http://www.ceep.eu/) [2] is recognized by the European Commission representative association of employers in the European social dialogue. As a social partner, CEEP represents the interests of its members, which include social enterprises to European institutions consulted by the European Commission on the draft legislation. CEEP delegate their representatives and observers in committees and advisory bodies of the European institutions and so is able to protect the interests of its members.

Based on the principle of subsidiarity, Member States may apply this model to the national social dialogue. The European Parliament (A6-0015 / 2009) supports the need to recognize the components of the social economy in the European sectoral and cross-sectoral social dialogue and requires both the Commission and Member States to encourage the process of inclusion of existing entities of the social economy in tripartite advice on all employment law and insurance issues.

The social economy sector is developing thanks to trained personnel. In this regard was adopted and the European Parliament Resolution of 20 May 2010 on a new partnership for the modernization of universities - for dialogue between universities and business, in which the EP [77]:

• 46. Reiterates that commercial entrepreneurship in its various forms should be regarded as one of the possible professions for young graduates and the need for higher education institutions to provide students with detailed knowledge of all forms of entrepreneurship, including social and solidarity economy, encouraging them, for instance, to establish their own companies;

• 72. It encourages the Commission to continue promoting dialogue at national, local and regional level with a focus on best practices and to ensure that such dialogue involves all interested parties (e.g. Social partners) and all types of enterprise (SMEs, social and solidarity economy, etc.), as well as representatives of third countries (NGOs, etc.) with a view to highlighting the economic and social added value of cooperation between the two worlds of university and business.

Attitudes and reactions of the academic and research community in Bulgaria have adequate time and essentially a standing agenda Bulgaria need to fit into this aspect of the process of European social inclusion.

Training in Social Entrepreneurship is one of the best innovations in higher education. But existing occupations does not currently reflect the extent necessary, the specific nature and content of social entrepreneurship. Discussed is the need to be regulated the profession of the social entrepreneur.

3.8 Training in social entrepreneurship

Training in social entrepreneurship are available in varying degrees in the formal education system according to curricula developed for different levels and educational levels - primary, primary, secondary, vocational and tertiary education. Vocational training centers, vocational colleges and organizations operating in the field of trainings provide much greater options and flexibility by conducting informal training.

Priorities of the National Strategy for lifelong learning are [50]:

• A step towards a new educational approach and innovation in education and training;

• Improving the quality of education and training;

• Provide educational environment for equal access to lifelong learning for active social inclusion and active citizenship;

• Promotion of education and training to meet the needs of the economy and changes in the labor market;

All areas of impact support the acquisition and continued development of nine key competences for lifelong learning in a single process: competences in Bulgarian language; communication skills in foreign languages; mathematical competence and basic competences in science and technology; digital competence; learning skills; social and civic competences; initiative and entrepreneurship; cultural awareness and expression through creativity; skills to support sustainability and a healthy lifestyle.

Although in a number of programmatic and strategic documents related to training and education, talk about the importance of entrepreneurship, the extraction of data provided opportunities is very difficult, not to mention the reporting of results.

But the fact is that more and more projects and programs oriented towards entrepreneurship, in particular social entrepreneurship as a particular focus and include a mandatory training component of the target groups - e.g. Program for Social Entrepreneurship of the non-profit organization Bulgarian Center for Non-profit Law [66].

The training offered by consulting firms will develop in the future, but very often they are just used to attract customers.

3.9 Organizations, networks and projects

Among the organizations in the country working in the field of social entrepreneurship, the most active exhibit NGOs registered under the Non - foundations and associations. Hardly within the present disclosure could be extended to existing range of organizations, the majority of which are characterized by small size, specific purposes and target groups. The undisputed leader among them is the Bulgarian Centre for Non-Profit Law (BCNL) [15] supported the design and implementation of laws and policies for the development of civil society, civic participation and good governance in Bulgaria, as well as a number of programs and projects, incl. those aimed primarily at social entrepreneurship.

Foundation „Charities Aid Bulgaria" (BCAF) [92] works for effective philanthropy, encouraged by appropriate legislation, aiming to develop modern philanthropy and strong nonprofit sector through support of: business - to achieve success in their social projects, individual donors - to donate easy and safe, non-profit organizations - to increase their resources and efficiency.

Both the above organizations joined forces in a number of projects related to social entrepreneurship. Strengthening the Forum „Social Enterprises in Bulgaria" is a 10-month project implemented by the Charities Aid Foundation in Bulgaria in partnerships in the Bulgarian Center for Non-profit Law [15]. The project aims to strengthen the newly established Forum Social undertakings is it the voice of the sector and to influence the necessary policies and programs. The partners will attract members of the Forum the most innovative and oriented towards sustainable result social enterprises, supporting organizations, companies and individuals. The most important results of the project have the opportunity to design the development of the sector (Roadmap NAO) to measure the level of development (SR Index) and encouragement of the coalition by success in the first advocacy campaigns. Funded by: support Programme for NGOs in Bulgaria by the EEA Financial mechanism 2009-2014 (www.ngogrants.bg); Specialization: capacity Building for NGOs Priority Developed networks and coalitions of NGOs working in partnership.

Forum „Social Enterprises in Bulgaria" [93] is an informal association of people and organizations working in the field of social entrepreneurship. It promotes the exchange of information and to formulate policies, puts the problems of social entrepreneurs nationally.

„Our voice" [61] is a platform created with the financial support of the Program to support NGOs in Bulgaria under the Financial Mechanism of the European Economic Area in which the topic of social entrepreneurship is moderated by both organizations.

Portal for NGOs in Bulgaria NGOBG.info [62], with support from the Trust for Civil Society in Central and Eastern Europe and the Charles Stewart Mott Foundation provides a space for sharing and updated information about NGOs in Bulgaria.

„Social initiatives for Personal Alternative" is a non-profit making and independent, nonprofit organization that unites people involved in social activities [79].

Project „Social entrepreneurship - an alternative to financial independence and social stability" has developed site as an Internet gateway - virtual business incubator for social entrepreneurship [68]. The portal combines four different technologies:

1. Internet site to promote not project „Social entrepreneurship - an alternative to financial independence and social stability" and progress on activities.

2. Electronic reference that classifies and provides a list of useful links to websites of state institutions, agencies, NGOs, developing social entrepreneurship and links to electronic materials for Social Entrepreneurship and electronic form of regulations that govern and affect issues related to social entrepreneurship and economic activity of non-profit organizations.

3. Virtual resource center providing materials for Social Entrepreneurship: nature, business planning, marketing and more. And more: practical advice and models of working social enterprises form online consultation.

4. Interactive space where all users can exchange experiences and information. This virtual mechanism allows for networking to exchange experiences and good practices in the field of social entrepreneurship for the emergence of partnerships.

3.10 Social enterprise directories

Ministry of Labour and Social Policy and its partners National Statistics Institute, the Central Cooperative Union and the Social Assistance Agency for 14 months realized project „Creation of a national database of MLSP for social enterprises in Bulgaria" [44].

The project includes technology for the entry and processing of information for social enterprises by structured forms. The data from the forms are no longer in the section „Social enterprises" and „Indicators for social enterprises".

Survey of social enterprises in Bulgaria started in 2013 and has an annual periodicity. The research is all non-financial corporations and non-profit organizations in the country that have developed activities during the reporting year. The main source of information are the annual accounts of non-financial enterprises, compiling and compiling balance sheet and annual report of the non-profit enterprises.

The main purpose of the statistical survey of social enterprises in Bulgaria is to identify enterprises in the social economy and to provide information on certain indicators of social enterprises in the country.

Below are examples of references presented by the National Database of MLSP for social enterprises in Bulgaria - NSI, 2012:
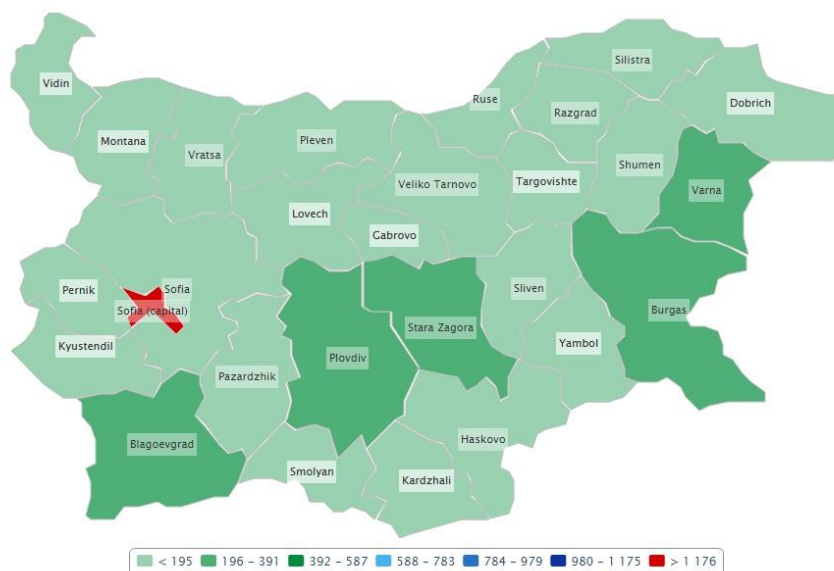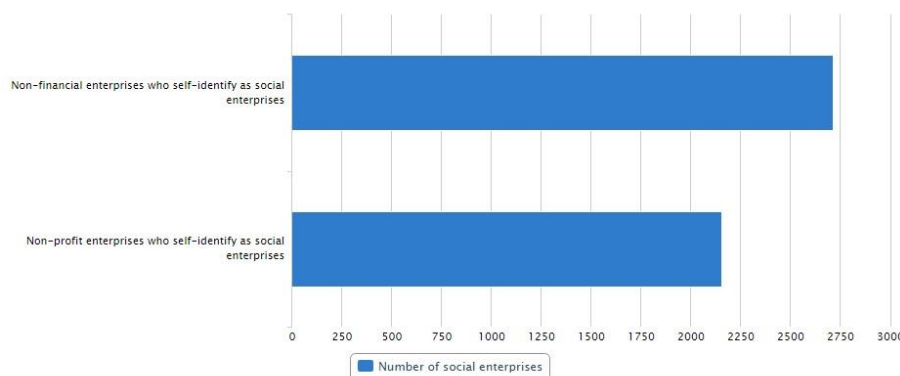

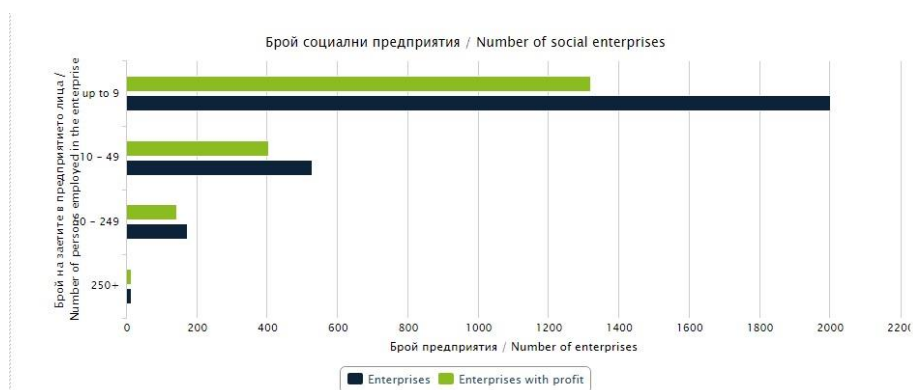**Number of social enterprises by region**
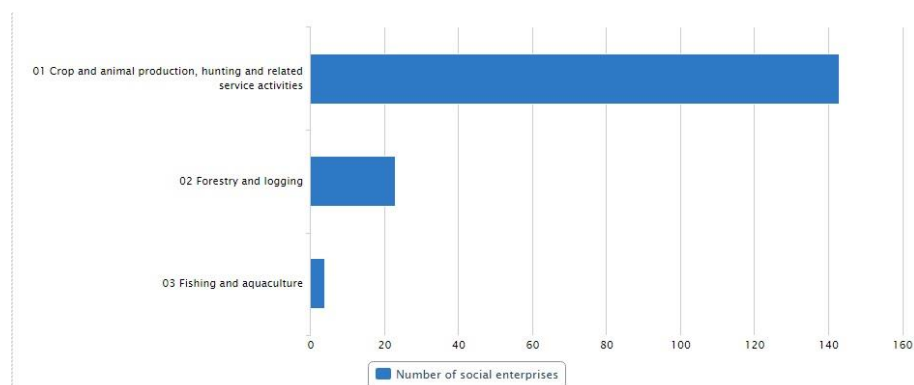
Source: NSI

Number of social enterprises by main economic activity (NACE rev.2)

Source: NSI

Number of social enterprises by legal form

Source: NSI

Non-financial enterprises, which identified themselves as social, by number of employees

In order to avoid loss of information due to data confidentiality, the last two groups "50-249" and "250+" are merged into one - "50+".

Source: NSI

Not for profit enterprises, which identified themselves as social, by number of employees

The database provides even more opportunities for producing information in tabular and graphical form.

3.11 Barriers to growth in social enterprising
Study the problems of different types of social enterprises identify a wide range of problem areas that are determined primarily by the type of enterprise [17].
Resourcing
   • Lack of adequate financing, supporting social enterprises -. this is a problem that affects virtually all social enterprises and refers to the initial and working capital financing of activities of social enterprises.

• Lack of resources for starting a business - along with financing, there are several components to start a business that is usually absent in The majority of start-up social enterprises (and entrepreneurial and social type), buildings / land equipment.

• Lack of managerial and marketing experience - this is the problem of the NGO sector, which generally attracts employees with different profile than is necessary for the realization of managerial and marketing positions. As far as the civil sector is the most active in the creation of social enterprises help in this area is becoming a necessity.

Disadvantages of project approach

This is a problem that affects mostly companies with dominant social cause. The motivation of those businesses that are candidates for project finance is different from that of individual entrepreneurs. It could say that the latter are adequately business oriented, while the first is often lacking management skills and vision development.

• The project financing model suffers from a chronic lack of resistance:
• Slow, cumbersome procedures in the administration of projects

Problems with the environment

• Lack of systematic and deliberate policy at the national level - entrepreneurs ascertain a passive and erratic behavior of the state and the responsible institutions

• Lack of legislation - a problem already described above
• Problems with the institutions - there is no real understanding of the role of social enterprises, lack of cooperation from the institutions involved:

Personnel problems

• Existing companies from entrepreneurial type (mostly specialized enterprises for people with disabilities) often have problems finding and training suitable staff - on the one hand because of the attitude they have inflated expectations of the employer to provide them work without itself country are motivated to protect their working position, appropriately qualified and willing to work. On the other hand employers specialized enterprises say that people with disabilities cannot be equally operable and effective as people without disabilities:

• Trap aid - interviewed employers of people with disabilities describe cases in which persons with disabilities who apply for jobs no motivation and quit. The reason is that getting enough aid and therefore have no incentive to work.

Image of social enterprises

Overall, on established social enterprises with a long history, such as specialized enterprises for people with disabilities lacking any evidence of hostility or discrimination against this vulnerable group.

However, the study found that among local communities in smaller cities concerning companies that are emerging or have a short story still exists, discrimination against people with disabilities - are treated not as equal individuals used offensive derogatory qualifications.

Governors functioning specialized social enterprises operating in a competitive market environment, share fears of spreading the rumor that their staff is people with disabilities. According to them because of existing prejudices that still alienating some of their customers, i.e. have a direct negative effect on their business.

Successful models of social enterprise in Bulgaria

During the interview, social entrepreneurs were asked to describe a successful social enterprise. In most cases using this technique they design their own problems and resolve them through the construction of „ideal type". The model for successful social enterprise can be associated with the development phase of the corresponding type of enterprise - for example, where the entity is still an idea or project, or has occurred recently successful enterprise think in the most idealistic colors with a minimum of specifics - there prevails abstract vision where all are happy working in sound and sustainable enterprises. Accordingly, the opposite pole are companies with experience and history behind that really function successfully - there is usually successful enterprise is thought of as „more of the same" whether an increase in personnel, investment, geographic expansion into other regions / cities.

Another distinguishing feature of successful enterprise is independence, especially in financial terms. There are many examples where operating companies have certain financial relationships - from municipal budgets (in the case of companies that are part of municipal structures) of project financing, which is unsustainable as far as with an unpredictable result from donors who would also may terminate the funding.

After all, if you need to display a generic model of a successful social enterprise in the country it might look like this:

Successful social enterprise is an operating company with a social cause, a positive financial result, which is independent in taking decisions does not depend entirely on external financing, a clear perspective for development and achieving social goals.

Profile of the Entrepreneur

Requirements to the personal characteristics of the social entrepreneur are very diverse, even somewhat contradictory.

The dominant features of social entrepreneurs interviewed are interpersonal competence, activity, innovation, organizational skills, ability for strategic planning. Explicable in much lesser extent they are willing to take a risk, implement new business models and to act quickly.

3.12 Social entrepreneurship principles

National policies to promote social enterprises should provide concrete measures regardless of their nature (legal, financial, administrative) must comply and achieve as a result those principles [42]:

Promotion and sustainability

• support for social entrepreneurship should include the release of public funds to support the activities of social enterprises to deal with social problems;

• planning objectives, procedures and expected results in the provision of public resources to support social enterprises should be based on periodic assessment of the environment, taking into account the peculiarities established at a time models and practices and their potential to work towards social objectives

Equal treatment and reduce the administrative burden

• provide a package of incentives available for all forms of social enterprises;

• anticipate fast and affordable administrative procedures;

Effectiveness and efficiency

• implementation of programs and measures after analyzing the needs consistency and adequacy of goals;

• relevance of inputs to the result - a clear assessment of the financial and social result

Coordination and decentralization

• establishment of mechanisms for the participation of social enterprises in the planning and evaluation of policy for social entrepreneurship at national level;

• creation of conditions for development of social entrepreneurship at the local level, according to the specificities and the needs of the territory by involving the municipalities in this process (in local and regional strategies).

Solidarity and Partnership

• creation of conditions for cooperation, consultations, open dialogue and sharing responsibility among all stakeholders.

4. CONCLUSION

At present in the Bulgarian legislation there is no a legal act that gives the legal regulation of the activities of the social enterprise or social entrepreneurship. There is a fragmented legal regulation of individual sectors (social service providers, specialized enterprises for people with disabilities), where subjects engaged in activities are covered by social enterprises, but this approach is rather negative effect on the development of a coherent state policy to support the social economy and social enterprises, which ultimately reflects on their sustainability and efficiency. To clear structuring of the social economy sector in Bulgaria legislative changes should be undertaken and improvement of legislation to create preconditions for adequate legal and statistical recognition of the subjects of the social economy [60].

The practice of member states of the European Union with a developed social economy shows that it should be given a legal definition of the social enterprise in which preponderance to be no regulation in what form it will be organized as a subject of law but on what goals it sets and what effects are pursued. The leading role in this process should be given to a clear identification of the social benefit of the activities of the social enterprise with specific dimensions of lasting social impact to persons with disabilities. It is necessary the legal definition to encourage the development of various entrepreneurial initiatives with social impact, not limiting social enterprises to only one legal form [60].

It is important to note that the opportunities for development of the social economy sector in Bulgaria are connected mainly with the introduction of a definition of social enterprise and clear legal regulation of the procedure for acquiring the status and functioning of social enterprises.

Regardless of the fact that the Bulgarian legislation has no legal definition of the term "social enterprise" the studies show that in the country there are active social enterprises. As the main field of activity of these companies highlights are in the different types of public social services, health

professionals and education [56]. Through social enterprises entities with nonprofit goals manage to achieve a particular social effect on individuals from vulnerable groups to improve their quality of life and overcoming social isolation.

In this regard, the activities of social enterprises can be defined as critical in helping the state policy on social inclusion of vulnerable groups. Moreover, social enterprises have the capacity to become one of the most reliable partners of the central and/or local authorities to tackle the social sphere and to promote inclusion into society of persons of different vulnerable groups. However, in order to stimulate this partnership it is necessary on the basis of the existing legislative framework, which outlines the legal framework for the activities of social enterprises, to develop changes aimed at creating a more favorable economic environment in which to social enterprises operate. Given that social enterprises are essentially a business carried on by a legal non-profit entity, the tax laws should provide appropriate relief, as well as to create more opportunities for financing activities carried out by social enterprises with funds from budget, municipal budget or various funds.

The challenge for Bulgaria regarding the development of social entrepreneurship can be formulated as follows [42]:

- *Broad understanding of the social enterprise*

Bulgaria at that time has a broad legal framework, or rather lack of explicit one, and this allows free self-determination. At the same time, it should be noted that the broad criteria for the definition does not offer a real opportunity for encouraging policy oriented towards concrete results.

- *Need for sectoral reforms*

Social enterprises operate in Bulgaria and developed traditionally as a means of providing employment and in the fields of education, social services and in rare cases, education, health and culture. Therefore, a key factor for their future development is reforms in these areas, market liberalization and provision of a quick and easy access to services for consumers.

- *Prioritizing a target group*

The only more serious preferences are targeted at a particular group of social enterprises - cooperatives and specialized enterprises for people with disabilities that are par excellence social enterprises. The reasons for this are twofold: a) the target group - people with disabilities, which has the most systematic and consistent integration policies are active self-advocates, and b) historical reasons. Cooperatives were traditional forms of solving social problems of vulnerable groups with an emphasis on employment, but remain unreformed since the 90s to date to reflect modern trends in the development of similar enterprises in other countries. Therefore, to use social enterprise as a tool to tackle social problems and other vulnerable groups that are difficult to represent and self-defend own initiatives (such as refugees) need leadership from the government and cross-sectoral planning policies to develop incentive policy for social entrepreneurship.

- *Opportunities for capacity building*

There are no adequate and consistent programs funded with public funds for capacity building for the development of social enterprises as such. Especially it is important for social enterprises NGOs, as even par excellence recognized their business is social enterprise, to upgrade their entrepreneurial skills and visibility in the market. The implications on the funds allocated for the development of social enterprises in various national initiatives and mechanisms leads to the conclusion that substantial financial resources are allocated, but at the same time social enterprises received support fail to achieve financial sustainability and remain project-oriented. This prevents, on the one hand, social enterprises to build their own image in the business environment and become recognizable in society, and on the other - to establish themselves as a successful tool for achieving the objectives of national social policies.

- *Opportunities for startup funding available*

There are no financial incentives for initial start-up social enterprises; investments in small and medium-sized enterprises are much more focused and consistent, including by providing specific financial instruments to help business enterprise to develop as such.

Based on the identified problems a series of recommendations can be formulated to improve the environment for social entrepreneurship in the country [17]:

1. The resources to support social enterprises are not enough effectively spent. Moreover, the lack of entrepreneurial skills and culture among the representatives of the NGO sector that still give the main human resource of social entrepreneurs requires a new, modern approach to finance emerging or existing businesses that provision of funds does not exhaust the commitment of donor and is accompanied by a long-term assistance and monitoring on the development of the enterprise.

2. Mobilization of available internal and external resources (opportunities of alternative forms of tourism, attracting young and enterprising Bulgarians from home and abroad for the cause of social entrepreneurship), can provide a much broader basis for development of the sector. Active work with

local businesses to promote social entrepreneurship and social enterprise, also is a step in that direction.

3. In practice, the possibilities of an integrated European market and developed practices in the leading economies in Europe are a resource that can be used much more effectively.

4. Optimizing the legislation and creating flexible legal environment is a prerequisite for development of the sector.

5. As the European practice shows, a verified solution to support social entrepreneurship is to create a civic organization that acts as a body that defends the interests of the sector "social entrepreneurship", generates and maintains a database of social enterprises, lobbying at the political level, promote social entrepreneurship as an activity for the benefit of society, trace and monitor procurement and funding schemes.

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26.   Zakon za zdraveto.
27.   Zakon za integratsiya na horata s uvrezhdaniya.
28.   Zakon za kooperatsiite.
29.   Zakon za korporativno podohodno oblagane.

30. Zakon za lechebnite zavedeniya.
31. Zakon za malkite i srednite predpriyatiya.
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RESEARCH OF THE COMMUNICATION AND ORGANIZATION MANAGEMENT COMPETENCES OF THE CADETS DURING THEIR MILITARY PROFESSIONAL TRAINING

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Abstract: The system for military education in the Republic of Bulgaria is developing in conformity with the national and European legislation and according to the guidelines of NATO for organizing and conducting of the personal training of the armed forces staff. The striving is for a more complete utilization of the information technologies, based on WEB-training, simulators and training devices and for the implementation of modern education and learning technologies.

The aim of „Vasil Levski" National Military University is to prepare highly qualified officers and specialists with higher education, who should be able to perform an active cognitive and research activity, to perform their duties professionally and with competence and possessing the knowledge and competences needed for the management of the human and material resources. The refore it's necessary to develop effective education programs, to carry out a constant monitoring of the quality of the training and based on them to perfect the educational programs and technologies. The military professional competences for ensuring the national security in peacetime and for protection of the state territorial integrity and during the accomplishing of international and coalition duties for participation in operations in response to crisis should be main criteria for evaluation of the education quality.

The target of research is the military professional training of the future Logistic Officers, while the subject of research is developing of communication and organization management competences during their military professional training.

The aim of the research is to reveal the condition of developing the communication and organization management competences during their military professional training for the implementation of the management activity of the future Logistic Officers.

Keywords: Military Professional Training, Training of Cadets

1. INTRODUCTION

The aim of Vasil Levski National Military University is to prepare highly qualified officers and specialists with higher education, who should be able to perform an active cognitive and research activity, to perform their duties professionally and with competence and possessing the knowledge and competences needed for the management of the human and the material resources. The refore it's necessary to develop effective education programs, to carry out a constant monitoring of the quality of the training and based on them to perfect the educational programs and technologies.

The activity specific of the Logistic Officers sets high requirements to their management skills and competences and the corresponding communication and organization management abilities. In connection with it the revealing of the possessed by the cadets from the non-combatant profile communication and organization management competences appears to be an actual direction for the revealing of the ways and means for perfection of the military professional training for management activity and developing of management skill [1].

The active interaction between the team members is typical for the position „Officer on a tactic level of management", that's why the communication and organization competences are fundamental. These competences lay the ground to achieving a success in a team work. [2, 3]. It's advisable to determine the properties of the communication and organization skills of the person during the research of the examined community.

2. GENERAL LAYOUT OF THE RESEARCH

The research work was carried out in the Land forces Faculty of the Vasil Levski National Military University during the period 2014 – 2016.

The research comprises Cadets from the specialties "Organization and management of the tactical subdivisions for Logistical Support" with specializations "Non-combatant troops and fuel and lubrication materials (FLM) and „Movement and transport"; „Organization and management of the military formations on a tactical level" with specialization „Material resources, movement and transport".
The examined group consists of 49 people out of 49, separated into the following subgroups (SG): SG1 - 9 Cadets, SG2 - 6 Cadets, SG3 - 7 Cadets, SG4 - 7 Cadets, SG5 - 11 Cadets, SG6 – 9 Cadets. The summarized data of the examined group are shown below in Table 1.

Table 1. Summarized data of the examined group

Sub-group	Military specialization	Year of training	Curri-culum	Number of students
1	Non-combatant troops and FLM	5th	07	9
2	Movement and transport	5th	07	6
3	Non-combatant troops and FLM	4th	07	7
4	Material resources, movement and transport	second	12	7
5	Material resources, movement and transport	third	12	9
6	Material resources, movement and transport	second	12	11

The research was carried out at three stages:
        - first stage – examination of the literature and selection of the research methodology.
        - second stage – conduct of the study. The empirical information was collected using the inquiry method in the format of a direct group questionnaire, comprising all the members of the examined community.
        - third stage – analysis of the obtained results and drawing of conclusions.
The methodology of V. Sinyavsky, V. Fedoroshin was used during the research of the communication and organization management competences [4]. With the help of calculations of the evaluation ratios separately for the communication and for the organization competences the levels of the relevant abilities are being determined. The calculated ratios may vary between 0 and 1. Indices close to 1 show a high level of communication and organization skills, those which are close to 0 – low level. The main indices for communication and organization abilities are represented in the form of score, giving evidence of the different levels of the examined skills.

2.1. Research of the communication management competences
In Table 1 are given the results of the carried out research about the communication skills of the future non-combatant officers.

Table 1. Level of communication skills according to the examined subgroups

Subgroup / Level of communication skills	G 1	G 2	G 3	G 4	G 5	G 6
low						
below the average						
average						
high						
very high						

The percentage of the levels of communication skills of the whole examined group is shown on Fig.1.
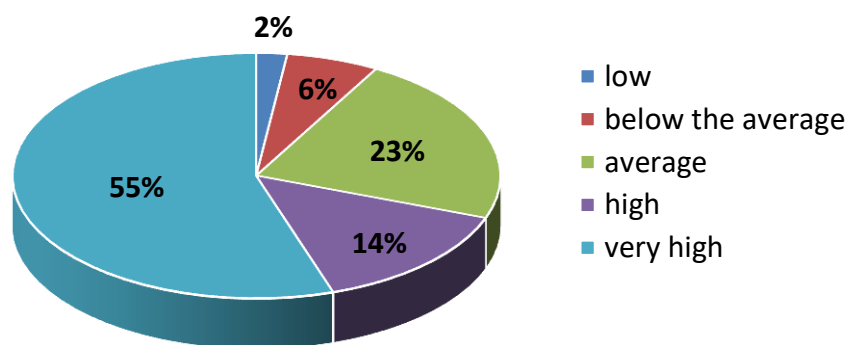
Fig.1 Percentage of the levels of communication skills of the whole surveyed group

6% of the examined are characterized with a level of display of communication skills, which is below the average. They don't aspire to converse, don't feel comfortable in the company of unfamiliar people or in a new team, prefer to spend their time alone, restrict their acquaintances, experience difficulties in establishing contacts with people and to speak in front of big audience. The cadets, who are characterized with a low level of display of communication skills, are 2% of all the examined persons.

The examined persons, who belong to the scale with an average level of display of communication skills, strive for contact with people and don't restrict the circle of their acquaintances, but the potential of their communication skills is not very stabile. Here belong 23% of the examined students.

14% of the future non-combatant officers are characterized with a high level of display of communication skills. They feel comfortable in a new atmosphere, find new friends quickly, constantly aspire to extend the circle of their acquaintances, they are occupied with public activities, help their relatives and take the initiative in communication.

Persons, who have received the highest score, possess a very high level of communication skills. They feel a need to communicate and are actively striving for communication; they behave spontaneous in a new team. They are looking for such activities, which could satisfy their communication needs. 55% of the examined persons belong here.

The educational process at the „Vasil Levski National Military University" is directed at the increase of the share of the high and of the very high level of display of communication skills. Such skills were demonstrated by 69% of all students from the Non-combatant profile.

The developing of high and very high communication skills in the students from different years of training is shown on Fig.2.
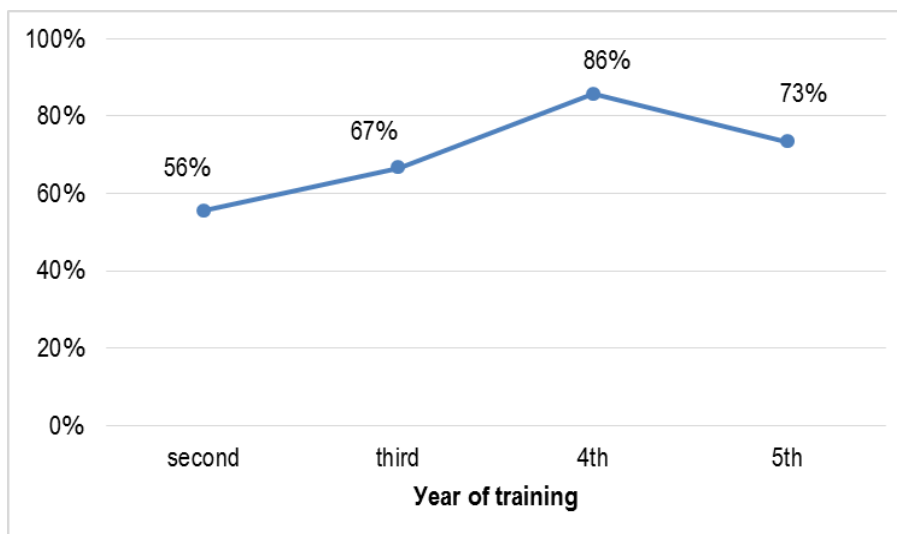

Fig.2.Results of the examined high and very high communication skills according to the years of training

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2.2. Research of the organization management competences
The results of the carried out research of the organization skills of the future non-combatant officers are shown in Table 2.

Table 2. Level of organization competences in the examined subgroups

Subgroup Level of organization competences	SG 1	SG 2	SG 3	SG 4	SG 5	SG 6
low	3					3
below the average		1	1		2	3
average	2		2	1	1	1
high	2	1		3	5	2
very high	2	4	4	3	1	2

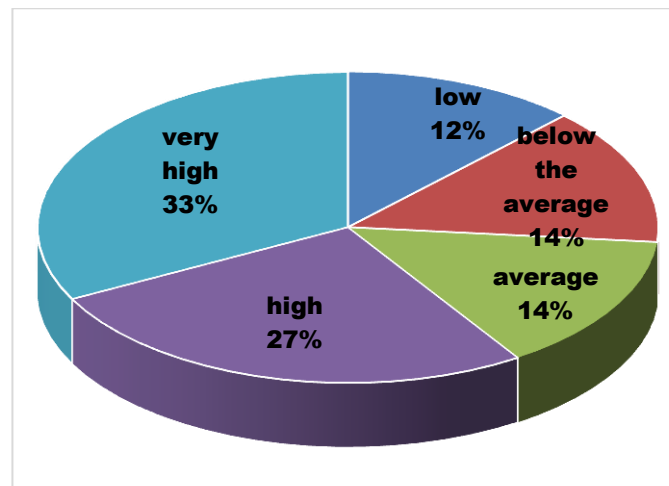The percentage of the levels of organization skills of the whole examined group is shown on Fig.3.

Fig.3.Percentage of the levels of organization skills of the whole examined group

12% of the examined cadets possess a low level of display of the organization skills. The persons, who possess a level of display of the organization skills below the average, are 14%. Such people don't fit well in an unfamiliar situation, don't stand up for their opinion, they take deep to heart insults. They take the initiative exceptionally rarely, and in most cases prefer not to take self-dependant decisions.
Persons, who are characterized with an average level of the organization skills, are 14%. Their organization skills need to be developed and perfected.
Persons with a high level of display of organization skills participate gladly in organization of public activities. They are capable of taking self-dependant decision in tough situations. Everything, they do, result from an inner desire and striving. Here belong 27% of the examined.
The biggest share of the examined students – 54 % possess a very high level of organization skills. They easily find their way in tough situations, show initiative and prefer to take independent decisions. Such people stand up for their opinions and fight for them to be accepted; are able to spread excitement in unfamiliar company, enjoy organizing different games and undertakings. They are persistent in such activities, which they find attractive.
The developing of high and very high organization skills in the examined students from different years of training at „Vasil Levski" National Military University is shown on Fig.4.
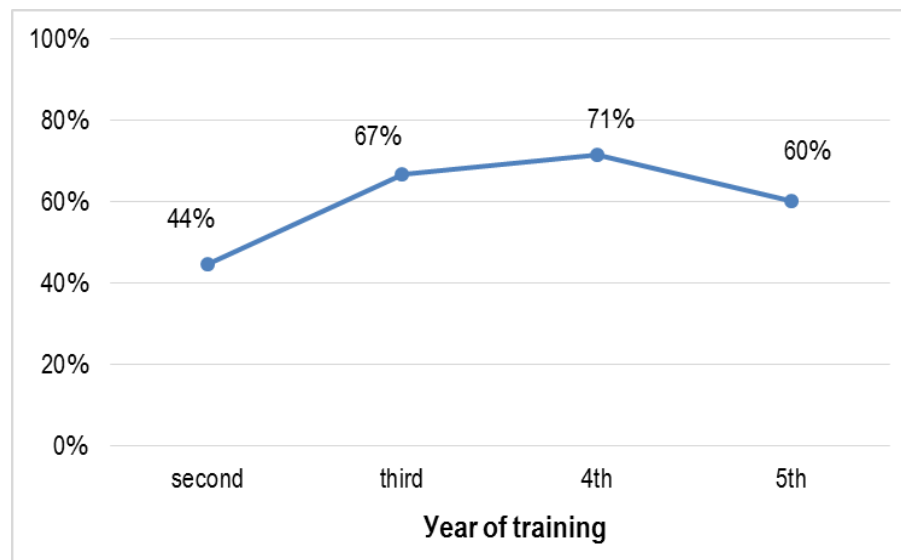
Fig.4.Results of the examined high and very high organization competences according to the years of training

The diagnosis of the communication and organization abilities shows, that during the third year of training a tendency towards their decrease can be noticed. It is a result of the studied management disciplines at the civil specialty of the 4th course. It's necessary to work for the practical implementation of the acquired theoretical communication and organization competences at the civil specialty in the educational disciplines of the military   specialization. One of the directions along these lines is increasing the share of the classes by the methodology of the military special training and of the all-army training.

3. CONCLUSION
In conclusion we ought to emphasize, that the existing system for professional training gives the opportunity for developing of a real evaluation of the results of the cadets, who study in Vasil Levski National Military University. Significant negative changes can be observed in the developing of communication and organization competences in the students at the end of their training in Vasil Levski National Military University.
The diagnosis of the communication and organization skills shows, that during the 5th year of training they show a tendency towards decrease. It's necessary to work for the practical implementation of the acquired theoretical communication and organization skills from the civil specialty at the educational disciplines of the military specialization.

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FACTORS AFFECTING THE PROCESS OF SOCIAL ADAPTATION

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Abstract: The studies on the social adaptaion as a process reveal its characteristics and open new fields of discussion. Current paper presents and investigation on the concepts of social adaptation setting out its framework and on that basis goes further into the analyses of the major factors influencing this process. Main conclusions consider the contemporary understandings and pay special attention to the social needs of society and the relationships between social adaptation and socialization.

Keywords: Social Adaptation, Sociological Approach, Factors, Individual

1. INTRODUCTION

Conceptuality of social adaptation is predetermined by the fact that it is a subject of study by different scientific areas, which in itself is a prerequisite for the applicability of various approaches to its definition. In the context of human adaptability to changes in the social environment, one of the main approaches to the study of its nature is sociological.

The sociological approach to examination of adaptation is presented in works examing the adaptation process of servicemen discharged of military services and the member of their families as a very specific model group [8-15]. The adaptation is accepted as the adjustment of the internal organization of the individual to the existing norms of the society. On the individual level adaptation consists in the adoption by the individual of the dominant public morality, awareness of his/herduty to society, which manifests itself in his/her thoughts, goals, actions. On the society level, adaptation is mainly reflected in the very existence of the norms themselves. Quintessence of adaptation is the existence of public morality shared by all members of society. The norms are primary, „positive", and the individual and his/her personal consciousness are secondary. Functionally the adaptation of the individual is a process of absorption, of „interiorization" of the existing norms [4]. Any deviation from the adoption of these norms by the individual is social pathology. The lack of norms, their defects, vagueness- this is pathology of society. In the positivistic understanding of adaptation as blind acceptance and learning by the individual of the conditions of the social environment, the role of the individual is completely ignored, and adaptation is defined as a process opposite to social progress [1].

Narrowness of positivism is successfully overcome by demonstrating the unity ofindividual and group level of adaptation. Variability of norms, models of behavior, approaches to achievement of objectives, incite the individual to active creative action. It is noteworthy that it is not the social norms that create the adaptation of the individual, but it is the individual in the process of his/her adaptation who evaluates, modifies, develops the social norms. Thus, adaptation is not just a way of existence of the individual, but also one of the mechanisms of social progress which is a pragmatic approach in understanding the adaptation [8].

Despite that, the individualism of the objectives and the pursuit of maximum rationality in achieving them violate the public consent, oppose the interests of the individual tothe public interest. Individual rationality as a main criterion of adaptation leads to instability, to provoking social conflicts. Public progress is a mutual compromise, an integration. The concept of „equilibrium of society" consists in „the balance between the mutual expectations of the individual and the social environment".Adaptation is an equilibrium and stabilization, public tranquility, equally useful both for the individual and for the socium. These views correspond with the most common, both in sociology and in other sciences, homeostatic approach to understanding adaptation [1, 4].

However, society is not balanced, as this is incompatible with the dialectics of development. The social structure is internally contradictory and dynamic, it is subject to constant transformations even in periods of relative social stability [4]. Therefore adaptation of the individualalso happens in

conditions of instability and conflicts. Institutionalized approaches to objectives achievementdo not always lead to the usual result [6]. The society again transfers adaptation to the individual level-everyindividual follows his/her own path or way of adaptation, adequate to his/her normative organization.There are even developed a classification of the main approaches to individual adaptation, according to both setting of goals and achieving them, proving that the adaptation is individually-typical. What is adaptation for one individualin a certain moment, couldbe not an adaptationfor another individual in another moment, in equal or unequal conditions [8]. Social laws and norms help the individual to achieve adaptation, and at the same time prevent him/her from achieving it [3]. Adaptation is following the rules and at the same time disavowing them [7]. It is both rational behavior, leading to the achievement of individual goals, and irrational behavior, consciously depriving the individual of this opportunity [5]. This is both cooperation with the socium, and a rebellion against it [13]. Therefore, the adaptation of the individual according to prominent sociologists is „normativity", „rationality", „equilibrium", „individuality". As a result, the concept of adaptation has no single, clear, widely recognized understanding, definition, criteria, indicators. Despite that, one can trace the continuity of some typical systems, views on this social process and presented them in the form of small classification. Six different concepts of adaptation are distinguished [12]:

- adaptation is used to denote the process by which the subject adapts to the new environment („accommodative/adaptive variability");
- adaptation means the result of the adaptation process;
- adaptation is associated with certain particular goal towards which the subject strives: „to stay alive", to achieve material prosperity, to improve his/her social status, etc. (teleologicity and pragmatism of adaptation);
- adaptation (adaptability) implies conformity between goals and achieved in the process of the activity results;
- adaptation is used to define the ratio of the equilibrium (relative harmony), which is established between the subject and the environment (homeostatic approach);
- adaptation is a process which not only complies with the homeostatic laws, but also provides an opportunity for development of the subject of adaptation (homeorezis).

The classification is sufficiently complete. Made distinct is the concept of adaptation as accommodation, pragmatism, homeostasis, development, but unifying two classification bases (content and process) in one concept, arouses some confusion, which, by the way, corresponds to the current state of the matter. Meaningful classification of the adaptation variants is offered which distinguishes homeostatic, hedonistic and pragmatic variants [11].

Understanding the process of social adaptation

In the scientific literature represented attempts are widely to summarize the main systems of understanding the process of social adaptation, without being sufficiently comprehensive. In this vein, we study the sociological definition of the category adaptation. Only the term „adaptation" is not used. In most cases it is about„social adaptation", different types of adaptation (socio-economic, organizational and many others), or without any special instructions, adaptation again means social adaptation. Hence, adaptation is always social, because the types of adaptations, distinguished in the various sociological studies, are varieties of social adaptation [14]. The created situation is completely legitimate and justified as the object of these studies is the adaptation of the individual or of certain social formations: groups, communities, institutions, organizations, the whole society [10].

In the scientific literature there are more than two hundred different definitions of social adaptation. Therefore, there is no sense to go through the different definitions, but rather analyze the elements of interest to us, building those definitions. Here we shall only point out one of the modern definitions: „Social adaptation is the accommodation of the individual or the social group to the social environment, in the course of which the requirements and expectations of participating in it subjects are coordinated" [11].

Social adaptation is comprehensive, continuous, dynamic, relatively stable social process of establishing correspondence between the aggregate level of current at a certain time needs of the individual and the level of their satisfaction, defining his/her continuous development. Adaptation cannot be defined as a state. This would mean a possibility for a state of „non-adaptation" or lack of adaptation, and would contradict its continuity and dynamism. Determination of adaptation as a

property is more applicable to the general biological concept of adaptation, as a characteristic of all living nature, the individual groups of organisms, because it does not reveal the social content of adaptation. „The ability to adapt is a universal property of living nature". Adaptation is defined as a mechanism to ensure life in very adverse to the organism and therefore relatively rare conditions. Adaptation is a specific biological phenomenon associated with the vital activity of the organism in inadequate conditions of the environment, preserving the optimal ratio of vital functions and the capabilities of work and learning [2]. It is interesting to note that similar living conditions can also be characteristic for the traditional production.

Very often adaptation is defined as a "result". Adaptation is the result of balance of mutual expectations of the individual and social institutions, to which he/she is a subject. Determination of adaptation as a result indicates its boundaries, completeness, feasibility, interruptible, which contradicts the function of ensuring the development of the individual, including his/her social development. Interpretation of social adaptation as a result is based on the homeostatic tradition of its concept. Many researchers attempt to combine the understanding of social adaptation as a process and as a result. For example, social adaptation is defined as a process and result of interaction of the individual (the group) with dramatically changing social environment, during which the requirements and expectations of both sides are gradually aligned [11].

Any deviation from the concept of adaptation as a process, leads to absolutization of its specific manifestations, inevitably opposes the private, situational, individual goals and problems of the general biological and social process. Only in the form of a process is the individual both subject and object of its formation. Adaptation is a process, at that in a „pure form", without any clarifying terms. The social adaptation is a social process for reasons which are [4, 11]:

First, the adaptation of the individual is always social. Sociality is the most important criterion for defining an individual. Its absence immediately questions the legitimacy of the defining a living being as a person, an individual. Lack of sociality or its total loss in the individual is virtually impossible. Even an individual who has lost (or was born without) his/her basic mental functions, such as consciousness, is socially adapted thanks to the efforts of other members of society. Thinking and behavior of the individual retain their sociality and even under conditions of full and continuous social deprivation, through memory, habits, skills. Therefore, sociality of the individual is contained both in his/her environment and within himself. In none of his/her deeds, can the individual becompletely separate and independent from society. We understand social adaptation much broader than it is generally accepted by individual studies, in which adaptation, as already mentioned, is seen as an interaction between the individual, the social group or institution, and the socium in its various manifestations. Even temporary separation from the socium, and even more opposing it, is dangerous for the individual.

Second, the adaptation of the individual always differs from the process of ordinary adaptation, response to stimuli. Adaptation of the individual is not only an adaptation of the particular individual (organism), social group, but also a cultural-historical process in which the individual is both subject and object of the given process. In the individual, in his/her psyche, behavior, there is nothing that cannot be found in the socium, that is not a manifestation, a reflection of his/her interests. Adaptation of the individual, its laws, its specific manifestations can be properly understood only in a social context, which should be the starting point for any scientific approach to the problem of adaptation. The very extent of aggregation of the problem certifies that no criterion can be a full expression of all possible explications of the process of social adaptation. Neither balance nor pleasure, nor normativity, nor rationality or some other „felicitous" discoveries constitute the quintessence of well-being both of the individual and the social organization, and cannot claim to be the sole criterion for adaptation as a social process.

The process nature of adaptation and social development are two sides of the same essence. Permanent social dynamics determines the continuity of the process of adaptation, which in turn is the starting material for the constant improvement of the social organization. The refusal adaptation to be seen as a social process inevitably leads to inadequate evaluation of its sources, mechanisms, various manifestations. An illusion is created of an opportunity and independence, or even opposition

to the adaptation of the individual and the development of the socium. If the adaptation of the individual was not a social process, then the effectiveness of adaptive activity would decrease at times, and social organization would not have a reliable mechanism for global regulation and development.

Social adaptation is defined as the process of establishing „compliance". Here we point out exactly how is compliance established, as the number of possible approaches to achieve it is huge-interaction, immersion, learning, inclusion, accommodation, formation and many others. In each case, the individual can apply any of them, so the indication of a specific approach in defining social adaptation brings artificial restrictions which hamper the interpretation of the given process. With analyzing the different definitions of social adaptation, it becomes possible to trace the dynamics of changes in the use of the key concept of „adaptation", understood as „accommodation", „inclusion", „interaction". The most commonly used definition of social adaptation is „interaction between the individual and the social environment".

Social adaptation is defined as the correlation between the level of needs and the level of their satisfaction. In that reside the details of the whole definition in which the existing needs are satisfied and create new needs, at a qualitatively higher level. In general terms, this is the pattern of development of both the individual and of the socium, in which social adaptation plays the role of a characteristics of intensity of development. This is the most significant difference of the proposed definition from most of the definitions of social adaptation, existing in different social science disciplines.

Contemporary standard definition of social adaptation can be briefly expressed as „interaction between the individual and the social environment", while indicating the different specifics of this interaction and the levels of the social environment. Put another way, basis of the adaptation is not the direct confrontation between the individual and the socium, but their mutual compromise, adjustment. Keeping in mind the unity of the individual and the social environment, we can determine that the needs of the individual are a concentrated expression of the biological and social systems. Only through the mechanism of satisfaction of needs, is the biological development and socialization of the individual realized. Social norms exist and are alive only when interiorized by the individual. It is the needs of the individual that represent interiorized social norms [11]. Therefore, the very needs of the individual (both social and biological) can in no way contradict (and respectively oppose) the socium, unlike the way of their fulfillment. Meeting the needs of the individual meets the interests and objectives of the socium, otherwise these needs would not had beenfixed in our genetic and social fund (social memory), and would not had been made available to the individual. The society is interested not in just the individual, but and in the individual who satisfies „his/her" needs and thus does his/her activity on reproduction and development of society itself. The successful execution of an activity is encouraged by pleasure, failure is punished by suffering. It turns out that satisfying the needs of the individual means "compliance with the socium", i.e. social adaptation. This is the main substantive moment, the starting point of this definition and of the whole concept of social adaptation. The dominant understanding of social adaptation is in the concept of opposition between the individual and the socium, the individual and the environment (in many cases needs can be met without the participation of this reality), while at the same time formulating the basic practical criterion for social adaptation- needs and their satisfaction. The opportunityfor distinguishinga simple and understandable criteria for adaptation is very useful in its subsequent measurement. It is the actual satisfaction of needs that is an essential criterion and the result of balance, inclusion, adaptation, rationality and even development. Needs, as well as their satisfaction are dynamic variables, because they can be updated, and each need in order to be satisfied requires a complex of factors. But the finding that social adaptation is in itself satisfaction of the needs of the individual or just a satisfaction (as in „satisfactory approach") is correct, but insufficient.

The current at a given moment needs determine the adaptation. It is not enough to point out that adaptation is the satisfaction of the need of the individual, because the individual has many needs and their status and level of satisfaction are different. But not all needs are important to him/her in anyparticular moment, some (or one) are immediate, othersare not. If the need at a certain moment in

time is not up to date, for the adaptation the condition and indicators of its satisfaction are irrelevant, no matter how vital it is. Therefore, not all needs determine the adaptation, but only the up to date ones. Depending on the degree of satisfaction of the current need it loses its meaning and is replaced by another.

This is very important, especially from point of view of the dynamics of social development. Formation in the individual of new needs is a long and inconspicuous process. This happens because the individual has a whole set of unrealized needs and the satisfied need is replaced by a long ago formed one. This process of forming of new needs stays in shadow and creates the illusion that it is not related to the adaptation, while the main result of social adaptation is the formation of new needs.

Adaptation is a process that determines the continuous development of the individual. Here the purpose of social adaptation is merely stated, as a social process bringing together the interests of the individual and the socium. It is the development of the individual which is the end result of the update, satisfaction and raising of the needs. Only through the development of the individual is realized social development, in which every individual is an elementary material „component" in the development of the wholesociety. Adaptation provides development of the individual in all, even extremely adverse conditions. The importance of understanding and defining the social adaptation as a function of the development of the individual is conditioned by the over-individuality of a certain social process, by the impossibility this process to be understood and interpretedcorrectly only on the level of the individual. Development of the individual is the purpose of adaptation, but not apurpose of the individual himself. Ontogenetic development of the individual is expressed in the increase and the rise of needs, while phylogenetic- in raising the level of the social organization and its culture.

Speaking of classifications of social adaptation, it is appropriate to divide them into procedural and objective. The traditional approach, whereby social adaptation is the result of changes in the environment, determines a greater number of types of adaptations, related to changes of its specific objects. Accordingly, in the names of the types of adaptations the object of adaptation is directly stated: social, socio-psychological, educational, professional, industrial, cultural, material, neighborhood-friendly, psychophysiological, organizational, economic, house hold and many other types of adaptation. In practice, the number of distinguished types of adaptations, corresponding to the objects of adaptation is infinite. The term "adaptation" alone, without indicating its type identification is usually not used, but is defined (using the above adjectives or prepositions: „of", „in", „to") the appropriateobject of adaptation- enterprise, social group, social role. Thus, the process of adaptation is put in dependence on the correct choice of the object of adaptation, and even under the most appropriate choice, the reality in question is reflected partly, as the particular object of adaptation extremely rarely can fully realize the adaptation process. At the same time, each object of adaptation affects its process systematically, i.e. both specific and non-specific, to the object, types of adaptations are realized.

The majority of studies on adaptation are based on the principle of separation of the object and its corresponding type of adaptation, the result of which is determining: „presence" or „absence", or assessment for the particular type of adaptation, and a hypothesis about the causes and relevant recommendations are offered. The actuality of the individual type of adaptation, including with regard to the specific object of adaptation, for the studied subject of adaptation at the time of the study, is not taken into account.

If the types of adaptations discriminated on the basis of the objects of adaptation are infinite, then according to other criteria there exist comprehensive classifications [11]:

- according to the nature of the interaction between the subject of adaptation and the adaptive environment: adaptation in the form of accommodation and adaptation in the form of adaptation;
- according to the type of adaptive environment to which the individual is adapting (or which he adapts to himself): production; matrimonial; neighborhood-friendly; political-legal; educational;
- according to the structural components of the adaptive environment: object-activity-related and personal;
- according to the psychological content: pre-adaptation; de-adaptation; re-adaptation; des-adaptation.

This classification is very widespread. Distinction between different types of adaptation is very popular among the different researchers of social process. The majority of researchers provide their own names for the types of adaptation, and their own classification. There are attempts to unite the existing classifications for the types of adaptation, offering 30 criteria for differentiation of adaptation. Based on these criteria he separates 92 types of adaptation [11].

The separation of a wide number of various bases for classifying adaptation and the complexity of these classifications, speak about the ambiguity of the described by various authors process, about the uncertainty of its nature and foundations. This, however, does not stultify pointing out that „from point of view of a systematic approach it is important in the analysis of one or another type of adaptation, it to be viewed not in isolation, but in the context of other adaptation processes".

2. SOCIAL ADAPTATATION INFLUENCING FACTORS

From the standpoint of the offered by us concept of social adaptation, the structuring of the process of adaptation by kinds, shapes, types, is conditional, and in the practical study of adaptation of the individual, is wrong. In practical studies, structuring is appropriate only in the study of the adaptive capability of the object.

Consequently, adaptation is not a set of these and other types of adaptation. It is a holistic process that is not limited to the sum of its constituent elements. It would be wrong to say that the level of socio-psychological adaptation is low and the level of the life adaptation is high, as these are two sides of the same process, although the extent of their influence and level of satisfaction are different.

To distinguish and study each type of adaptation at individual level is impossible. It is obvious that in the process of the study it is necessary to individuate those types (aggregates, complexes) of adaptation, which have the most significant influence on the outcome indicator of the adaptation.

Different researchers individuate all sorts of factor groups: capital and temporary, objective and subjective, personal and industrial, global (socio-economic and political structure of society) and regional (natural-climatic, degree of development of the social and life infrastructure, balance of labor resources). For example, exploring the industrial adaptation of workers distinguishes between the following groups of factors [11]:

▪ personal: demographic characteristics, qualifications, experience, education, length of residence in the city, life experience, psychological characteristics, profession;

▪ production: content and working conditions, work organization, living conditions, salary, opportunities for development, degree of maturity of the work microclimate;

▪ factors outside production boundaries: system for professional orientation and professional selection, system for staff preparation and distribution, state of the labor resources, level of development of the social and life infrastructure in the region;

▪ psycho-physical and socio-psychological factors: psychological and physical stress, interpersonal communication, life component.

The classification is detailed enough, but is complex and voluminous. Each of the demarcated factors contains another whole complex of factors, which are difficult to be classified, and it is not clear why specific factors are individuated and how each of them affects the adaptation.

The proposed factors are difficult to list and even more difficult to be studied. For example, the factor „demographic characteristics" may include many items and the „factors outside production" are innumerable. It can be assumed that the attempts to identify all factors in order to systematize the types of adaptations are doomed to failure, which questions the requirement for integrity in the study of the adaptation process. But this is not a ground for refusal of seeking ways to resolve the problem. The impossibility to identify all factors encourages researchers to examine the individual factors (or their aggregates). Thus there are used four random factors: success in life, social parasitism, economic independence and law obedience. Naturally, the dependence of adaptation on a limited number of factors is also limited, even with the most appropriate choice of factors. No combination of factors, and even less an individual factor, can fully reflect the social adaptation. Limiting the number of factors, their arbitrary and non-systematic distinction, does not allow to define them as measures of social adaptation [1].

Another approach is to summarize, abstractize the factors,in result of which they become so vast that they have no independent meaning and require divisionto smaller components. A similar situation

occurs in the case of forming of only two groups of factors. Asan example we can refer toa classification [4] consisting of internal and external factors, which in turn are subdivided into tenths and hundreds of constituent elements.

3. CONCLUSION

It is impossible, even in theory, to take into account all the factors that affect (or may affect) the process of adaptation. This is not necessary, since not all factors determine the adaptation, but only few of them, which corresponds to the actual needs.In its present shape theutilitarian needs classification contains seven complexes of needs: material (economic) for self-preservation, regulatory, reproduction (sexual), communicative, cognitive, self-fulfillment. Each of the complexes contains a range of personalneeds. And since socially oriented needs of the individual are associated with the social needs of society, the depth of research suggests the relationship between social adaptation and socialization, which is subject to further research.

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