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ARTICLE DETAILS

ABSTRACT

New policies and rules oblige the European markets to enroll as one single unit. Improving each market unit increases the competitiveness of the European unit market to compete globally and to attract international investors. Investor’s criteria have changed within the selection of place. Now investors are looking for cities and not countries; they are escaping from the high investing cost of London and Paris, to benefit from the young talent of human resources, and lowest rentals are at Lisbon. Europe market is based on cities rather than countries, investors are focusing on urbans where there are no competitors, and logistics are available.

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1. Introduction

Economies’ sustainable growth is the result of governmental regulations, strategies, and environmental development. Governments are interacted directly in the capitalist system through the legitimates, administrational regulations, and taxes that formulate the market frameworks, all market conditions are estimated from the governmental market framework that regulates economic actors to employ more investments to produce, and create new goods and services (Scott, 2000). Economic actors have the right to compete between each other according to governmental laws and regulations that ensure the sustainable growth of the economy.

Strategic plans and decisions are needed to put Europe on a balanced growth market. Market’s observation for Europe shows the shine of cities and the collapse of others. The challenges of economist are how to ensure sustainable growth, secure jobs, and prosperity. Smart, sustainable, and inclusive growth are the concepts of Europe 2020 strategy, they are pointed as the essential aspects and alternately boost seniorities to ensure the growth of economy (Naldi et al., 2015). The three issues are represented as...
a formula to solve the gap between European Union EU and its trading partner and to sustain the growth of urban economies through improving productivity, research and development (R&D), and innovation. The objective of the EU 2020 strategy has used knowledge context to launch a new generation of smart economy more oriented toward using digital services (Lee, N., & Rodríguez-Pose, A., 2013).

To face the worldwide economic crises Europe 2020 has developed an economical growth framework, the developed framework is mainly formulated on smart growth, and smart development to solve the problems of unemployment, and government’s debts (Commission, 2010). Europe needs regulations that assure the increasing of growth rate, economy growth starts from urban economy development and that will be reflected by the investment in knowledge innovation. For the European commission 2020 strategy has employed three main axes: “i-Smart growth: developing an economy based on knowledge and innovation; ii-Sustainable growth: promoting a more resource-efficient, greener and more competitive economy/decoupling economic growth from resource use; iii-Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion”.

Regional growth is the target of the European Union, the dominance of cities steals the focus of investors from other areas in the same country, thus leads to unbalanced economic growth between the different European regions. European Union needs new policies to maintain the balanced growth between different European urbans, the new policies must fit all the regional requirements considering knowledge, and place (Camagni, R. & Capello, R., 2013). Barca, (2009) recommended that EU regulations and policies require a new regulation framework that considers local qualifications, and regional advantages as the base of economy growth supported by knowledge and innovation.

In the context of European regional strategies, it is unclear the measures of the European smart police which are to fit the requirements of the rural regions. To support the growth of rural regions’ economies, the smart growth strategies have to apply embeddedness, relatedness, and connectivity between the rural regions and the near urbans that have large population, and growth industry (McCann, P. & Ortega-Argilés, R., 2015). Thus, rural areas benefit from the advantage of the nearby urbans to boost growth (Renski, 2014). Rural regions have different cultures, and different economic conditions, while others are suffering from the limitation in resources and market access. The unbalanced growth of the rural regions results unbalanced accessibility, shortage in talents, and negative unbalanced immigration, consequently, smart policies have to consider the absent of potentials for the endogenous growth (Bilbao-Osorio, B. & Rodríguez-Pose, A, 2004).

Attraction of talented people has been pointed as the target of the European policies, European governments who are the regulators of the legislation have to motivate and push expert people to orient toward rural regions to contribute in the development of folk (McGranahan, D.A., Wojan, T.R., & Lambert, D.M. , 2011). European urbans are characterized by their diversity of cultures, each society has its own specifications that complicate that task to put common measures of smart growth. Policies have to fit the immanence of each urban to support the boost growth (Naldi et.al, 2015).

Europe 2020 policies are oriented towards determining knowledge and innovating the fundamental aspects of economy growth, in context to building industry is based on education, research, knowledge, and innovation (Foray, D., David, P.A. & Hall, B., 2009). Thus, smart policies have been founded on innovation and knowledge bases, but it is not enough to put national strategies, the target of the smart growth policies is to be applied more on rural regions to sustain the endogenous development. The innovation will interact with many different economic sectors to improve services, to create new markets, to modify the business model, and to seed the start of small and medium enterprises SME (Naldi et.al, 2015).

In the context of innovation strategies, technology possesses the big role in the endogenous development. Information and communication technology ICT reduce the expenses of entering new markets and
facilitates the connectivity between different parties in low prices. Thus, the new innovation strategies have to mention the ICT as the black horse to develop the urban areas (Thissen et al., 2013). To achieve the urban economic growth smartly, European governments have to invest in the information technology systems to connect different geographical areas and to create a new digital market that aims to focus more on the weak economies urbans.

This study aims to analyze the urbans’ economies by using SWOT analysis, to discover the strength and weakness of the current urban’s economy and at the same time to determine the opportunities of the European urbans to boost their growth and display the threats of future challenges to the European governments. TWOS matrix will be used to place a new strategy that fits the requirements of the European urbans, the new strategy has to reflect the visions of the Europe 2020 it will be based on knowledge and innovation to reflect smart, sustainable, and inclusive growth. The paper will continue to represent the future challenges of policies’ makers in terms of technology implementation since the base of innovation in market is the ICT.

2. Methodology
This paper is aimed to represent old studies that discussed Europe 2020 vision; depending on the previous studies a SWOT analysis will be performed to understand the European regions strengths, weaknesses, opportunities, and threats in term of smart economic growth. TWOS matrix technique will be used to analyze the current European 2020 policies in relation with the strengths, weakness, opportunities, and threats to deduce a new strategy that fits the requirements of European urban’s smart growth. The new strategy will be supported with secondary data analysis from Euro stat.

3. European Urban Analysis
Strengthening recovery is the story in most of Europe’s major cities; expanding economics, more liquid credits, low interest rates, and growing demand from occupiers underpins an optimistic view of real estate. Studies have not shown any poor investment in 2016, the prospect investment has increased from 2006 to 2016 (Phillips et.al, 2016). German’s economy has shined since 2016, the brilliant of Dutch capital Berlin has ranked it between the top 10 cities in Europe for both investment and development, while Hamburg comes to ensure the domination of German, Hamburg attracts more than 60% of investments are foreign most vendors escape from the high investment costs of London and Paris to exploit Hamburg location on the sea (Commission, 2010).

Portugal returns to its health; the dramatic recovery and the trans-Atlantic connections of Lisbon has increased the credibility of Portugal (Phillips et al. 2016). However, Birmingham reserves its place between the top European cities for investment while on the other side, the trend of the French cities has returned with the 5% increase of the property prices in Lyon (Jane Roberts & Stuart Watson, 2017). On the other side, Milan is ranked between the most expensive eleventh city around the world with a GDP €39.277, 18 (Expo-magazine, 2017). The charming of fashion mentions the Italian city as the fashion capital thus has centered Milan the target of investors, banks, business, and trade. Unfortunately, Stockholm retains between the cities of monetary regulation development, while Dublin in the previous year’s reaches an average of growth 2.4% annually after the successful fare from Brexit (Fitzgerald, 2016).

On the other side, Madrid remains the target of ventures and business developers the rental facilities have attracted talents around world to start their business this has enhanced the Spain economy growth (Jane Roberts & Stuart Watson, 2017). For the French cities, the Roberts and Warson also claimed that Lyon has achieved in the last years a growth over 5%, while Amsterdam sustains on hosting the speculators from the high expensive investments in London and Paris. The quality of Zurich life has climbed the city to the top European cities that are formulated as the destination of tourism and hospitality however, Vienna comes as the global city of life living. In the year 2017, Prague’s economy comes back from death to reserve it rank between the 20 top European cities that invest in commercial property market. (Miller,
3.1 European Urban Strength Factors

3.1.1 Startups & Technology Infrastructure
The common trend in technical economy startups has changed Europe to the hub of all new ideas to be generated. Berlin has possessed the opportunity of the diverse wealth, the strong Dutch economy, and the amazing technology infrastructure to change the city to Europe Tech Hub facilitating new opportunities for talents around the Atlantic to run their operation from there while on the other hand (Phillips et.al, 2016). Still Berlin remains according to Verhoog, (2016) the second opportunity for innovators to start their new tech business escaping from the high costs of Silicon Valley and London. However, London remains as the dream place for new entrepreneurs to invest in, while Lisbon is attracting more the young talent because of its life style and the acceptable costs to start a small business (Tech.co, 2016). On the other hand, Stockholm’s intense knowledge puts the city on the track of innovation and tech the investment in technology infrastructure and the continuous development of the internet infrastructure have put the city on the right track to hold startups.

3.1.2 Rise of Substitute Urbans
The big name of Europe is existing in the old capitals, but the great values of Europe communities have been found in the smallest cities. In general, investors escape from the high costs’ investments in the shadow cities like London, Paris, and Milan toward substitute urbans trying to create new opportunities. As example, office areas and rental costs could be reflected positively on urbans like Copenhagen. Similarly, the high costs of London and the limitations of offices areas capacities have changed the directions of investors towards new urbans to share the large offices capacities and the lowest business startups costs (Jane Roberts & Stuart Watson, 2017). This has placed Hamburg on the top urbans of development, prospects and construction it is expected to deliver 127000 square meters of new offices (Philips et.al, 2016). Consequently, Copenhagen the cheaper operator in Scandinavian cities in IT, HR, research and development offers offices rental in 50% cheaper than Stockholm.

3.1.3 Financial & Governmental Regulations
Europe commission pursues to develop new regulations and policies to sustain economy development and prosperity. Europe union countries have reflected the vision of Europe commission through the prompt of new legacies that develop their economies. Vienna government has integrated with the public sector to achieve dynamic regulation policies, the new strategies have essentially invested in healthcare, education, and infrastructure (Brauner, 2015). Similarly, Czech Republic policy makers are performing well in increases the indicator of personal security, work life, and social connection to limit poverty (OECD, 2016). On the other hand, Belgium has invested in the transport infrastructure to satisfy the growth of their economy after the last touristic attacks (Jane Roberts & Stuart Watson, 2017).

3.2 Weakness

3.2.1 Unbalanced urban economy growth
Balanced economy growth will sustain the growth financial investment and future development of different economic aspects, while unbalanced growth will leave the heavy duties on some European members (Pettinger, 2018). Consequently, the unbalanced economy growth will cause the appearance of Dutch disease; the rapid development in a certain industry will lead to decline in other sectors (Kiev, 2014). In Europe, many industries decaying and peripheral urbans complete to suffer a sustainable long-term decline in employment and competitiveness, on other hand, other shadow urbans continue to gain and increase their market shares (Dijkstra, L., Garcilazo, E. & McCann, P., 2015). Consequently, as a result of the unbalanced growth many regions have been strenuous pummeled by crisis like the case of inner London more employment than the rest of the south-east regions.
3.2.2 High investment costs

In 2017, the highest investment costs among the European Union members states was found in Finland at 33% above the average, while the cheapest investment costs are Romania (Eurostat, 2018). The figure below (figure 1) shows that Iceland, Norway and Switzerland record the highest investment costs for investments.

![Price level indices for investment, 2017, (EU-28=100)](source: Eurostat)

Figure 1, Source: [https://ec.europa.eu/eurostat](https://ec.europa.eu/eurostat)

3.2.3 Unemployment

Europe union members have developed around 45 strategies depending on the Active Labor Market Programs (ALMP) to reduce the segment of unemployment (Kluve, 2010). Economists have determined Denmark as a woeful market up to 2011, Copenhagen now appears to be “noteworthy”. The Danish capital has “good dynamics in term of younger segments of the population” (M. Phillips, L. Scoot, S. Watson, & P. Strohm, 2016). Denmark offers the best business conditions in the Nordics in terms of availability of skilled, ambitious and motivated employees. Copenhagen owns the most flexible labor market regulations and policies. Hiring and firing can happen almost from one day to another; the total employment costs are significantly lower than in Sweden, in Denmark employer paid social security contributions are less than 1% of salary (fdibenchmark, 2017). Birmingham provides a stable real estate market that does not have the sort of wild appreciation/depreciation swings that plague bigger markets like New York and California. Real estate investors know the unemployment rate and job creation rate are important factors to consider when seeking a location. Good news for those seeking to invest in Birmingham, which has an unemployment rate of 4.6%, placing it 14th out of 49 large metropolitan areas. Birmingham also ranks 19th out of 50 in job creation and boasts a GDP growth of 3.8%, outpacing the national average of 2.5%, placing the Magic City in the top 15% of metropolitan areas. (alliancewealthbuilders, 2015)

3.2.4 Political issue

Yet there are some clouds with the EU, the Swiss people voted for an initiative that wants to limit immigration. This contradicts the international treaties with the EU that guaranteed free movement of people. This initiative may put all bilateral trade agreements between Switzerland and the EU at risk. In addition, international science funding has become more complicated. This hits the Swiss universities severely, since they receive a considerable amount of funding from outside Switzerland. In addition, the strength of the Swiss franc has damaged the competitiveness of the country’s exporters. Nonetheless GDP growth is expected to increase to 1.6 percent next year.

Brexit has added instability to the viewpoint and is required to be a net negative for Ireland. Nonetheless, two qualifying components ought to be noted. Right off the bat, some slippage can be managed as the Irish economy is plainly growing vigorously at present. Besides, despite the normal effect
of Brexit Ireland is conjecture to keep demonstrating hearty yield and occupations development (Savills, 2016).

3.3 Opportunities
The strength of European urbans is inspired from the ancient continental the center of innovation and development. Through centuries Europe has imposed itself as the spiritual motivator for all countries around the world. The mixture between different cultures and races has generated a powerful base to attract talents to invest their experience in the growth of European economies. Europe industries has burn in the sixteens century, the coming industrial revolutions that Europe has witnessed put Europe as the economy development leadership (Wallerstein, 1979).

Europe geopolitical location has changed many cities to center of the international trading. The location of Hamburg puts the city as the center of Europe connections through its largest port in the world (Merk, Hesse, 2016). While Milano the land of media, national newspapers, and telecommunication companies completes as the dominance in TV companies like Mediaset and international internet providers such as Altavista, Google, Lycos, Virgilio and Yahoo! establishing their Italian operations in the city (Expo-magazine, 2017). Furthermore, Sweden the international supplier of metals and mining has stronghold Stockholm (Krüger, 2016). On the other hand, the geopolitical location of Spain has empowered the hotel sectors (Rodríquez, 2017). While the shaming of Vienna attracts tourists around the world (Brauner, 2015).

3.4 Threats
The political situation of Europe is the impact of the migration within and from out the European union, thus is clearly appeared in June 2016 when Brexit people have voted to leave the European union, later the major amelioration of the elections campaigns is migration (EuroMemo, 2016). According to Cesarani and Fulbrook, 1996, many European countries claimed from migrations impacts on social resources, threats to national security, and culture symmetries (Cesarani, D. & Fulbrook, M., , 1996).

Over the previous years, European union spent more on the military forces and most of the political intension is focused on the Middle East & Libya war and especially the war in Syria where some European countries went to arm military groups in Syria (EuroMemo, 2016). The direct intervention in the terrorism struggle has reflected on the Europe as social crisis and refugees.

3.5 SWOT Analysis
The urban economy analysis in chapter one shows the strengths, weakness, opportunities, and threats in the figure 2

<table>
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<th>Urbans Economy SWOT</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
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| Strength            | ✓ Financial & Governmental strategies & polices  
|                     | ✓ Talent people & Leaderships  
|                     | ✓ Technology investment & development  
|                     | ✓ Startups Ecosystems  
|                     | ✓ Rise of Substitute Urbans  
|                     | ✓ Rise of Substitute Urban  
|                     | ✓ Research & Development  
| Weakness            | ✓ Unbalanced Urban Economy Growth  
|                     | ✓ High Investment Expenses  
|                     | ✓ Unemployment  
|                     | ✓ Political Issues  |
EU’s economy power lies in developing strategies, and policies that ensure the sustainable economy growth by investing in technology, transport, energy, etc. The urban economy SWOT analysis shows a set of strengths variables, governmental economic strategies form the stone corner that affects directly, or indirectly the other variables (figure 3).

4. Europe Economy Tows Matrix Analysis

Today European Union countries have to engage in new sophisticated strategies development. Conceptually strategies simply are based on analyzing current and expected future situations, determining the visions of the union toward achieving the objectives of sustainable economy development. The process is complicated; it demands a formal approach to identify the external opportunities and threats to match the internal strategies development’s needs.

Strategies are general programs to ensure sustainable development that emphasize the right usage of resources to achieve objectives. Europe union has to set new objectives that ensure the parallel development of weak urban economies, strategies comes according to these objectives to change the way of operating. Each strategy has to be developed into set of related goals to put Europe union members on the right track OD development and property.
TWOS matrix in figure avails as a conceptual framework to develop future strategies, it is based on the combination of different factors internal and external to tailor a future vision for the European union. Internal strengths and weakness variables are integrated with the external variables opportunities and threats to develop new tactics that are based on strengths and opportunities to solve the weakness variables and to imitate the threats forces (Weihrich, 1982).

<table>
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<tr>
<th>Internal Strengths</th>
<th>External Opportunities</th>
<th>External Threats</th>
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<tr>
<td>• Talent people &amp; Leaderships</td>
<td>• World’s Economy lies in Europe</td>
<td>• Migration</td>
</tr>
<tr>
<td>• Technology investment &amp; development</td>
<td>• Europe Union reputation</td>
<td>• Social Crisis</td>
</tr>
<tr>
<td>• Startups Ecosystems</td>
<td>• Geographical Location</td>
<td>• Terrorism</td>
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<tr>
<td>• Research &amp; Development</td>
<td>• Shipping Industry</td>
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<th>Maxi-Maxi Strategies</th>
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<td>• Unbalanced Urban Economy Growth</td>
<td>• Industrial policies for the globalization area support SME</td>
<td>• SME strategies to hold new startups</td>
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<td>• High Investment Expenses</td>
<td>• Research Agenda</td>
<td>• Digital Economy strategies</td>
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<tr>
<td>• Unemployment</td>
<td>• R&amp;D projects combine public &amp; private sectors</td>
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<td>• Political Issues</td>
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<th>Internal Weakness</th>
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<td>• Single Market Strategy</td>
<td>• Educational programs to involve migrants into labor market</td>
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<td>• High Investment Expenses</td>
<td>• Open Economy Strategy</td>
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<td>• Political Issues</td>
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Figure 4 - European TOWS Matrix
Source: Develop for this Paper

**5. Max-Max Strategy**
Strength Opportunity strategy is based on the dominates of internal strengths and the external opportunities to ensure sustainability. This situation corresponds to the maxi-maxi strategy whereby it is possible to have strong expansion and diversified development. The matrix shows in figure2.3 the internal strength, and the external opportunities of EU economy. The internal strengths are: Talent people & Leaderships, Technology investment & development, Employment & Labor Regulations, Startups Ecosystems, & Research & Development, and the external opportunities, while the external opportunities are: world’s Economy lies in Europe, Europe Union reputation, Geographical Location, Shipping Industry, & Anciently.
EU can exploit its leader economy and the reputation of the European industries with the support of talent people and startups good ecosystem to put a strategy to prepare and introduce SME for global competition. A smart growth based on knowledge and innovation will create a new competitive environment and will move SMEs to international competition.

Research agenda is essential for the sustainable growth economy. Public and private sectors have to collaborate in common projects to satisfy market needs. For this, a need for a clear agenda is the challenge of the EU leaders; the agenda will set the targets and priorities of each member in the union to be achieved.

6. Max-Mini Strategy
Strength Weakness strategy is based on using the internal strengths to minimize the external threats. The matrix shows in figure 2.3 the internal strength, and the external threats of EU economy. The internal strengths are: Talent people & Leaderships, Technology investment & development, Employment & Labor Regulations, Startups Ecosystems, & Research & Development, and the external opportunities, while the external threats are: migration, social crisis, terrorism.

Accelerator programs with a supportive environment will ensure the growth of SME and especially in the counties that are suffering from crises like the Greek case. Small and medium enterprises are the fundamentals of the small economies with supporting strategies these enterprises will recover their crises.

Moving toward digital market will create new markets and new jobs, SMEs in low costs will be able to compete internationally. New SME strategies and new digital market policies with a well-studied immigration program will give the EU the opportunities to put the fundamentals of balanced growth urban economy.

7. Mini-Maxi Strategy
Weakness Opportunities strategy is the situation to take the advantages of the external opportunities to recover the internal weakness. The strategy has to fix the internal weakness by changing the environmental good conditions into internal operations to limited weaknesses and put an effective plan to change weaknesses to strengths. TOWS matrix shows the weaknesses and Opportunities of the EU market analysis in figure 2.3. The weaknesses are: unbalanced urban economy growth, high investment expenses, shadow urbans, unemployment, while the environmental opportunities are: world’s Economy lies in Europe, Europe Union reputation, Geographical Location, Shipping Industry, & Anciently.

The rising of shadow urbans is the problem that many European cities’ economies are facing, in Germany the first point of thinking of an investor is Berlin, and Hamburg, these dominant cities absorb the lights on other small cities like Lipchtaat, and others. The unbalanced economy growth between the same countries’ urbans create bottlenecks on two or three cities in each country, ignoring the development of other cities.

European members can take the advantage of Europe’s economy, and good reputation to operates as one single market with open economy strategy. The creation of one digital single market strategy will give the advantages of SMEs to take the advantages of low costs investment in Lisbon to move toward global competition. The digital single market strategy will remove the domain of cities on others since place has no value in digital operations.

A digital single market strategy with the glorying of the international shipping industry will create new markets, immediately new jobs vacancies will be risen. The new markets need new regulations, policies, and laws to manage the new digital operations.

8. Mini-Mini Strategy
Weakness threats strategy this situation is pauper of any advantage. The purpose of that strategy is not to recover, or stop weakness and threats, but to develop an acting scenario to hold weakness, and to limit threats. The purpose of mini-mini strategy to put a survival plan for “how to face threats and hold on weakness”, the European union main challenge is the terrorism that pushes huge numbers of immigrants to orient toward the dreaming land “Europe”. European members can take the advantage of the immigrants by preparing educational systems that prepare the immigrants to be involved in the European society, and feel of belong.

9. European Usage of Digital Services
European Digital Single Market is the top priorities of the sustainability of the development of the European economies. Digital Economy and Society Index “DESI is an indicator that summarize the percentage of European citizens usage of digital services” identifies the progress of digital development potential steps to improve the digital performance (European Commission, 2017).

9.1 Sharing Online Personal Information
Sharing the personal information on social network is an indicator that evaluates the acceptance of using social media of the European citizens. The bar chart in the Figure 5 shows the indicators of different countries. More than 80% of the interviewee are uploading their personal information on the social networks in Portugal, and Cyprus, while the low percentage is at Slovakia, and Austria more than 30%. The percentage is changing between different age group, in general more than 18 countries have more than 50% sharing their personal information that indicates the usage of social media is in increasing.

![Figure 5](https://ec.europa.eu/eurostat)

9.2 Participating on Social Media
Social media is the current trend in the digital market, the indicator in figure 6 shows that more than 90% in 25 countries are networking on social media, while the low percentage is 35% of individuals in Austria are using social media.
9.3 Online learning

Digital technology has modified most organizational business model and education is improved more by technology. The density of information leads to create new online teaching courses, not academic courses only, but it goes more advanced. According to figure 7 approximately 30% of individuals in Finland involved in online courses, while less than 5% individuals involved in Slovakia. In general, the percentage is between 5% and 15% in the greatest number of countries. London and France have 12% that is a low percentage, e-learning needs more improvement and clear policies to develop it and make it more acceptable.

9.4 Online Training & Education

Internet has changed search and evaluation of information. Using the online information and especially the feedback of consumers gives a true feedback. Searching for education, and training courses takes a
high percentage in Denmark and Luxemburg approximately 80% that is a high percentage, while the low percentage is at Belgium approximately 40%. As individuals can trust the online information, then policies are needed to encourage these individuals to involve in online learning.

Figure 8, Source: https://ec.europa.eu/eurostat

9.5 Cloud services
Cloud computing is the online demand delivery computing power, databases, and applications. Google services are the most popular cloud services; millions of enterprises are depending on these online computing services to support their tech-demands. Figure 9 shows that more than 60% of Netherland people age between 16 to 24 years are using cloud services, Norway has approximately 60% of its people of age 25 to 34 years are depending on online services to accomplish their jobs. The lowest percentage is at Turkey 15% of the individuals are using cloud services. In general, if Turkey is removed from the model, all countries have more than 30% individuals using cloud services. Cloud platforms are the future of internet, and the usage will increase by time.
9.6 Online Services
Governments are increasing their attentions to make their services more flexible. Using the online services has facilitate the integration between citizens and their governments. Figure 10 shows that 100% of Malta, Austria, and Portugal individuals are using online services to finish their applications, documents, paying bells, and taxes. Fifty percent of Greek, and Romania people are using online services. In general, online services solve the problems of citizens to finish their duties, while governments can depend on these services to get a direct contact with their citizens.

9.7 Internet trust
Building the trust between businesses and consumers is a hard mission and especially in a virtual market. Day after day the trust is increasing, and a bid segment of consumers are oriented toward shopping on line and purchasing from virtual dealers. Figure 11 shows that more than 70% of German individuals trust the online services, and they don’t have any problem to repeat transactions, while 15% of Romanian individuals trust the online services. Online trading needs a clear legacy system to ensure quality of services, and to protect consumers.
9.8 Job search
Searching for a job online must facilitate the enterprises contact with talent and skilled people around the world. Websites like SearchGate, and LinkedIn are good examples to meet skilled people or to search for working opportunities. Figure 12 shows approximately 60% of Denmark individual’s age between 25 and 34 using the online websites to search for jobs, while 10% of Turkey individual’s age between 25 and 34 are using the internet to search for jobs.

9.9 Online banking services
E-banking services are founded to make life more comfortable, this sign has risen by one commercial bank. E-banking services are designed to facilitate financial transaction between different sectors. Banking sector has its own specialties and the essential aspect is the security element. This sector has high sensitivity and any crises will crash down the bank and it is impossible to recover reputation. To use online services is a great challenge, and especially with the hacking crimes. Figure 13 shows that Finland...
has the highest percentage of using online services approximately 96% of individuals age between 35 to 44 years, while the lowest percentage is at Bulgaria 10% of individuals age between 25 to 34 years. Most countries of the survey have 60% to reach more than 80% in Denmark, Estonia, and Netherlands individuals using online e-banking services. According to statistics the future of banks sector is the digital bank, all commercial branches could be substitute by digital systems.

Figure 13, Source: [https://ec.europa.eu/eurostat](https://ec.europa.eu/eurostat)

### 9.10 E-government

E-government refers to efforts by public authorities to use information and communication technologies (ICTs) to improve public services and increase democratic participation. Figure 14 shows more than 80% of individuals at Denmark, Estonia, Norway, Latvia, and Sweden are responding with the public authority, while Romania has the lowest percentage 18%.

Figure 14, Source: [https://ec.europa.eu/eurostat](https://ec.europa.eu/eurostat)
9.11 Trading cross boundaries
E-trading cross boundaries still needs improvement and specially B2B e-commerce. E-trading needs clear strategies and policies between the EU members. Figure 15 shows 17% of enterprises in Ireland are using electronic trading which is a very low percentage, while 2% in Romania. Still European cross boundaries e-trading needs improvements to get the benefits and change toward globalization.

Figure 15, Source: [https://ec.europa.eu/eurostat](https://ec.europa.eu/eurostat)

9.12 Ecommerce B2C
E-trading cross boundaries still requires improvement; enterprises have to change the behavior of consumer. Social media is the current trend in social-technology, using the concepts of big data consumer’s information, sentiments, and needs could be tracked using online analytical tools. Figure 16 shows 17% of individuals in Ireland are using e-commerce to purchase goods that are a very low percentage, while 2% in United Kingdom.

Figure 16, Source: [https://ec.europa.eu/eurostat](https://ec.europa.eu/eurostat)
9.13 Online purchasing
More than 80% individuals in United Kingdom are ordering goods online. This is an indicator for the European enterprises that they can follow the case of global enterprises and especially the Asian enterprises how they reach Europe market in low costs, and how they are able to understand the European consumer behavior. Romania has shown the lowest percentage about 18% of individuals using online goods and services ordering.

![Individuals ordering goods or services online](https://ec.europa.eu/eurostat)

Figure 17, Source: [https://ec.europa.eu/eurostat](https://ec.europa.eu/eurostat)

9.14 Online auctions
Online auction or C2C ecommerce where consumer can sell any item online to another consumer. Denmark has approximately 35% individuals are using online auctions, while Greece has the lowest percentage 2.5%. In europe using online auction is still weak while in US thousands of cars are purchased online from different countries by using these online auctions. Online auctions have moved american cars’ trading for global markets, online auctions have given american cars markets a competitive strength over the europen cars’ market.
9.15 Digital skills
Digital skills are an indicator for internet services usage. In Luxemburg 70% of individuals have professional skills, 20% basic skills, and 10% don’t have skills. More than 15 countries of the survey have a percentage of 50% of individuals own professional skills, 20% percentage as basic skills, and 10% of individuals don’t have any skills. The lowest percentage is at Romania 22% individual have professional skills, 20% basic skills, and more than 50% have no skills. According to the indicator of skills, European citizens have high computing skills.

![Digital Skills - Software for content manipulation, by Digital skills level](https://ec.europa.eu/eurostat)

9.16 Programming skills
Writing codes or software development is another indicator to evaluate the European society of internet usage. In Netherlands 25% of individuals from national of non-EU country have programming skills, while the high percentage of European nationals is also in Netherlands, which means that importing global talents are improving the professional techniques of the European talents. Figure 20 also shows the lowest percentage at Romania and Bulgaria 1%. According to the figure, the effectiveness of global talents could be deduced, where there are non-European programmers there are European programmers.

![Programming skills](https://ec.europa.eu/eurostat)
9.17 Digital skills & Internet Usage

Figure 2.21 shows the relation between digital skills and internet usage. The indicator shows that as the internet skills are increased the internet usage will increase immediately. In 2016 digital skills indicator was 27% and the internet usage was 30%, in 2017 digital skills indicator has increased to 28% but internet indicator has increased to 33%.

9.18 Enterprises Working on Digital Services and E-Commerce.

Nowadays, technology becomes the black horse of competition, and each organization needs to gain competitive strengths it has to invest in technology. Figure 2.22 shows that enterprises investment in digital services is increased from 20.5% in 2016 to 22.5% in 2017, but the percentage is still very low, while the percentage of enterprises investments in ecommerce has shifted from 14.9% in 2016 to 15% in 2017. Both percentages are still very low the growth in using digital services and ecommerce specially by the European enterprises is still too slow, it needs more investment. European enterprises have to follow the Chinese enterprises cases and Asian countries.
9.19 Big data analysis
The concept of big data has increased with the wide spread of social media usage. Big data is huge databases that collect the entire client’s data of social media and internet surfing. Big data is the suitable source of decision makers to understand market, and know consumer behavior. Figure 23 shows 19% of Netherlands enterprises are using big data analytics, while in Cyprus is 2.5%. The highest indicator is very small because companies have to integrate with social networks to understand consumer sentiments.

10. Findings & Conclusion
European citizens have professional computing skills; online services have skills seeds in European community. Where there are global talents there are European talent that is recognized in the writing codes skills, countries that have foreign programmers “non-European” have an acceptable percentage of national programmers. Improving the citizens aware to digital market will increase the opportunities of success of any future strategy.

One of the global strategies is to use technology; the black horse of globalization is the online services. Aliexpress Chinese dealers that carries the Chinese small and medium enterprises to each area in the
world using internet. EU members have to follow those strategies and to use the Asian countries case how these countries change their weak economies to fast growth economies by investing in technology.

Consumer behavior has to be changed and adapted with the online services especially in industrial sectors. Legacy regulations are needed to protect consumer will using online services. Everything is related to trust and only trust and this will happen by clear strategies, and governmental regulations. If we take the consumer ability to purchase online percentages 80%, the internet information trust percentage 70%, and the low European enterprises ecommerce 17%, we can find that there is a gap between European consumer and enterprises. This gap could be healed by trust that will change the behavior of consumer in using e-commerce. European enterprises can follow the case of Amazon stores and how millions of consumers around the world between them the European customers are purchasing from this website. The only element that improves amazon website growth is confidence.

E-banking is another indicator that shows the ability of the European consumer to use online services. With a sensitive sector like banking to have a high percentage approximately 96% to use online financial transaction with the huge threats is a big issue. All is built on the confidence that banks build it with their clients.

Response of citizens to public authorities 80% percentage with the 100% of using online governmental services is another indicator that shows the importance of electronically services in creating flexibility.

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Relationship Between Emotional Intelligence and Locus of Control With Decision-making Styles among Corporate Managers in Iran

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ABSTRACT
Emotional intelligence is defined as the facilitator of the perception, expression, attraction, understanding, and regulation of relationships that stimulates intellectual and emotional growth. Those who are more conscious about their emotions have more skills in managing emotional problems. They also have higher decision-making power. The purpose of this study is to investigate the relationship between emotional intelligence and locus of control with decision-making styles in corporate executives. The research method is descriptive and in terms of nature, it is a correlative study. The statistical population of the research is all managers and supervisors of Iran Khodro Company. The results of this study indicate that there is a strong relationship between emotional intelligence and styles of decision making in managers and supervisors of this company, but there is not a significant relationship between locus of control and decision making styles.

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1. Introduction
Decision-making has a widespread role in human life. It is the choice of a solution from among various options so based on this definition, decision making is called the central core of planning (Safarinia et al., 2013). It uses many cognitive processes, such as information and processing them, problem-solving, judgment, memory, and learning (Hadizadeh, 2011). Decision-making style is the individual model of interpreting and responding to decision-making tasks. Due to these styles, understanding different people’s decisions in the same situations is possible (Etebarian et al., 2014). Decision making is related to the locus of control (internal, external), the way of finding solutions and strategy compilation by the individual. Julian Rotter (1966), a theorist of locus control, has developed his theory of the belief system of individuals in relation to reinforcement resources (Barati, 2014). It is believed that in terms of control, people are divided into two categories: the group that attributes their successes and failures to internal factors, and the group that attributes their successes and failures to external factors. The first group is called the individuals with the internal locus of control and the second group is called people with external locus of control (Seif, 2011). The locus of the control or degree to which people believe that they have control over the outcome of events in their lives is originated from the theory of social learning.
which proposed by Rotter in 1966. According to this theory, the locus of control is the system of beliefs based on which individuals evaluate their successes and failures, considering their abilities and weaknesses (Ahanjian and Asaroudi, 2015). In organizations, decisions are made continuously. What executives are doing at different levels of the organization and always move towards it (J. Anj, 2016) is decision-making and emotional intelligence (Mitchell, 2014). Emotional intelligence is included in a wide range of skills and personal characteristics and usually is considered as intrapersonal and interpersonal skills that go beyond a specific area of prior knowledge, intelligence quotient (IQ), and technical or professional skills (Dinser et al., 2011).

Emotional intelligence includes the ability of emotional and social self-awareness. Emotional intelligence enables a human being to manage his emotions and leads them in the right direction to achieve goals that have been identified in life, work environment, etc. (Gojet et al., 2011). Emotional intelligence has applications in different areas. Among these areas are intrapersonal and extra personal communications, mental and personal health, psychology, medical and physical health, psychiatry, counseling and guidance, work and employment, organizational and industrial management, economic development, and so on (Hosseini and Khademiyan, 2014). Therefore, emotional intelligence can be an appropriate field for creating an appropriate environment for learning and effective communication, a context where emotional intelligence can play an effective role in the workplace (Umuro and Oman, 2015).

Emotional Intelligence Theory provides a new perspective on the prediction of factors affecting the success and also the primary prevention of mental disorders, which completes cognitive science, neuroscience and child development. Emotional intelligence capabilities are very important for emotional self-control and skillful communications. Relying on general intelligence alone is not enough to explain success. Researches have shown that in the best situation, general intelligence just causes 25% of success, and the rest of success depends on emotional and social intelligence as well as luck. Today, the evaluation of emotional intelligence and its impact on the success of managers is one of the most important areas of researches. Always this is the question that to achieve, which capabilities are needed. Researchers are now exploring career success using the theory of emotional and social intelligence. The present research is seeking a scientific answer to the question of what is the relationship between emotional intelligence, the locus of control and decision-making styles of managers and supervisors of Iran Khodro companies.

2. Material and methods

2.1. Methodology
The research methodology depends on the purpose and nature of the study of research and its implementation tools. In this research, first, the relationship between emotional intelligence, the locus of control and decision-making styles in corporate executives was studied. To collect the required information, Rotter’s Locus of Control Scale (RLOC) and the psychometric properties of Rotter's locus of control as well as general decision-making style (GDMS) questionnaire have been used.

3. Discussion
3.1. Inferential findings
In this section, first, descriptive indicators of the studied variables (emotional intelligence, the locus of control, and decision-making styles) are presented. Since the research hypotheses are tested at the parametric, skewness and kurtosis indices should be within the range of ±1.96 to show the normal distribution of the data. The results show that the distribution of data is consistent with a normal distribution (table 1).
Table 1 Descriptive indicator of decision-making style, emotional intelligence and locus of control

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational</td>
<td>13.93</td>
<td>3.86</td>
<td>0.13</td>
<td>-0.61</td>
</tr>
<tr>
<td>Intuitive</td>
<td>17.32</td>
<td>3.21</td>
<td>0.03</td>
<td>-0.25</td>
</tr>
<tr>
<td>Dependent</td>
<td>17.14</td>
<td>1.93</td>
<td>0.18</td>
<td>-0.47</td>
</tr>
<tr>
<td>Spontaneous</td>
<td>15.61</td>
<td>2.59</td>
<td>0.32</td>
<td>-0.61</td>
</tr>
<tr>
<td>Avoidant</td>
<td>15.58</td>
<td>2.69</td>
<td>-0.05</td>
<td>-0.42</td>
</tr>
<tr>
<td>Decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(total score)</td>
<td>85.60</td>
<td>14.22</td>
<td>0.20</td>
<td>-0.62</td>
</tr>
<tr>
<td>Emotional</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>intelligence</td>
<td>97.87</td>
<td>14.62</td>
<td>0.27</td>
<td>-0.25</td>
</tr>
<tr>
<td>Locus of control</td>
<td>39.23</td>
<td>12.70</td>
<td>0.54</td>
<td>-1.59</td>
</tr>
</tbody>
</table>

Since the purpose of this study is to investigate the relationship between emotional intelligence and locus of control with decision-making styles, the assumptions of this test and multiple regression is that the distribution of data is normal. For this reason, the normal distribution of data is analyzed through Kolmogorov–Smirnov normal test.

Table 2 Results of Kolmogorov–Smirnov normal test of decision making style, emotional intelligence and locus of control

<table>
<thead>
<tr>
<th>Variable</th>
<th>Statistics</th>
<th>Degrees of freedom</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational</td>
<td>0.10</td>
<td>103</td>
<td>0.07</td>
</tr>
<tr>
<td>Intuitive</td>
<td>0.14</td>
<td>103</td>
<td>0.23</td>
</tr>
<tr>
<td>Dependent</td>
<td>0.14</td>
<td>103</td>
<td>0.12</td>
</tr>
<tr>
<td>Spontaneous</td>
<td>0.13</td>
<td>103</td>
<td>0.18</td>
</tr>
<tr>
<td>Avoidant</td>
<td>0.11</td>
<td>103</td>
<td>0.17</td>
</tr>
<tr>
<td>Decision making</td>
<td>0.07</td>
<td>103</td>
<td>0.20</td>
</tr>
<tr>
<td>(total score)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional</td>
<td>0.07</td>
<td>103</td>
<td>0.20</td>
</tr>
<tr>
<td>intelligence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locus of control</td>
<td>0.36</td>
<td>103</td>
<td>0.19</td>
</tr>
</tbody>
</table>

Before predicting decision-making styles through emotional intelligence and the locus of control, relationship between these variables is tested Pearson's moment correlation coefficient. The results showed that emotional intelligence has a significant relationship with decision-making styles. There was no significant relationship between locus of control and decision-making styles (table 3).

Table 3 Correlation matrix between variables of decision-making style, emotional intelligence and locus of control

<table>
<thead>
<tr>
<th>variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intuitive</td>
<td>0.88*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent</td>
<td>0.63*</td>
<td>0.68*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spontaneous</td>
<td>0.84*</td>
<td>0.85*</td>
<td>0.84*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avoidant</td>
<td>0.93*</td>
<td>0.87*</td>
<td>0.60*</td>
<td>0.79*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision making</td>
<td>0.96*</td>
<td>0.94*</td>
<td>0.77*</td>
<td>0.93*</td>
<td>0.93*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(total score)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional</td>
<td>0.97*</td>
<td>0.90*</td>
<td>0.74*</td>
<td>0.89*</td>
<td>0.93*</td>
<td>0.98*</td>
<td></td>
</tr>
<tr>
<td>intelligence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locus of control</td>
<td>-0.19</td>
<td>-0.12</td>
<td>-0.15</td>
<td>-0.16</td>
<td>-0.16</td>
<td>-0.18</td>
<td>-0.17</td>
</tr>
</tbody>
</table>

*p > 0.01
To predict the items of decision-making style (rational, intuitive, dependent, spontaneous and avoidant), multiple regression analysis with enter method is used. Each style is then predicted through two variables: emotional intelligence and locus of control.

### 3.2 Rational decision-making style

The first style of decision-making is rational decision-making style that the results of multiple regression analysis showed that predictor variables could predict the rational decision making style. The results of the analysis of variance of regression also confirmed this relationship. In addition, the study of regression coefficients showed that emotional intelligence is the only predictor variable that can predict rational decision-making style. The positive coefficient of regression of emotional intelligence suggests that the higher the person's emotional intelligence is, the more he uses this decision-making style.

#### Table 4 Results of regression coefficients of predictor variable in decision making style

<table>
<thead>
<tr>
<th>Predictor variable</th>
<th>B</th>
<th>SE</th>
<th>B</th>
<th>t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-10.861</td>
<td>0.791</td>
<td>-13.730</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Emotional intelligence</td>
<td>0.256</td>
<td>0.007</td>
<td>0.963</td>
<td>37.382</td>
<td>0.000</td>
</tr>
<tr>
<td>Locus of control</td>
<td>-0.008</td>
<td>0.008</td>
<td>-0.025</td>
<td>-0.956</td>
<td>0.341</td>
</tr>
</tbody>
</table>

Distribution of residuals is another assumption of regression, which is checked after regression. This assumption states that if the sampling is random, then the distribution of errors should also be normal to explain the predicted parts by the predictor variables. In addition, the relationship between the error scores and the predicted scores is another assumption; the distribution of errors and the lack of relation between the residuals and predictions are visible in the figure below which confirms this assumption.

![Figure 1. Regression standardized residual in rational decision-making style](image)

### 3.3 Intuitive decision-making style

The second style of decision-making is intuitive decision making style that the results of multiple regression analysis showed that predictor variables could predict the decision intuitive decision making style. In addition, the study of regression coefficients showed that emotional intelligence with 90% standard beta has the ability to predict the intuitive decision making style. It means that the higher the person's emotional intelligence grows; the more intuitive decision making style is developed. Distribution of residuals is another assumption of regression, which is normal according to the following figure. In addition, there is no significant relationship between the distribution of residuals and distribution of predicted scores and it can be said that prediction of predictor variables is not random.
3.4. Dependent decision-making style
In relation to the dependent decision making style, the results showed that predictor variables explain 0.54% of the dependent decision making style. Regression variance analysis also showed that prediction of predictor variables is not random. Distribution of residuals is another assumption of regression, which is normal according to the following figure. In addition, there is no significant relationship between the distribution of residuals and distribution of predicted scores and it can be said that prediction of predictor variables is not random.

3.5. Spontaneous decision-making style
The fourth style of decision-making is spontaneous decision making style that the results of multiple regression analysis showed that the variance which is achieved by predictor variables is not random and the analysis of variance confirms this result. In addition, the study of regression coefficients showed that emotional intelligence is the only predictor variable that has the ability to predict the spontaneous decision making style. It means that the higher the person's emotional intelligence grows; the more this decision making style is used. Distribution of residuals is another assumption of regression, which is studied. This assumption states that if the sampling is random, then the distribution of errors should be normal. In addition, it is confirmed that there is no significant relationship between the distribution of residuals and distribution of predicted scores.
3.6. Avoidant decision-making style
The last decision style was the avoidant decision-making style. The results of multiple regression showed that 40% of the variance in avoidant decision-making style was explained by predictor variables. The results of the variance analysis also confirmed this share of the explanation. In addition, the study of regression coefficients showed that emotional intelligence is the only predictive variable that can predict the decision-making style of consciousness. The positive regression coefficient of emotional intelligence suggests that the higher the person's emotional intelligence, the lower the use percent of decision making style.

The distribution of the remainders is normal according to the following Figure 1, and this assumption of regression is true. In addition, there is no significant relationship between the distribution of the remainders and the distribution of the predicted scores, and it can be admitted that the predicted share by predictor variables is not random.

3.7. Data analysis method
In the research process, after the data collection, the next step involves analyzing the data. (Delavar, 2011). The information obtained from the questionnaire analyzed by SPSS22 software and Excel 2013. Descriptive statistics methods (such as mean, standard deviation) were used to identify the characteristics of the statistical population and the research sample. To analyze the data in the inferential statistics, after confirmation of the normality of the data, the results were analyzed using Pearson's correlation coefficient.

3.8. Discussion and conclusion
In explaining the assumptions of research, it can be said that strengthening emotional intelligence as a
Combination of different personalities allows individuals to manage and improve their cognitive processes by recognizing, perceiving and adjusting and controlling emotions. Decision-making skills in critical situations, such as when individuals face conflicts and contradiction, are one of the emotional intelligence skills. In this situation, those who are proficient in this skill can correctly decide on the correct situation and circumstances. Emotional intelligence skills training is effective on decision-making styles in individuals, it increases the application of rational decision-making application styles and decreases the application of avoidant, dependent and spontaneous decision-making styles. Deciding on the productivity and effectiveness of individual activities has a direct effect and can be effective in directing and controlling the behavior of individuals. Decision-making is an in-person process and it has a personality, individual differences in decision making determine its intrinsic nature. Another dimension that distinguishes individuals from one another and can also be linked to decision-making strategies is the source of control (external-internal). The control place can be considered a person's belief in the power of his or her influence on his or her own life. This concept has two internal and external control dimensions. Researches have shown that people with external control source tend to be more acceptable by others. From Ratter's point of view, personality differences are related to the source of their reinforcement. The source of the reinforcements is the same individual's source of control that is divided into the external control source (controlled by the outside) and the internal control source (dependent on the individuals themselves). Based on the external control source, the reinforcements are controlled by the external environment, fate or others, and are controlled by the internal control source under the control of their own behaviors and characteristics.

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Role of Satisfaction in Mediating the Effect of Services Quality on the Customers’ Loyalty in the Village Credit Institutions of Pekraman, Indonesia

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ABSTRACT

Loyalty is a deep commitment to repurchase a product or service that becomes a preference consistently in the future by repurchasing the same product. The problem formulation in this study is how are the direct and indirect effects of services quality through satisfaction on the consumers’ loyalty. This study aims to know the direct and indirect effect of services quality through satisfaction on the consumers’ loyalty. The study was conducted by the village credit institution of Pekraman, Tabanan located in Gajah Mada street 107, Tabanan. The number of samples is 94 customers with slovin’s formula and accidental sampling method. The techniques of data collection used were interviews, documentation, literature review and questionnaire. The research instruments used were validity test and reliability test. The technique of data analysis used was path analysis with sobel test. Based on the result of calculation, it showed that the services quality had a positive and significant effect on the customers’ satisfaction in the village credit institution of Pekraman, Tabanan as many as 0,000 < 0,05. Thus, H0 was rejected and H1 was accepted. The customers’ satisfaction had a positive and significant effect on the customers’ loyalty in the village credit institution of Pekraman, Tabanan as many as 0,000 < 0,05. Thus, H0 was rejected and H3 was accepted. Based on the result of calculation, it showed that Zcount (5,323)> Z table (1,96). Thus, the customers’ loyalty can mediate the relationship between customers’ services quality and loyalty on the village credit institution of Pekraman, Tabanan. For the services quality, it is needed to improve the services given to the customers. For instance, it is provided the more exciting interest adjusted to the type of savings chosen by the customers so they will feel more satisfied and can develop their loyalty.

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JEL Classification: L80, L86, L15

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1. Introduction
In this modern era, there are so many companies competing to be the best one. The progress of technology and rapid rivalry in the globalization era makes companies always adapt to the changes happened in the business environment. Whether being successful in getting the objective or not depends on the services and information about consumers’ characteristic. The relationship between consumers and company is need keeping continuously.

In the situation with rapid rivalry, generally consumers do not have high level loyalty, because there are so many offers given to them and surely they will choose the most beneficial offer (Bloemer et al., 2000). The loyal consumers tend not to do switching and become strong word of mouth (Darsono, 2004). According to Kotler dan Keller (2011 : 138), loyalty is a commitment held strongly to buy or support the products or services that will be liked in the future. To improve the consumers’ loyalty on the company is not easy. Generally consumers’ loyalty is an attitude showing the connection of consumers in choosing or using products. The consumers’ loyalty has an important role in a company. Maintaining them means improving the financial performance and maintaining keeping the existence of company. This becomes the main reason for companies to attract and maintain their consumers. According to Hasan (2008:83), the consumers’ loyalty refers to consumers who not only buy products and services, but also recommend to others.

Services quality is an important factor in maintaining consumers. Each company always tries and competes to give the best services in order to make the consumers move to other company. According to Kotler dalam Tjiptono (2000:6), service is basically an activity or benefit offered by a group to another group that is intangible and does not produce things.

The services quality gives a support to the customers to have a strong bond to the company. The bond occurring in a long time is able to make the company understand the customers’ expectation and need. Thus, the company can improve the customers’ satisfaction, where it maximize the customers’ good experiences and minimize the customers’ bad experiences. Company that is incapable of satisfying its customers will have difficult problem. Thus, the rivalry is greatly affected by the capability of bank providing the best services than others.

Services quality is related to customers’ satisfaction. The quality really motives the customers to have a beneficial bond with the company in a long period. It is surely able to make the company understand the customers’ expectation and specific need, so it can reach the customers’ loyalty (Tjiptono 2011). The customers’ loyalty is one of success secret of the company, but there are many people forgetting it. There are many business failures occurring, because the customers is disappointed. Then they look for other alternative products or services. In the theory of consumer behavior, satisfaction is mostly defined from the perspective of consumers’ experience after consuming or using products or services. Thus, satisfaction can be defined as the consumers’ perception about the products or services that make them satisfied. The level of satisfaction refers to what the consumers feel and expect (Palilati, 2004). As the customary law community, the traditional village in Bali functions to preserve, maintain, and utilize the resources of the traditional village for community prosperity. It indicates the traditional village has an autonomy in the social economics field. Considering the role and contribution of traditional village, the government of Bali province issues a local regulation no. 8 of 2002 about the village credit institution. It is a saving and loan entity owned by traditional village.

The village credit institution is an extraordinary financial institution. It is a special institution owned by Balinese community. The aspect of capital in the village credit institution is so different from other financial institution such as bank or saving and loan cooperative. From the aspect of capital, it can be indicated that the village credit institution is a special financial institution owned by the community, because the capital comes from the Pekraman village that is Balinese community. Either bank or saving and loan cooperative gets capital from its members or shareholder. The capital of village credit institution
is owned by the community. Thus, the responsibility is for community through sangkepan (meeting) in Pekraman.

The village credit institution of Pekraman, Tabanan is an institution obtaining fund from society and share to them in the form of saving, deposit, or credit and try to give the best services for all the customers. Since the village credit institution of Pekraman, Tabanan was established, it has done efforts to build a good corporate image by donating to the customers’ family that is passed away, giving presents to the customers, giving low interest to the customers, and participating in building Kahyangan Tiga temple by giving donation.

The big number of credit donated by the village credit institution of Pekraman, Tabanan will implicate to the services for customers, especially for credit. Besides the bigger number of credit, it also needs more services and accuracy. The hard effort in developing the company has been conducted by the village credit institution of Pekraman, Tabanan, but the customers’ satisfaction becomes the expectation of village credit institution of Pekraman, Tabanan. The number of credit and customers in the village credit institution of Pekraman, Tabanan from 2011 to 2017 can be viewed on the table 1.1 below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Credit Rp.</th>
<th>Percentage</th>
<th>Number of Customer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>27.834.464.425</td>
<td>-</td>
<td>1.285</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>30.151.247.125</td>
<td>8%</td>
<td>1.304</td>
<td>1.48%</td>
</tr>
<tr>
<td>2015</td>
<td>38.872.280.625</td>
<td>29%</td>
<td>1.296</td>
<td>-0.61%</td>
</tr>
<tr>
<td>2016</td>
<td>58.224.694.275</td>
<td>50%</td>
<td>1.408</td>
<td>8.64%</td>
</tr>
<tr>
<td>2017</td>
<td>70.492.196.750</td>
<td>21%</td>
<td>1.436</td>
<td>1.99%</td>
</tr>
</tbody>
</table>

Source: The village credit institution of Pekraman, Tabanan (2018)

From the table 1.1, it indicates that the number of credit given by the village credit institution of Pekraman, Tabanan was increasing from 2013 to 2017. It is different from the number of customer that was either increasing or decreasing. The big number of credit donated by the village credit institution of Pekraman, Tabanan will implicate to the services for customers, especially for credit. Besides the bigger number of credit, it also needs more services and accuracy. The customers’ satisfaction created by the services quality will give several benefits, such as a good relationship between the company and the customers, that intends to customer retention. It also motivates the customers’ loyalty that intends to many purchases, make recommendation by word of mouth. Then the proportion of purchase can increase the benefit of company.

Based on the explanation above, what motives the researcher to take a research is the importance of services quality in order to improve the customers’ satisfaction that will effect on the customers’ loyalty and improve the existence of the village credit institution of Pekraman, Tabanan. Thus, it is entitled “The Role of Satisfaction in Mediating the Effect of Services Quality on the Customers’ Loyalty in The village credit institution of Pekraman, Tabanan”.

2. Literature Review
2.1 Loyalty
The customers’ behavior is a part of human activities that always change in accordance with the effect of social environment where they are in. The customers’ behavior expected by the company is loyalty. Loyalty means that the customers purchase regularly. In general, loyalty can be defined as one’s faithfulness toward products or services. There are some definitions of loyalty according to
experts.

According to Kotler (2009:138), loyalty is a commitment held deeply to repurchase or support the products or services liked in the future although the effect of situation and effort makes the customers move to others.

According to Tjiptono (2011:481), purchasing for many times is related to purchase a brand for many times. The concept about loyalty is an old concept in marketing and always grows with various variants.

According to Griffin (2002:4), (in Hurriyati, 2010, page 128) states loyalty is defined as non random purchase expressed over time by some decision-making units. Based on the definition, it indicates that loyalty tends to a behavior, namely purchasing for many times based on decision-making unit.

Customers’ loyalty is generally an attitude showing the connection of customers in choosing and using a product. Customers’ loyalty has an important role in a company. Maintaining them means improving the financial performance and the existence of company. It becomes the main reason for a company to attract and maintain the customers. Customers’ loyalty refer to customers not only purchasing products or services but also recommending to others, according to Hasan (2008:83).

2.2 Indicator of Loyalty
Customers’ loyalty is defined as a loyalty showed by the customers on the products provided by the company. The indicator of research used was based on the theory stated by Griffin (2005). Some indicators used to measure the customers’ loyalty is repeat purchase (customers’ loyalty on products or services).

Reward is a loyalty where the customers use various products provided by a company. Recommendation is sharing information about products or services to others. Refuse is being not attracted to other company.

Based on the explanation above, it can be concluded that customers’ loyalty is customers who purchase products or services repeatedly. Then the customers will convey and recommend others to try the products or services. Finally, they will be loyal to the products or services and reject products or services from other company.

2.3 Services Quality
Services cannot be seen, felt, smelled, and heard as concrete products, so the assessment of services quality is different from goods. Services have certain characteristics. How the customers assess the services determines the services quality. Discussing about the quality of banking company is surely not separated from services quality. Service quality is an effort to fulfill the customers’ needs and wishes and the accuracy of information distribution in balancing the customers’ wish, according to Tjiptono (2007).

According to Ariani (2009:205), services quality is a global attribute of company and customers’ consideration on the superiority of company completely. The services quality can be indicated by comparing between the customers’ perception on the real services they got and services they expect. If the services are suitable with what they expect, a good perception will be created. If the services are more than what they expect, a very good perception will be created. If the services are not suitable with what they expect, a bad perception will be created.

2.4 Indicator of Services Quality
The indicators of services quality according to zheithalm et al dalam Ariani (2009:180) that is known
as SERQUAL (Service quality) consisting of Tangible, Reliability, Responsiveness, assurance are knowledge, hospitality, employees’ ability to build self-confidence for company and empathy.

2.5 Definition of Customers’ Satisfaction
According to Kotler cited by Fandy Tjiptono (2011 : 312), customer’s satisfaction is one’s feeling after comparing between performance he perceives and his expectation.

According to Kotler dan Keller (2009 : 138), satisfaction is one’s happiness or sadness created after comparing between the products have been perceived and the expectation. If the performance fails to fulfill the expectation, the customers will not be satisfied. If the performance is in accordance with the expectation, the customers will be satisfied. If the performance is more than the expectation, the customers will be very satisfied or happy. The assessment and emotional response is shown by the customers after purchasing process by comparing between the actual performance on the product and the expectation, and evaluation in consuming the products or services. According to Tjiptono (2004:101), the indicator of customers’ satisfaction includes suitability with expectation, interest to come back, readiness to recommend.

3. Methodology
3.1 Research Design
Loyalty is a deep commitment to repurchase a product or service liked in the future. To improve the consumers’ loyalty on the company is not easy. The consumers’ loyalty is generally an attitude showing the connection of consumers in choosing and using products. The consumers’ loyalty has an important role in a company. Maintaining them means improving the financial performance and the existence of company. It is the main reason of company to attract and maintain its consumers. It is needed to maintain the customers’ loyalty such as providing good services and making customers satisfied for all activities conducted by the company. The consumers’ satisfaction created through the services quality will give some benefits, such as good relationship between customers and company that refers to customer retention and support the customers’ loyalty that refers to purchasing repeatedly, recommendation word by mouth, and proportion of purchase that can increase the benefit of company. This study aims to analyze the role of satisfaction in mediating the effect of services quality on the customers’ loyalty in the village credit institution of Pekraman, Tabanan.

Figure 3.1 Research Design of The Role of Satisfaction in Mediating the Effect of Services Quality on the Customers’ Loyalty in the Village Credit Institution of Pekraman, Tabanan

Based on the main problem that has been formulated in the hypothesis, the variables analyzed in this study were services quality (X) as an independent variable, satisfaction (M) as a mediating variable and customers’ loyalty (Y) as a dependent variable. It used a qualitative approach that was descriptive. In this study, it was conducted an observation on some variables to describe something from variables examined (Istianto, 2006:22). It was specially conducted an observation on the services quality, satisfaction, and customers’ loyalty. The data used in this study were numbers analyzed using statistics. It was analyzed using path analysis with Sobel test (Preacher dan Hayes, 2004).

3.2 Location of Research
This study was conducted in the village credit institution of Pekraman, Tabanan located in Gajah Gada street 107, Tabanan. The author will take a research by visiting the village credit institution of Pekraman, Tabanan to gather supporting data for this study.

3.3 Object of Research
The objects of this study were effect of services quality, corporate image, and customers’ satisfaction the village credit institution of Pekraman, Tabanan located in Gajah Gada street 107, Tabanan

3.4 Population and Sample
3.4.1 Population
The population that became the object of this study was all customers in the village credit institution of Pekraman, Tabanan in 2017 as many as 1,436 people (table 1.1)

3.4.2 Sample
The sample in this study was taken by using Slovin’s formula. The number of minimum sample taken was determined by using Slovin’s formula as follows (Umar, 2008).

\[
n = \frac{N}{1 + N \cdot e^2}
\]

Information :
\(n\) = sample size/number of sample member
\(N\) = population size/number of population member
\(e\) = error level in taking sample
The population is 1,436 (N = 1,436). The error level in taking sample is 10% (e = 10%). Thus, the number of sample or minimum size sample is

\[
n = \frac{1,436}{1 + 1,436 \cdot (10\%)}
\]

\[
n = \frac{1,436}{1 + 1,436 \cdot (0.01)}
\]

\[
n = \frac{1,436}{15,36} = 93.49\text{ becomes } 94
\]

Based on the calculation, the smallest sample taken is 94 customers in the village credit institution of Pekraman, Tabanan.

3.4.3 Sample Determination Methods
The sample determination method in this study was Insidental Sampling. Insidental Sampling is a sample determination technique that is accidental. People that was accidentally met by the researcher whom they are customers in the village credit institution will be used as sample, as long as it is suitable (Sugiyono, 2014:122).

3.4.4 Data Collection Methods
To obtain data needed in this study, it was used some data collection techniques, such as observation, interview, documentation, and literature review. The questionnaire used Likert scales consisting of
strongly disagree, disagree, neutral, agree, and strongly agree. Each answer is given an integrity with scale as follows:

- Strongly agree = 5
- Agree = 4
- Neutral = 3
- Disagree = 2
- Strongly disagree = 1

3.5 Research Instrument

3.5.1 Validity Test
The validity test can be conducted by correlating between the score of factor and total score. If the correlation in each factor has a positive value (r > 0.3), the research instrument can be categorized as valid. The validity test in this study was conducted by using SPSS 23.0.

3.5.2 Reliability Test
The instrument can be categorized as reliable if it has Cronbach Alpha value > 0.60 (Sugiyono, 2015). The reliability test was conducted by using SPSS 23.0.

3.6 Technique of Data Analysis

3.6.1 Descriptive Statistics Analysis
Descriptive statistics analysis is an analysis that focuses on gathering, processing, serving and analyzing data (Wahyuni, (2011:2)). In this study, the analysis was used to describe the data that has been gathered and serve in the form of graph or table.

3.6.2 Path Analysis
The data analysis used to solve the problem formulation in this study was Path Analysis.

3.6.2.1 Designing path analysis
Path analysis is a special application with basic analysis of regression and correlation used to analyze the correlation among variables that aims to know the direct effect or indirect effect of independent variable on the dependent variable (Riduwan dan Kuncoro, (2014:2)). In this study, it used one independent variable, one dependent variable, and one mediator variable. Thus, the equation of path analysis is as follows:

Sub-Structure 1:
\[ M = \beta_1 X + e \] ..............................................................(1)

Sub-Structure 2:
\[ Y = \beta_1 X + \beta_2 M + e \] ..............................................................(2)

Information:
- \( Y \) = Dependent Variable
- \( X \) = Independent Variable
- \( M \) = Mediator Variable
- \( e \) = Residual Value

3.6.2.1.1 Examining assumption in path
To examine the assumption, it can be conducted by viewing the theoretical model that has been constructed and focusing on the form. The relationship among variables is linear. The current system is one direction where the relationship among \( e_i \) is independent. The relationship among \( e_i \) and \( X \) are independent and there is no dependent variable that has contradictory effect.

3.6.2.1.2 Estimating the parameter or counting the coefficient of path
In the path analysis, the direct effect is stated by coefficient of $\rho_i$, while the indirect effect and total effect can be counted by self-counting. To estimating the parameter, it was conducted by using analysis of regression with SPSS 22.0.

Sub-structure1: \[ M = \beta_1 X + e \] (3)
Sub-structure 2: \[ Y = \beta_1 X + \beta_2 M + e \] (4)

### 3.6.2.1.3 Examining model validity
There are two factors to examine the model validity, namely coefficient of total determination and theory trimming (omitting non-significant path in order to obtain model supported by empirical data)

#### 3.6.3 Sobel Test
The testing step with sobel test is as follows (Hair et al. dalam Wibawa, 2013).

1) Examining the direct effect of independent variable (X) on the dependent variable (Y) in the model involving mediator variable (M).
2) Examining the effect of independent variable (X) on the dependent variable (Y) in the model involving mediator variable (M).
3) Examining the effect of independent variable (X) on the mediator variable (M).
4) Examining the effect of mediator variable (X) on the dependent variable (Y)

According to (2013), there are some steps that can be conducted to determine the level of intervention from mediating variable as follows.

1) If in the testing conducted among variables, it is found:
   (1) The effect of independent variable on the mediator variable (3) is significant
   (2) The effect of mediator variable on the dependent variable (4) is significant
   (3) The direct effect of independent variable on the dependent variable involving mediator variable (1) is not significant
   (4) The direct effect of independent variable on the dependent variable without involving mediator variable (2) is significant
   Thus, the mediator variable can be categorized as a complete mediation.

2) If in the testing conducted among variables, it is found:
   (1) The effect of independent variable on the mediator variable (3) is significant
   (2) The effect of mediator variable on the dependent variable (4) is significant
   (3) The direct effect of independent variable on the dependent variable involving mediator variable (1) is significant
   (4) The direct effect of independent variable on the dependent variable without involving mediator variable (2) is significant
   Thus, the mediator variable can be categorized as a partial mediation.

3) If in the testing conducted among variables, it is found:
   1) The effect of independent variable on the mediator variable (3) is significant
   2) The effect of mediator variable on the dependent variable (4) is significant
   3) The direct effect of independent variable on the dependent variable involving mediator variable (1) is significant
   4) The coefficient 2 and 1 have almost the same values
   Thus, the mediator variable can be categorized as a non-mediator variable.

If in the testing conducted among variables, it is found the results of testing (3) and (4) are not significant; the mediator variable can be categorized as a non-mediator variable.
3.6.4 Result of Instrument Testing
3.6.4.1 Description of Research Variable
The result of descriptive statistics can be viewed on the table 4.8 as follows.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>94</td>
<td>9</td>
<td>25</td>
<td>19.80</td>
<td>2.917</td>
</tr>
<tr>
<td>M</td>
<td>94</td>
<td>11</td>
<td>30</td>
<td>23.54</td>
<td>3.320</td>
</tr>
<tr>
<td>Y</td>
<td>94</td>
<td>10</td>
<td>20</td>
<td>16.30</td>
<td>2.189</td>
</tr>
</tbody>
</table>

Table 4.8 Descriptive Statistics

Based on the table 4.8, the minimum value that can be reached on the services quality is 9 and the maximum one is 25. The mean of services quality is 19.80. The standard deviation is 2.917. It means that there is a deviation of services quality on the average value as many as 2.917. For the customers’ satisfaction, the minimum value is 11 and the maximum one is 30. The mean of customers’ satisfaction is 23.54. It means the average value of customers’ satisfaction is 23.54. The standard deviation is 3.320. It means that there is a deviation of customers’ satisfaction on the average value as many as 3.320. For the customers’ loyalty, the minimum value is 10 and the maximum one is 20. The mean of customers’ loyalty is 16.30. It means that the average value of customers’ loyalty is 16.30. Th standard deviation is 2.189. It means that there is a deviation of customers’ loyalty on the average value as many as 2.189.

3.6.4.2 Path Analysis
Designing model based on theory
Theoretically, the relationship among variables can be made as a model in the form of path diagram as follows.

Figure 4.2 The Path Model for the Relationship among Services Quality, Customers’ Loyalty and Customers’ Satisfaction

That model can be also stated in an equation. Thus, it creates an equation system as follows.

\[ M = \beta_1 X + e \] .................................................................(Model 1)

\[ Y = \beta_1 X + \beta_2 M + e \] .................................................................(Model 2)

3.6.4.2.1 Examining assumption in path
To examine the assumption, it can be conducted by viewing the theoretical model that has been constructed and focusing on the form. The relationship among variables is linear. The current system is...
one direction where the relationship among $e_i$ is independent. The relationship among $e_i$ and $x$ are independent and there is no dependent variable that has contradictory effect.

### 3.6.4.2.2 Estimating the parameter or counting the coefficient of path

In the path analysis, the direct effect is stated by coefficient of $\rho$, while the indirect effect and total effect can be counted by self-counting. To estimating the parameter, it was conducted by using analysis of regression with SPSS 23.0. It is obtained a result as follows.

**Sub-Structure 1:**

$M = \beta_1 X + e$

From the calculation in data testing, it is obtained a result as follows.

#### Table 4.13

**Coefficients Substruktur 1 (Model 1)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>X</td>
<td>.970</td>
<td>.062</td>
<td>.852</td>
<td>15.605</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: M*

Source: Appendix 4

**Sub-Structure 2:**

$Y = \beta_1 X + \beta_2 M + e$

From the calculation in data testing, it is obtained a result as follows.

#### Table 4.14

**Coefficients of Sub-Structure 2 (Model 2)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>X</td>
<td>.297</td>
<td>.069</td>
<td>.396</td>
<td>4.282</td>
</tr>
<tr>
<td>M</td>
<td>.346</td>
<td>.061</td>
<td>.525</td>
<td>5.670</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Y*

Source: Appendix 4

Based on the calculation on the sub-structure 1 and 2, it can be indicated the value of direct effect, indirect effect and total effect among variables. The calculation among variables is as follows.

#### Table 4.15

**The Direct, Indirect, and Total Effect of Services Quality, Customers’ Satisfaction and Customers’ Loyalty**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct Effect</th>
<th>Indirect Effect through Satisfaction</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services Quality</td>
<td>Customers’</td>
<td>0.852</td>
<td>0.852</td>
</tr>
<tr>
<td></td>
<td>Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Customers’</td>
<td>0.525</td>
<td>0.525</td>
</tr>
<tr>
<td></td>
<td>Loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services Quality</td>
<td>Customers’</td>
<td>0.396</td>
<td>0.447</td>
</tr>
<tr>
<td></td>
<td>Loyalty</td>
<td></td>
<td>0.843</td>
</tr>
</tbody>
</table>

The structural equation for this model is as follows:

Sub-structure 1:

\[ M = \beta_1 X + e_1 \]
\[ M = 0.852 X + 0.82 \]

Effect of error (Pei) = \( \sqrt{1-R^2} \)
\[ Pei = \sqrt{1-0.326} = 0.82 \]

Sub-structure 2:

\[ Y = \beta_1 X + \beta_2 M + e_2 \]
\[ Y = 0.396 X + 0.525 M + 0.56 \]

Effect of error (Pei) = \( \sqrt{1-R^2} \)
\[ Pei = \sqrt{1-0.686} = 0.56 \]

3.6.4.3 Examining validity model

There are two indicators to examine the validity model, namely coefficient of total determination and theory trimming, where the result can be presented as follows.

The result of coefficient of determination is as follows:

\[ R^2_m = 1 - (1-0.326)(1-0.686) \]
\[ R^2_m = 1 - 0.22 \]
\[ R^2_m = 0.78 \]

It means the various data that can be explained by the model is 78.0% or the information contained in the data as many as 78.0% can be explained by the model. 22.0% can be explained by other variables (It is not contained in the model) and error.

3.6.4.3.1 Theory Trimming

The approach was conducted by omitting the non-significant path in order to obtain model supported by the empirical data. The validity test in each path for the direct effect is equal to regression using value of \( p \) from T-test, namely the regression test conducted partially. The services quality (X1) on the customers’ satisfaction (Y) is 15.605 with \( \text{sig} = 0.000 \). The services quality (X1) on the customers’ loyalty (Y) is 4.282 with \( \text{sig} = 0.000 \). The customers’ satisfaction (M) on the customers’ loyalty (Y) is 5.670 with \( \text{sig} = 0.000 \).

3.6.4.3.2 Regression Analysis of Mediation Using Sobel Test

To examine the mediator mediating the relationship between bound variable and free variable, it can be conducted as follows:

The Indirect Effect of Services Quality on the Customers’ Loyalty through Customers’ Satisfaction

\[ a = 0.970 \]
\[ sa = 0.062 \]
\[ b = 0.346 \]
\[ sb = 0.061 \]

1) Counting the value of \( S_{ab} \)

\[ S_{ab} = \sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2} \]
\[ S_{ab} = \sqrt{(0.120*0.004) + (0.941*0.004) + (0.004*0.004)} \]
Sab = 0,063

2) Counting the value of \( ab \)
\[
ab = 0,970 \times 0,346
ab = 0,336
\]

3) Counting the value of \( Z \)
\[
Z = \frac{ab}{Sab} = \frac{0,336}{0,063} = 5,323
\]
4) Determining \( Z_{\text{table}} \) that the level of significance is 0,05 (1,96)
5) Comparing \( Z_{\text{count}} \) (5,323) and \( Z_{\text{table}} \) (1,96)
6) It can be concluded that the customers’ satisfaction can mediate the relationship between the services quality and customers’ loyalty.

3.7 Model Interpretation

3.7.1 The Effect of Services Quality on the Customers’ Satisfaction.

The hypothesis used is as follows.
\[ H_1: \text{The services quality effects on the customers’ satisfaction in the village credit institution of Pekraman, Tabanan.} \]

The test criteria used is as follows.
If \( \text{sig } t < 0,05 \), \( H_0 \) is rejected and \( H_1 \) is accepted.
If \( \text{sig } t > 0,05 \), \( H_1 \) is rejected and \( H_0 \) is accepted.

Based on the calculation, it is obtained the level of significance for services quality on the customers’ satisfaction is 0,000 < 0,05. \( H_0 \) is rejected and \( H_1 \) is accepted. It means the services quality of has a significant effect on the customers’ satisfaction in the village credit institution of Pekraman, Tabanan.

3.7.2 The Effect of Customers’ Satisfaction on the Customers’ Loyalty

The hypothesis used is as follows.
\[ H_2: \text{The customers’ satisfaction effects on the customers’ loyalty in the village credit institution of Pekraman, Tabanan.} \]

The test criteria used is as follows.
If \( \text{sig } t < 0,05 \), \( H_0 \) is rejected and \( H_2 \) is accepted.
If \( \text{sig } t > 0,05 \), maka \( H_2 \) is rejected and \( H_0 \) is accepted.

Based on the calculation, it is obtained the level of significance for the customers’ satisfaction on the customers’ loyalty is 0,000 < 0,05. \( H_0 \) is rejected and \( H_2 \) is accepted. It means the customers’ satisfaction has a significant effect on the customers’ loyalty in the village credit institution of Pekraman, Tabanan.

3.7.3 The Effect of Services Quality on the Customers’ Loyalty

The hypothesis used is as follows.
\[ H_3: \text{The services quality effects on the customers’ loyalty in the village credit institution of Pekraman, Tabanan.} \]
The test criteria used is as follows.
If \( \text{sig } t < 0.05 \), \( H_0 \) is rejected and \( H_3 \) is accepted.
If \( \text{sig } t > 0.05 \), \( H_3 \) is rejected and \( H_0 \) is accepted.

Based on the calculation, it is obtained the level of significance for the services quality on the customers’ loyalty is \( 0.000 < 0.05 \). \( H_0 \) is rejected and \( H_3 \) is accepted. It means the services quality has a significant effect on the customers’ loyalty in the village credit institution of Pekraman, Tabanan.

3.7.4 The Effect of Services Quality on the Customers’ Loyalty through Customers’ Satisfaction Mediation

The hypothesis used is as follows.
\( H_4 \): The customers’ satisfaction can mediate the relationship between the services quality and the customers’ loyalty in the village credit institution of Pekraman, Tabanan.

The test criteria used is as follows.
If \( Z_{\text{count}}> Z_{\text{table}} \), \( H_0 \) is rejected and \( H_1 \) is accepted.

Based on the calculation, it is obtained \( Z_{\text{count}} (5.323)> Z_{\text{table}} (1.96) \). Thus, the customers’ satisfaction can mediate the relationship between the services quality and the customers’ loyalty.

4. Discussion

4.1 The Effect of Services Quality on the Customers’ Satisfaction
Based on the result of empirical test, it is obtained the level of significance for the services quality on the customers’ satisfaction is \( 0.000 < 0.05 \). \( H_0 \) is rejected and \( H_1 \) is accepted. It means the services quality has a significant effect on the customers’ satisfaction in the village credit institution of Pekraman, Tabanan. If the customers get the best services, they will feel satisfied on all services provided by the company. It indicates the village credit institution of Pekraman, Tabanan is able to control all dimensions in the services quality, so the customers will give a positive feedback to the company such as being satisfied in having services provided. The customers who feel satisfied will convey positive information to others about the services provided by the village credit institution of Pekraman, Tabanan. Thus, the objective of the village credit institution of Pekraman tabanan can be reached without any obstacles.

4.2 The Effect of the Customers’ Satisfaction on the Customers’ Loyalty
Based on the result of empirical test, it is obtained the level of significance for the customers’ satisfaction on the customers’ loyalty is \( 0.000 < 0.05 \). \( H_0 \) is rejected and \( H_2 \) is accepted. It means the customers’ satisfaction has a significant effect on the customers’ loyalty in the village credit institution of Pekraman, Tabanan. The village credit institution of Pekraman, Tabanan offers the specification of products in accordance with the customers’ expectation. It will surely make the customers feel satisfied. Products having positive image and being in accordance with the customers’ expectation will make the customers satisfied. If they feel satisfied, the will repurchase. It is called loyalty. They purchase products for many times in different time and in accordance with their needs. The customers’ loyalty is indicated by giving positive information and recommending the village credit institution of Pekraman, Tabanan to others.

4.3 The Effect of Services Quality on the Customers’ Loyalty
Based on the result of empirical test, it is obtained the level of significance for the services quality on the consumers’ loyalty is \( 0.000 < 0.05 \). \( H_0 \) is rejected and \( H_3 \) is accepted. It means the services quality has a significant effect on the customers’ loyalty in the village credit institution of Pekraman, Tabanan. The customers who feel satisfied on the services provided by the company will affect on the customers’ loyalty. The loyal customers will come again. Then they will consume the products or uses the services offered by the company. Thus, the village credit institution of Pekraman, Tabanan must be able to
preserve its services quality by providing trainings to the employees in order to have better quality in giving services to the customers.

4.4 The Effect of Services Quality on the Customers’ Loyalty through Customers’ Satisfaction Mediation

Based on the result of empirical test, it is obtained $Z_{\text{count}} (5,323) > Z_{\text{table}} (1,96)$. It means the customers’ satisfaction can mediate the relationship between the services quality and the customers’ loyalty. The customers’ loyalty creates a good and long relationship between the company and the customers. In addition, the cost used for obtaining new customers is greater than the cost used for maintaining the loyal customers. The customers’ loyalty cannot be separated from customers’ satisfaction. Either practitioner or academician states that satisfaction and loyalty is related and cannot be separated, but not all customers’ satisfaction refer to loyalty. The relationship pattern among them is asymmetrical. The loyal customers are mostly customers feeling satisfied.

5. Conclusion

Based on the result of data analysis and discussion, there are some conclusions as follows:

1. Based on the result of calculation, the level of significance for the services quality on the customers’ satisfaction is $0,000 < 0,05$. $H_0$ is rejected and $H_1$ is accepted. It means the services quality has a significant effect on the customers’ satisfaction in the village credit institution of Pekraman, Tabanan.

2. Based on the result of calculation, the level of significance for the customers’ satisfaction on the customers’ loyalty is $0,000 < 0,05$. $H_0$ is rejected and $H_1$ is accepted. It means the customers’ satisfaction has a significant effect on the customers’ loyalty in the village credit institution of Pekraman, Tabanan.

3. Based on the result of calculation, the level of significance for the services quality on the customers’ loyalty is $0,000 < 0,05$. $H_0$ is rejected and $H_3$ is accepted. It means the services quality has a significant effect on the customers in the village credit institution of Pekraman, Tabanan.

4. Based on the result of calculation, it is obtained $Z_{\text{count}} (5,323) > Z_{\text{table}} (1,96)$. Thus, the customers’ satisfaction can mediate the relationship between services quality and customers’ loyalty in the village credit institution of Pekraman, Tabanan.

6. Suggestion

Based on the result, it can be suggested as follows:

1. For the services quality, it is needed to improve the services given to the customers, especially giving exciting interest in accordance with the type of saving chosen by them. Thus, they will feel satisfied and can improve their loyalty.

2. The management of village credit institution is expected to give the best services to all customers, such as providing comfortable waiting room and good services in order to make them satisfied and loyal to the village credit institution.

3. The employee of village credit institution is expected to work professionally and be able to fulfill or help the customers finding difficulties in transactions. Based on the criteria responses, it indicates that the consumers have not got optimum and quick services yet.

4. For the next study, it is suggested that the next researcher can add variables having other effect so the factor that greatly effects on the customers’ loyalty can be indicated. It also needs to take a research again to obtain information about the improvement of customers’ loyalty after improving the services quality and focusing on the customers’ satisfaction. The coefficient of determination obtained in this study is 78,00% and 22,00% is affected by variables or other reasons out of the research model.
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China-pakistan Relations and Regional Development in the Context of China-Pakistan Economic Corridor (CPEC)

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ABSTRACT

Pakistan and China as all weather strategic partners have a history of glorious friendly relations. Both countries always try to make strong these relations through different geo-political, strategic and economic projects/agreements. The Pak-China Economic Corridor (CPEC) is also a key to make strong economic relations of both countries. It is considered to be an extension of China’s proposed 21st century Silk Road initiative and considered a centre for their relations. It is a huge project under construction that will undertake the construction of highway and railway links running through the areas from Gwadar in Baluchistan and culminating in Kashgar in western China, while passing through the regions of Baluchistan, Sindh, Punjab, Khyber Pakhtunkhwa (KPK) and Gilgit-Baltistan (Khunjrab Pass) and run through most vital geostrategic locations. It will connect Pakistan with China and the Central Asian countries by the highway connecting Kashgar to Khunjrab and Gwadar. The CPEC is of high significance, as it making this region more economically viable, stable and sustainable. It is also one of many mega projects planned by China in Central, South and South East Asia for expanding its political and economic influence to counter the US influence in the region. China has made an attempt to fulfill multiple interests of its own by the financial investments in region on CPEC. It shall act as a trade bridge between China, Middle East and Europe through Pakistan and proved a source of economic benefits. The paper through the empirical and inductive research approach tries to identify the China-Pakistan relations and the regional development by the construction of CPEC. In this paper makes consideration of the main traits of the CPEC on both regions. It also emphasizes on the impacts on the economic situation of Pakistan at regional and global levels as well.

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1. Introduction

In the world, regional, political, economic and global strategic development environment develops rapidly
in the 21st century. This environment encourages geo-economic and geo-strategic partnership among different countries of the world. The political and foreign interests, including national security are important parameters of the states’ partnership because it is essential for their progress and defense. For the ever-growing cooperation among the states, the higher concern authorities arrange different platforms of negotiation and table talks in different fields such as industrial ventures, infrastructure and development programs, defense, commerce and related area of the economy.

Pakistan is a significant, old political, strategic, regional and economic partner/friend of China. The geographical boundary of Pakistan is most significant for her friend country as it links China to the Central Asia, Southern Asian regions and the Middle East through the major deep-sea Gwadar port. Both countries have been working on enhancing their coordination and strategic communication to secure their common interests. China-Pakistan Economic Corridor (CPEC) represents a new model of Pakistan and China cooperation which will serve against the backdrop of complex and changing regional and international situations. For many years, China and Pakistan have developed strong bilateral trade and economic ties and cooperation.

The China-Pakistan Economic Corridor is considered a single road project to bring prosperity and stability in South Asia. The corridor will join together two thousand km transport road which link a long distance area from Kashgar (North-west China) to Gwadar port on the Arabian Sea (Pakistan) and the border area of Iran through roads, railways and pipelines. It is the project which may transform the future of Pakistan and will help for its modernization. In Pakistan the economy, trade, regional links, energy and infrastructure will develop rapidly through the CPEC. Moreover, the social and regional development of China and Pakistan, Middle Eastern regions and the South Asia is also based on the establishment of China-Pakistan Economic Corridor.

China is one of the most populated and advance countries of the world. It is playing a key role in the Asian regions and the entire world, especially in the fields of economics. Finally, it has surrendered to the charms of polygonal diplomacy, which it had been known to ignore during the earlier periods. The other reason behind the changes in the Chinese foreign strategy is economic twigging from its rising energy demands.

2. Historical traces of CPEC and its Origin:
   The vision for an economic route between China and Pakistan stretches as far back as Musharraf era. The CPEC was the project related to the economic trade development of China, which presented by the Hu Jintao, the Chinese President in 2003, who wanted to promote friendly foreign relations with neighbor countries. Moreover, he wanted to promote peaceful interdependent trade relationships with the neighbors and the world. In the same manners Pakistan wanted to develop regional and trade relations with the neighbor countries especially with China.

   This idea speculated for many years, gained traction in May 2013 when Chinese Premier Li Keqiang emphasized the construction of the CPEC during his visit to Pakistan. He signed the landmark CPEC agreement at that time. In the same year, Pakistani Prime Minister Nawaz Sharif visited Beijing and signed eight agreements, approximately costing $18 billion that included building around 200 kilometers tunnels for the CPEC. Pakistan’s President Mamnoon Hussain visited China in February 2014 to discuss the plans of the corridor. In the same year, Pakistan’s Prime Minister Nawaz Sharif again visited China and signed 19 agreements with China. At that time, the Chinese banks and companies pledged over US$ 45.6 billion for energy and infrastructure projects along the corridor. The agreements proved a deepening strategic linkage between the two countries.

   Chinese President Xi Jinping visited Pakistan in April 2015. This was the second visit of a Chinese leader in Pakistan in the 21st century after Hu Jintao's visit to Pakistan in 2006. Xi was to visit Pakistan in 2014 during his South Asia trip to Maldives, Sri Lanka and India. It was postponed due to political unrest in
Pakistan. During his visit, a total of 51 agreements were signed between China and Pakistan having worth of $46 billion, which also included the development of China Pakistan Economic Corridor. The $46 billion investment China intends to commit to Pakistan under the CPEC is impressive. The amount exceeds all foreign direct investment Pakistan has received in the past several years, and is considerably more than all the aid Pakistan has received from the US since 9/11.ii

China-Pakistan friendship was started after the short span of its establishment in 1947. In fact Pakistan and China are the strategic partners and both help each other for the balance of power in the Asian regions. The relations of both countries have provided the political, strategic, economic, military and technical assistance to Pakistan. For their military, economic, diplomatic and strategic strength both countries depended on one another which developed in different decades. Now the nuclear cooperation between both countries has been developed and China is assisting Pakistan in the fields of nuclear. Moreover, China always supported Pakistan about its core issues and the Kashmir, relations with India and the west etc. In the same way Pakistan also supported China on the issues of Xinjiang, Tibet and Taiwan and the ties with the western world.

The CPEC is also a step forward of the already existing projects of both countries. China-Pakistan Economic Corridor plan will help Pakistan to become one of the most strategically important countries in the region. It will also provide an opportunity for China to build a naval base at Gwadar port that will use for the trade of Chinese goods with the Middle Eastern countries and also increase its influence in the region and may reduce the increasing influence of the United States and Asia-Pacific region.

The Western diplomats viewed about China-Pakistan relations that their increasing economic relations should be seen in the context of Beijing’s efforts to counter the US efforts to deepen alliances around the Asia-Pacific region.iii These countries developed the concept of ‘one belt one road’ in the context of CPEC. It is an initiative which will cover a large area with the population of 4.4 billion (63% of world’s total) and a total economic volume of US 21 trillion dollars (29% of world’s total).iv

According to the assessment of Catanza, Joseph about the CPEC is providing a base for regional cooperation, improving economic growth, offering trade diversifications, investing in transportation, mining and energy sectors and creating political flexibility in the region. It will be an unfolding plan that would weave much of Asia, Europe, Africa, Oceania and the Middle East much more closely together through a patchwork of diplomacy, new infrastructure and free trade zones.v

3. The proposed CPEC Routes:
Basically the CPEC project is consisted on three routes, southern, central and northern ways. The southern corridor begins from Guangzhou, which is the third largest city of China in South Central China. This route moves towards the western parts of China and connects Kashgar with Pakistan at Kunjarab—a point from where China wants to link to Gwadar port on the Arabian Sea. It is the shortest and the most feasible option for China.vi

The second Chinese option is the Central Corridor that starts from Shanghai and links the country to Tashkent, Tehran and onwards to Bandar Imam Khomeini Port of Iran on the Persian Gulf. One of its branches goes up towards Europe. This is the longer route but could be an option, if Pakistan does not deliver on the timelines for completing its road network to become a beneficiary of the New Silk Road Economic Belt. The third Chinese option is the Northern Corridor that starts from Beijing, passes through Russia, and links it to European cities.vii

A detail view of proposed CPEC routes (Northern, Central and Southern corridor) has given in the following map:
For a long time China has emerged as Pakistan’s major trading partner both in terms of exports and imports. It also provided strategic assistance and signed different agreements for the regional development and stability of Pakistan. The treaty of the Free Trade Agreement (FTA) was signed on 24th November 2006 and implemented from 1st July 2007. Moreover, another agreement signed on Trade in Services on 21st February 2009 that became active from 10th October 2009. The CPEC is an under construction mega project started by China in Pakistan. It will achieve the political and economic objectives through trade and commerce. It will also strengthen the economic and trade cooperation between the two countries and indirectly contribute in the interregional development of Pakistan as well as in South Asia.

After its completion, it will work as a main gateway for trade between China, Africa and the Middle Eastern countries. It is also assumed that CPEC will help to be an alternate of the long route which used between Middle East and China economic trade and import-export.

At first glance, the emerging curves of the proposed CPEC are simply breathtaking. According to the plan, various industrial parks and economic zones, dams and energy stations, interlinked through world-class expressways and railway lines, will be constructed along the Kashgar-Gwadar route, bisecting the entire length and breadth of Pakistan (Map II). The total cost of this entire set-up is estimated at US$45 billion, with the project expected to be completed in 2030.

Through the southern corridor, it will interlink with Pakistan and used the route for the supply of Chinese products, oil, machinery etc, in the other world. The CPEC route in Pakistan will also help to develop the linked areas (cities). Through the link routes, railways and tunnels the economic products of the cities will also transfer from one place to another. Moreover, the exchange of goods and the cultural ties will be possible through the CPEC project. In fact, this project is a continuation of the Silk Road, which was established by the cooperation of China. The map is given below to show the detail of roads, railways and tunnels under CPEC project.
Expediting the process, both countries constituted a Joint Cooperation Committee for the CPEC headed by Ahsan Iqbal, (Federal Minister for Planning, Development and Reforms in Pakistan) and Zhang Xiaoqiang, (the Vice Chairman of China’s National Development and Reforms Commission). The first meeting of this Joint Committee was held on August 2013 in Islamabad. The CPEC project received a significant impetus with the signing of various agreements (amount of US 28 billion dollars).

According to the researchers, the trade route of the CPEC will be around 2,000km long which linked just the internal areas of Pakistan. Through this long distance corridor some economically important cities of Pakistan will also be connected through many expressways, either proposed or under construction.

In the view of the Government of Pakistan, Ministry of Communication (2014), many northern and other areas which may neglect in the past will also connect with this corridor. In these areas are included Kashgar, Hunza, Chilas, Manshera, Abotabad, Islamabad, Miyawali, Dera Ghazi Khan, Khuzdar, Hoshab and Gwadar etc. However, a contradiction has been started among the people of different regions/provinces because they wanted the reconsideration on the corridor and attached their concern areas. Yet, the government is not ready to make further changes in the already planned work of CPEC but opposition is insisting to change the western alignment into eastern alignment. The eastern alignment will pass through Thakot-Mansehra-Islamabad-Lahore and Multan. From Multan, the route will be linked to Hyderabad through Rohri and Dadu. The Hyderabad-Karachi portion will be linked through M-9. Karachi will then be linked to Gwadar through N-10 East Bay Express Way along the coastal line. During the last year, Ahsan Iqbal (Planning Minister), declared about the construction of roads from Gwadar to Khunjerab and the link road. He identified three routes which will construct in the first phase of CPEC project are:

2. Kashgar-Khunjerab-Peshawar-Kohat-Dera Ismail Khan-Dera Gazi Khan-Sukkur- Ratodero-Gwadar

It seems that the Asian Highway in which including Urumqi (China), Kashi, Khunjrab, Abbottabad, Hassanabdal, Rawalpindi, Lahore, Multan, Rohri, Hyderabad and Karachi along the eastern flank of River Indus will act as the backbone for the economic corridor in the first phase, and other regions of Pakistan will be connected with the corridor through various motorways and expressways later on.
The Minister for Planning, Development and Reform, Ahsan Iqbal in his address to a delegation of the Gwadar Press Club (Islamabad, 2016) said that three routes to link Gwadar with the rest of the country would be made available in the running year. Moreover, Gwadar and Baluchistan province would be the biggest beneficiaries of CPEC, adding, the first Economic Zone would set up at Gwadar. The Gwadar International Airport to be capable of handling the largest of passenger planes, including the A-380 Boeing jets would be completed at a cost of 260 million dollars. Further, he said that Vocational and Technical Training Institutes would be built to impart local population of Gwadar training of skills and provide employment. He informed the delegation that Gwadar University would be established this year to ensure higher education facilities to the local youth. Gwadar city would not only be provided with a modern seaport but it would be made a centre of social and economic activities, he added.

Furthermore, another important decision was taken by the higher authorities that Lahore to Karachi Motorway will be constructed. For this purpose, an agreement was signed between Pakistan’s Ministry for Planning & Development and the China State Construction Engineering Corporation to build the motorway within a short time. Karachi, (the Economic hub of Pakistan), will be further connected to Gwadar through the Makran Coastal Highway/National Highway (N10), passing through the port towns of Ormara and Pasni and via Khuzdar (N25) and Hoshab (N85 and Motorway M8).

There are some of other highways and the roads which connecting different economically important areas of Pakistan. The detail of main roots and cities is given below:

Peshawar to Islamabad Motorway (M1), Islamabad to Lahore Motorway (M2), Pindi Bhattian to Faisalabad (M3), Faisalabad to Multan (M4), Multan to Dera Ghazi Khan (M5), Dera Ghazi Khan to Kakkar via Ratodero Motorway (M6), Karachi to Gwadar through Kakkar and Rotadero Motorways (M7 and M8), Karachi to Hyderabad (M9) are under the process of completion. Moreover, the construction of many trans- shipment stations has also been proposed to facilitate trucks/containers carrying heavy goods. The proposed sites of cargo terminals and industrial parks has also been proposed to facilitate trucks/containers carrying heavy goods.

These areas of all the provinces will also connect with the railway link net for the shipment of goods into the Pakistan. The railway route will touch the main areas as Kashgar, Hotan, Gilgit, Abotabad, Havelian, Rawalpindi, Gujrawalan, Lahore, Sahiwal, Multan, Bahawalpur, Rohri, Spezand, Mastung, Kalat, Hoshab and Turbat.

Pakistan has declared the Gwadar port as a free trade zone like Hong Kong and Dubai. The reason is that the government of Pakistan wanted to develop the economic and investment culture for the stability of the state.

For the institutional mechanism projects the Kashgar, Xinjiang, Khunjerab, Islamabad, Lahore, Multan, Sukkur, Karachi and Gwadar has been selected as the pivot cities by the both countries. In the main projects have included coal based power projects, Zonergy (900 MW) Solar project, A wind power plant, Karot Hydropower Project, Sukhi Kinari hydropower project, An Industrial Park, Up-gradation of the Karakoram Highway (Phase-II), Karachi, Lahore and Peshawar Railway track, Orange Line and the Sukkur to Multan section of the Karachi, Multan and Lahore Motorway (KLM) project, etc. For the work of these projects, the Chinese government announced to pay a huge amount of 45.6 million US dollars from which almost 10 million dollars will be provided in the form of commercial loans. Mainly a number of projects started under the CPEC program are related to the energy and infrastructure/connectivity.

4. The CPEC and regional development in Pakistan:
The CPEC project could be considered a blessing to the economic development of the cities/areas within Pakistan. Through the proposed CPEC project much energy as well as the economic crises of Pakistan will be solved. It proved beneficial for Pakistan and will help to overcome many visible and invisible
problems of the regions. In future, the proposed oil and gas pipelines from Gwadar and Iran to Kashgar across Pakistan would also be helpful to overcome the energy crises in Pakistan. According to the researchers, at the crossroads of huge supplying and consuming markets of the Middle East, Central Asia and China, the proposed corridor could virtually rephrase the economic revival of Pakistan by generating huge transit revenues and can transform it into a regional trade hub and the energy transit corridor. All these factors could have a huge impact on the industrial, agricultural and overall economic growth and development of Pakistan.

It is very useful in pursuit of the development policy for the western as well as eastern regions of Pakistan because of the geographical immediacy to these areas. The linked areas of the proposed corridor project will be connected by a bond of socio-cultural integral bond. The cultural and regional development ideas can be shared with one another. Moreover, the economic collaboration will also possible by the interchange of commodities and transfer of different goods from one region to another. The peoples’ links with each other will help to develop the social harmony and collaboration. It is essential for the reduction of internal disputes and detestation of the people.

In Pakistan through the highways, motorways cross roads and the net of Railway tunnels, the regional linkage will develop rapidly. It may change the present Pakistan into a modern and the most developed state. Moreover, the national integrity and unity will amplify among the different groups/people of various regions and a collective culture of work as a nation too increases in Pakistan which makes possible the regional and national prosperity.

Thus, through the CPEC the seeds of national and regional stability will develop in Pakistan. With the passage of time, the demands of more infrastructure, new institutions, technological and scientific education will also increase in Pakistan. The modernization and urbanization will replace with the traditionalism and rural life. Moreover the sources of better transportation will be available for the people of Pakistan. The foreign multinational and private trade and investment will also increase in every field of life, which may help to overcome the domestic economic and energy crises of Pakistan. Furthermore, the image of Pakistan as the regional tiger and a hub of import-export will be developed in Asia. In fact, it will be a main hub of trade and commerce, tourism as well as the import-export in Asia, central Asia and the Western World.

For the regional and economic integration, the CPEC may help in the development of close relations and cooperation between both partner states and southern, central and western Asian countries. A pipeline from Gwadar to China over the Karakoram would provide an alternative for the supply of oil from the Middle East to China’s western and particularly central provinces. Currently, the bilateral trade between both countries has also grown and it becomes the largest trading partner of Pakistan, while Pakistan is the second largest trading partner of China in South Asia. Pakistan’s imports from China, consisting of machinery, mechanical appliances, electrical equipment and chemicals, while China imports the primary goods like textiles, rawhides, skins, oil seeds and agro products, along with copper and other minerals.

It shows that in future the potential and scope for further import-export and cooperation in trade will increase between Pakistan and China. Moreover, the socio-cultural, educational and tourism ties are also increasing between these countries because of the students and delegations interchanges and visits. Approximately more than ten thousand Pakistani students are studying in China and many Chinese students too enrolled in the various courses in Pakistan. Extensive government to government cooperation is also reflected across a range of other areas. The two sides have launched or confirmed near about five hundred projects related to agriculture, water conservancy, biotechnology, environmental conservation and other fields. Most importantly, there exists a convergence of interests in most of the regional issues between China and Pakistan and the shared perspective of the two countries ensures the requisite continuity in both countries’ ties to make this project attainable.
5. Conclusion:
The CPEC is presenting/launching a multidimensional project in Pakistan, which also will be beneficial for China as well as for other Asian and Central Asian countries. It is a financially beautiful plan which can be a bridge to link up a number of Asian regions together to make an integral collaboration for the economic development. The CPEC is directly influencing the Pakistan in different dimensions. This project is highly financing by the China, (an Economic Giant of the World) for the shipment of its Oil and other goods to the Western and Central Asian World. Moreover, may China wanted to reduce the increasing influence of western world on the Asian regions. On the other hand, Pakistan is directly coming under the influence of China because of its funded projects as CPEC. It is a mega project, which is developing a bond of the strong friendship and economic relations between Pakistan and China. The CPEC project because of its significance became a hot debatable issue in the media and research world. In fact, it is an economically development project, but the researchers also analyzing its other aspects. It has increased the clash between the interests of various regional powers. At present, it seems that the regional alliances are going through some speedy changes in the geo-political and economic dynamics of Asia. So, there is a need for the proper consideration of the already existing policies and projects to reduce the tension between various inter-regional and foreign powers.

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An Empirical Study of Managers’ Intention to Hire Older Workers

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ARTICLE DETAILS

ABSTRACT
The study tested a modified Theory of Planned Behaviour model with an added variable of past experience to predict managers’ intention to hire older workers. Surveyed locations were the western coast of Peninsular Malaysia. A cross-sectional data was collected via personal administered questionnaires surveys (n=468). A response rate of 78% (M=59.6%; F=40.4%) was recorded. Models and hypotheses testing were performed using SEM-PLS. Values from internal consistency reliability tests indicated all values were accepted and demonstrated a high level of reliability. Convergent and discriminant validities were well established. Both tolerance and VIF values suggested no potential collinearity problem. The modified model accounted R2=0.377. The findings suggested that the antecedents and intention were related and that the 3 hypotheses (H1, H2, and H3) were supported. The empirical result derived is expected to bring awareness to business organizations on the benefits of a diversified workforce, a better understanding on the effects of attitudes, subjective norms and past experience on managers’ intention when hiring older workers. Relevant public policy makers are able to, from the outcome of the study, formulate and implement workplace good practices to help prolong older workers work life, which in turn would greatly relief the Government from financial burden due to unemployed older workers. In addition, the result further encourages more future research to enrich the body of knowledge of Malaysian research literature on ageing workforce.

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Older Workers, Intention, Attitudes, Subjective Norms, Past Experience, Theory Of Planned Behaviour.

JEL Classification:
J69, C90, C92

1. Introduction
In Malaysia, the gradual increased in ageing population against a declining total population growth, and a rise in the 15-year-old and above age groups indicated a continual ageing population growth is to be expected in the coming years. The increased older population and reduced younger age group had seriously affected the pool of human resources in the country. In term of future demographic development, Malaysia’s older population is expected to reach 3.4 million in 2020; and by 2035, 15% of its population will be aged 60 and above, which brings Malaysia into an ageing nation (Tenth Malaysia
The labour gap continued to expand due to low fertility rate and reduced younger workforce added difficulties to the existing labour shortage problems. The labour shortage situation was further aggravated with some 80,000 private sector workers retired yearly (Oh, 2010).

Recruitment problems continued to surface, and organizations were compelled to fill their vacancies with foreign workers. There were 2.07 million legally registered foreign workers as at 31 December, 2014, and this number excluded the estimated 2.2 million illegal and undocumented foreign workers (Chu, 2015). This suggested heavy reliance of foreign workers by employers mainly due to local labour shortage. On the other hand, older workers’ labour force participation rate was noticeably low as they aged. The implemented Minimum Retirement Age Act 2012 (MRAA 2012) did not seem to help raise the labour participation rate, instead the rate on workers aged between 55 and 64 was reduced from 69.5% in 2013 to 67.6% in 2014 (Malaysia Labour Force Survey Report (MLFSR), 2014). This data indicated the gradual reduced labour force once workers passed the age of 55. However, due to expected 1.5 million new jobs to be created by 2020, skilled older workers are still much needed to fill the vacancies (Eleventh Malaysia Plan; Saieed, 2016). As part of the solution to labour shortage, Malaysia needs older workers to increase their labour force participation and to extend these workers’ working lives.

Older population emerged as an important market segment due to the fact that they are much healthier, better educated and lived longer compared to their predecessors. However, older workforce and age-related issues could only be overcome with employers’ understanding of older workers’ workplace attributes, and that this valuable older human resource could only be of great utilization with the willingness of employers to hire them.

This research investigated the relationships between managers’ attitude towards older workers, their social subjective norm and personal past experience with older workers and their intention to hire older workers. The present study aimed at predicting managers’ intention to hire older workers only and not their actual behavior in hiring older workers. Previous research identified older employees as those aged 50 and above since employment opportunity became low once they aged 50 and above (Abrams, Swift, Lamont & Drury, 2015; Chui, Chan, Snape & Redman, 2001; Earl, Taylor & McLoughlin, 2017; Kluge & Krings, 2008; Lu & Kao, 2010; Poulston & Jenkins, 2013; Vansteenkiste, Deschacht & Sels, 2015). Such identification supported Malaysian’s statistic which indicated the substantial reduction of labour participation rate for those aged 50 and above (MLFSR, 2010). Older workers in the present study referred to Malaysian workers, both males and females, of all ethnicity under non-managerial employment status or active job seekers aged 50 and above.

2. Literature Review

We identified the Theory of Planned Behaviour (TPB) with modification as the foundation of our study. TPB has been widely used in various studies and had proven its versatility in its application, such as in intention to quit smoking or alcohol (Paswan, Gai, & Sua, 2015; Soulakova, Li & Croket, 2017), on online purchase intention (Lim, Yap & Lee, 2011); on crisis planning intention (Wang & Ritchie, 2012) or on fertility intention (Dommermuth, Klobas & Lappegard, 2011). Fraser, Ajzen, Johnson, Hebert & Chan (2011) had proven the usefulness of TPB to predict intention with a success rate of 67% of the variance and it provided greater understanding on respondents’ behavioral intent. The study concluded that TPB was one of the best-supported social psychological theories in predicting human behaviour. Ang, Ramayah & Amin (2015) on the employment of persons with disabilities in East Malaysia also proved the usefulness of TPB in predicting behavioural intention. The study applied a modified TPB model with attitude as a mediator to subjective norm and perceived behavioral control. Ang et al’s modified model reflected the flexibility of TPB model where the predictor of attitude to intention can be modified to serve as a mediator to other predictors of the original model; which shown that TPB was versatile in its usage and application to test behavioural intention.

In TPB, a person’s intention played a prominent role, and his intention was regarded as sufficiently
immediate cause to his behaviour. Hence, attitude, subjective norm and perceived behavioural control were predictive functions of behavioural intention, and behavioural intention in turn predicted an overt behaviour (Ajzen & Fishbein, 1980). Therefore, it was appropriate to assume that intentions predict individual’s actual behaviour (Fichten et al., 2014).

Behavioural intention was defined as a measure of relationships between an individual and some actions, and how hard he was willing to perform the actions, and that behavioral intention was an individual’s decision or commitment to perform a given behavior (Ajzen & Fishbein, 1980). When an intention to perform a particular act was high, the likelihood of such action was equally high. In this study, intention referred to a measure of relationships between managers and their willingness to perform the actions of hiring older workers.

The assumption in TPB was that an individual’s attitude had a direct effect on his behavior. Therefore, when the individual evaluated a certain act which resulted in a positive outcome; he formed an attitude towards that particular action in the sense that his attitude led his intention to perform that particular act (Ajzen, 1991). Attitude was found to be the most important predictor of intention and there was a strong relationship between them (Hansen, Jensen & Solgaard, 2004; Lu et al, 2010; Lu, Kao & Hsieh, 2011). Likewise, managers’ attitudes towards ageism also affected older workers’ employment opportunity (Abrams et al, 2015).

In the present study, attitude was defined to include favourable and unfavourable consequences of managers in their hiring of older workers. Hypothesis 1 was formulated on an existence of a relationship between attitude and managers intention to hire older workers.

TPB presumed that subjective norm predicted a person’s intention to certain performances, as such subjective norm referred to an individual’s intention to perform a certain behavior if he perceived that people important to him think that he should or should not perform the behavior in question (Ajzen, 1991; Chang, 1998). In a workplace, subjective norm was supported in cases where employees’ responsiveness to their management and peers’ reaction or opinions and as such, they were found likely to behave in the direction of these reactions or opinions (Rousseau & Tijoriwala, 1999), hence, various studies found subjective norm strongly related to intention (Hansen et al., 2004; Lim et al., 2011; Lu et al., 2011). Therefore, in this study, subjective norm was defined to include a hiring manager’s perception that the important reference groups he valued, their beliefs on whether he ought to hire older workers or otherwise. Hypothesis 2 was formulated on the existence of a relationship between subjective norm and managers’ intention to hire older workers.

Past experience is not an original variable in TPB (Ajzen, 1991). However, Ajzen did not dispute the role which past experience could play in predicting behavioral intention and future behaviour so long as the researchers believed that after considering the original variables, the inclusion of past experience is able to capture a significance of variance in intention. Past experience as an extra weight had proven to be a powerful predictor of behavioral intention and future behavior (eg. Ajzen, 2002; Lu et al., 2011; Oh & Hsu, 2001). According to Bysheim and Nyrud (2009) and Emmitt and Yeomans (2008), one important measure was an individual’s previous experience as this was the link between him and his future intention to perform an act. There were several studies supporting the inclusion of past behavioral experience as a predictor of behavioural intention (Kidwell & Jewell, 2008; Lu et al., 2010, 2011) and that the results indicated that the inclusion had significantly improved the behavioural intention and future intention. In Lu et al. (2010), past experience was the most effective predictor of managers’ intention to hire older workers. Furthermore, managers who had positive experience in their social contact with their family, workplace and community; their intention to hire older workers were higher than those with negative experience (Lu et al., 2011). The experience from such behaviour was defined as specific knowledge about the behaviour in question, which was stored in memory (Sommer, 2011). Past experience included managers’ interaction with older persons or workers in their families, community and workplace.
respectively were included in this present study as a direct predictor. Hypothesis 3 was formulated to test the relationship of past experience on managers’ intention to hire older workers.

3. Method
3.1 Samples
Respondents were targeted at managers from various types of industries classified under Malaysia Standard Industrial Classification (2008) and located in the West Coast of Peninsular Malaysia due to reasonably high density and high percentage of persons in the employable age groups (Saleh & Ndubisi, 2006). Criterion set for managers were that they must be one in managerial level responsible or involved in hiring employees or a supervisory staff who identified workers for project teams. The questionnaires were distributed personally to respondents who accepted to participate in the survey, and were collected within the same day after completion.

The sample size was 468 with no missing data. A total of 600 sets of questionnaires were distributed, there was a response rate of 78% (M=59.6%; F=40.4%). The largest number of respondents came from the ages between 30 and 50 years category. Among the 468 participants, 19% completed their secondary school level, 35.5% with certificates or diplomas, and 28% with bachelor degrees. The highest numbers of managers were from human resource (26.7%), company director (23.9%), production/operating (21.8%), finance/accounts (9.8%), and the balance 17.7% came from other mixed positions. On the employment tenure of these managers, there was 59.5% with less than 10 years while 14.3% were between the 10 to 15 years category.

Local companies made up 93.6% whereas only 6.4% were from multinational companies. Highest number of respondents at 124 (26.5%) came from wholesale/retail trade, accommodation/foods service activities at 62 (13.2%), followed by manufacturing at 56 (12%), financial and insurance/Takaful activities at 54 (11.5%), education at 41 (8.8%), transport and storage at 33 (7.1%), human health activities at 29 (6.2%), construction at 27 (5.8%). A balance 42 (8.9%) shared by various other industries.

Compare the above with other studies, for example, in Fraser et al. (2011) on hiring of workers with disabilities, the respondents were very limited as they were members from one single business chamber. In Chan, Paim, Masud and Jariah Hamid (2010) on the age of older workers, the study referred to between age 55 and 75, and retired workers. The study used secondary data, and focused on older workers’ financial aspects and their management of retirement fund. The respondents were older workers themselves. In Lu et al. (2011), the older workers were those aged 60 and above. Whereas in this present study, respondents were hiring managers from more than 10 industries in the major states of West Malaysia, and older workers were those aged 50 and above.

On the total labour force of workers from all ages, there were 46.2% of companies have no more than 20 workers, and 23.5% have 56 or more workers. The balance companies have between 21 and 55 workers. On the total number of older workers in the organization, 27.8% of companies did not have any older worker in their organizations, 40.4% have between 1 and 5 older workers, 14.1% have between 6 and 10 older workers; 9.2% reported that they have 21 or more older workers in their companies, and that the balance 8.5% have between 11 and 20 older workers. There were 56.8% (N=266) of companies experienced difficulties in recruiting suitable Malaysian workers who meets their needs in the last 12 months prior to the date of survey, whereas 43.2% (N=202) did not have such difficulties. This suggested that to a large extent, labour shortage was a problem.

3.2 Instruments
3.2.1 Attitude
A set of 4 semantic differential scales was developed based on the recommendations from Ajzen (2002). Semantic differential scales were used to assess managers’ attitude toward their hiring intention. Each of these 4 scales appeared after the following statement:” I think the activity of hiring older workers is:
The bipolar adjectives of the semantic differential scales contained separable components beneficial----harmful; useful----useless; wise-----foolish; and valuable----worthless. Respondents were asked to assess and rate on each of the items in all the questions on 7-point ranged from positive (1) to negative (7).

For item ATT1, response on the beneficial of hiring activity, from scales 1 up to 4, there were 380 respondents from Age groups 30 to 50, selected the positive end of the continuum. For item ATT2 on the usefulness of hiring activity, from scales 1 up to 4, there were 375 managers from all 4 age groups chosen the usefulness of hiring activity. For ATT3 on whether the hiring activity was wise; there were 390 managers from all 4 age groups selected scales 1 to 4 indicated the hiring of older workers’ activity was wise. On ATT4, there were 382 managers, mainly from Age group 30 to 50 and above. The above suggested that majority of managers; especially from younger age groups were showing their positive attitudes toward the hiring activity of older workers.

For the variables of attitude, the values of Cronbach’s alpha (0.932), composite reliability (0.951) and AVE (0.830) were all above the acceptable levels (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). The standardized factor loadings shown unidimensional evidence ranged from 0.900 to 0.926, and these loadings were way above the minimum criterion of 0.40 (Hair, Hult, Ringle & Sarstedt, 2014). (Refer to Figure 1 and Table 1).

3.2.2 Subjective Norm
The predictor variable of subjective norm and hiring intention were assessed and rated by respondents on each of the items on a 7-point Likert scale ranged from strongly disagree (1) to strongly agree (7). Five questions were adapted from Ajzen (2002). In SN1 on people who are important to the responding managers think these managers should hire older workers; there were 156 managers from Age groups below 50’s category indicated their disagreement, the balance 145 managers who agreed were mainly from Age groups between 30 and 50. On SN2, there were 220 managers from Age groups between 30 and 50 selected their agreement to hire older workers. On SN3, the support from important people to hire older workers, those selected agreed (180), neutral (160) and disagreed (128) were fairly distributed among all the age groups. SN4 received an overwhelmed 210 managers from Age groups between 30 and 50 who agreed with the statement. On SN5, the responses of agree, neutral and disagree were fairly distributed in all the age groups.

For the variables in subjective norm, the values of Cronbach’s alpha (0.908), composite reliability (0.932) and AVE (0.733), all were above the acceptable levels (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). The standardized factor loadings shown unidimensional evidence ranged from 0.783 to 0.905, and these loadings were way above the minimum criterion of 0.40 (Hair et al, 2014). (Refer to Figure 1 and Table 1).

3.2.3 Past Experience
Three questions were adopted from Lu et al (2011) while the other 2 were adapted from the same study. In the questionnaires, respondents were asked about their interactions with older workers at their workplace, families and in community. Respondents rated on each of the items on a 7-point Likert scale ranged from strongly disagree (1) to strongly agree (7). For PE1 on managers’ interaction with older peoples in family situation, an overwhelming positive response was collected from 380 managers mainly from Age groups below 50. On PE2, there were 358 managers mainly from Age groups between 30 and 50 agreed that their interaction with older people in their community was good. In PE3, there were 320 managers from all the 4 age groups agreed that their interaction with older workers was good. For PE4, there was an overwhelming agreement from 366 managers mainly from Age groups below 50. As for PE5, there were 450 managers from all the 4 age groups in agreement of no difficulty in their interaction with older persons.
For the variable of past experience, the values of Cronbach’s alpha (0.842), composite reliability (0.889) and AVE (0.623), all were above the acceptable levels (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). The standardized factor loadings shown unidimensional evidence ranged from 0.531 to 0.898, and these loadings were above the minimum criterion of 0.40 (Hair et al., 2014). (Refer to Figure 1 and Table 1).

### 3.2.4 Intention to Hire

Four questions on managers’ intention to hire older workers were developed specifically for the study. The predictor variables of attitudes, subjective norms and past experience and hiring intention were assessed by respondents on each of the items on a 7-point Likert scale ranged from strongly disagree (1) to strongly agree (7). On INT1, there were 252 managers from all the 4 age groups indicated their intention to hire older workers because they had positive attitudes towards older workers. On INT2, there were 254 managers from Age groups below 50 years agreed that their intention to hire older workers was due to their good past experience with older workers. On INT3, a total of 220 managers from Age groups 2 and 3 agreed that their intention to hire older workers was due to they had strong support from their management and peers. On INT4, there were 155 managers from Age groups below 50 disagreed that the MRAA 2012 motivated them to hire older workers, however, 164 managers from all the 4 age groups agreed on the motivation provided by MRAA 2012.

On the variables for intention to hire, the values of Cronbach’s alpha (0.804), composite reliability (0.871) and AVE (0.628), all were above the acceptable levels (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). The standardized factor loadings shown unidimensional evidence ranged from 0.708 to 0.829, and these loadings were way above the minimum criterion of 0.40 (Hair et al, 2014). The relationship between attitude, subjective norm, past experience and intention to hire was moderated at R=0.377. (Refer to Table 1 and Figure 1).

![Figure 1: Structural Model Presenting Indicators Loadings and Path Coefficient](image)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach’ Alpha</th>
<th>Composite Reliability</th>
<th>Convergent Validity (AVE)</th>
<th>Square root of AVE</th>
<th>Discriminant Validity?</th>
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<tr>
<td>Table 1: Outer Model’s Validity and Internal Consistency Reliability Statistics</td>
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4. Results
The analysis of results was commenced by assessing the kurtosis of all variables. For attitude, the z-value was 0.52 and for past experience, the z-value was 1.45. Both z-values were within the -1.96 to +1.96 ranges significance @ p<.05 and that indicated normal distribution of data signified a positive normal distribution. Hence, this suggested that attitude and past experience were within acceptable univariate normality (Field, 2009). For subjective norm, the z-value was 4.85; this z-value was far more than the +1.96 threshold. However, for a sample size of 468, it was possible to give rise to a standard error whenever a small deviation from normality. Even though kurtosis was above the 3.29 threshold, significance @ p<.001, since the normal curve line in the histogram did not deviate substantially to make a difference in the analysis. Hence, it suggested that subjective norm was within acceptable univariate normality.

All VIF values were above 0.20 and below the 5.00 threshold. This suggested that both tolerance and VIF values had no potential collinearity problem, and there was no biasness among the constructs. As such, no multicollinearity issue. R2 INT (0.377) is considered moderate (Hair et al., 2014). This effectively meant that the latent variables of attitude, subjective norm and past experience had substantially explained 37.7% in managers’ hiring intention.

The significance of the path coefficients of the inner model was tested by PLS algorithm and bootstrapping. Based on the sizes, the results shown that attitude, subjective norm and past experience predicted the intention. The strongest effect came from subjective norm on intention (0.340), indicated strong relationships and significance. Moderate relationship was attitude on intention (-0.263). However, past experience on intention (0.120) suggested a weak relationship.

Figure 2 presents the structural model represents the paths, path relationships and hypotheses between the latent variables.
Hypothesis 1: There is a relationship between attitude and managers’ intention to hire older workers.

The $\beta$ value (-0.263) indicated a moderate relationship. The empirical $t$-value = $-0.263/0.048=5.494$ was significance @p<.01 confidence level (Chin, 1998; Hair et al, 2014). Hence, there was significant evidence that attitude had a relationship with intention. Hypothesis 1 was supported and significance at p<.01 level. Intention to hire was formed based on attitude ($\beta$=-0.263; $t$=5.494). As the relationship was established between attitude and intention to hire, this also signified that the research question no. 1 on whether attitude is related to managers’ intention to hire older workers was answered.

Hypothesis 2: There is a relationship between subjective norm and managers’ intention to hire older workers.

The path coefficient $\beta$ value for subjective norm and intention was 0.340 indicated a strong relationship, hence it was accepted and statistically significance (Chin, 1998). The std. $\bar{y}$=0.058, and the empirical $t$-value =0.340/0.058=5.849 indicated that the relation between subjective norm and intention was significance @p<.01 confidence level (Hair et al., 2014). Therefore, H2 was supported and a relationship was established between subjective norm and intention to hire. Intention to hire was formed based on subjective norm ($\beta$=0.340; $t$=5.849; p<0.01). The establishment of the relationship in H2 signified that the research question no. 2 on whether subjective norm is related to managers’ intention to hire older workers was answered.

Hypothesis 3: There is a relationship between past experience and managers’ intention to hire older workers.

On the relations between past experience and intention, $\beta$ =0.120 was low due to low correlations for individual indicators at PE1=0.836; PE2=0.898; PE3=0.834; PE4=0.794 and PE5=0.531. Therefore, according to Chin (1998), this $\beta$ value was unacceptable and statistically insignificance. Moreover, the low $\beta$ values indicated a weak relationship. However, followed Hair et al (2014) and Lohmoller (1989), this 0.120 was accepted since the value was above the 0.10 threshold. The std. error $\mu$=0.044, and the empirical $t$-value =0.120/0.044=2.734 suggested that the relationship between past experience and
intention was still significance at a level of 1% confidence level (Hair et al., 2014). Thus, it was concluded that there was a significance relationship between past experience and intention to hire older workers. As such, H3 was supported. Intention to hire was formed based on past experience ($\beta=0.120; t=2.734; p=0.006$). Furthermore, research question no.3 on whether past experience is related to managers’ intention to hire older workers was answered.

5. Discussion
Intention to hire was supportive of Fraser et al. (2011) on employers’ intention to hire qualified workers with disability, and Lu et al. (2011) on employers’ intention to hire older workers. In this present study, a great contribution for the prediction of intention came from attitude, as managers from older age groups had more positive attitude toward older workers as opposed to managers from young age group, and the influence of such positivity on the intention to hire also supported earlier studies (eg. Abrams et al., 2015; Chiu et al., 2001; Lu et al., 2011). In that sense, managers are likely to hire or retain older workers in their organizations. Additionally, older managers’ positive attitude also supported the in-group’s bias behaviour where high percentage of older age managers responded positively towards hiring older workers. Furthermore, Hypothesis 1 supported Karpinska, Henkens & Schippers (2013) that managers’ discriminatory attitudes toward older workers affected their hiring decision.

In Hypothesis 2, subjective norm was found to have relationships to managers’ intention to hire older workers. The results were supportive of Ang et al. (2015), Fraser et al. (2011), and Lu et al. (2011) respectively where subjective norm was a great contributor to intention.

From the test result in hypothesis 3, past experience has significant relationship on managers’ intention to hire older workers and that the more positive past experiences managers had with older people built a strong relationship with their intention to hire older workers. In that sense, past experience as a strong predictor beyond the traditional constructs in TPB. The result was supportive of Lu et al. (2011) and Kidwell and Jewell (2008) which explained that a manager who had positive past experience dealt or worked with older people, he was likely to be more aware of the attributes of older workers than someone with negative past experience. Based on these positive experiences, managers developed a good understanding on older workers and utilize these good understanding to manage older workers. From the test result, there was no strong indication of in-group biasness detected as the overwhelmingly responses on agreement to the 5 questions came from the 4 age groups.

This study offered an insight into labour shortage in business organizations could be overcome with managers’ intention to hire older workers to fill the labour gap. The empirical result suggested one important point, i.e. TPB was an appropriate model to predict managers’ intention to hire older workers (Ajzen, 1991; Chang, 1998). The research findings corroborated with Ang et al (2015) and Kluge and Krings (2008) in that attitudes and subjective norm were strong predictors in TPB. Furthermore, the present findings were in line with and supported Lu et al. (2011) and Fraser et al. (2011) in that attitude was significance contributor to the prediction of hiring. Subjective norm and past experience also supported Lu et al. (2011) where they were found to be significant to the intention prediction.

The empirical results demonstrated that there were relationships between attitude, subjective norm, and past experience and managers’ hiring intention, however, these do not diminish the problem of overcoming negative attitude of managers which if left unattended to, would affect managers’ hiring intention of older workers and would certainly face the ageing issues of the organizations’ current workforce, as all these would render the management of a diversified workforce even more difficult.

The demographic changes and ageing society are creating a large pool of readily available older workforce that must not be ignored. Considering the issues related to labour shortages, management needs to recognize the importance and benefits of a diversified workforce, organizations will need to consider a holistic approach to change managers’ intentional behavior; with programs be designed to drive changes
in managers’ beliefs system and their general attitude toward older workers. With larger degree of managers’ intention, the more likelihood of hiring can be expected.

The empirical result found relationships between attitude, subjective norm, past experience and hiring intention served to inform public policy makers to formulate laws and policies to confront discrimination at workplace, to promote publicity program on age stereotypes and ageism campaigns aim to reduce negative attitudes towards older persons.

Although this study provided some interesting insights into factors that influenced managers’ hiring intention, however, there were some theoretical and methodological limitations. This study did not measure respondents’ actual hiring behaviour. Due to limited amount of longitudinal research on managers’ actual hiring behaviour in academic study, a longitudinal research to study the specific hiring intention into actual hiring behaviour would be most recommended. This study surveyed only the hiring managers but older workers’ perception on hiring was not included, thus, the hiring intention may have been over generalised. Future research is recommended to include older workers. Future research is further recommended on a qualitative method where an in-depth data obtained could supplement the findings of this research. Additionally, the modified model can be used as a starting point for future research on the issues on or related to the employment of older workers and its impact on Malaysian employment practices.

In conclusion, this current research has in a way bridged the literature gaps in the prediction of hiring older workers. It is hoped that the findings in this study will inform all parties concerned to provide supporting policies and practices to older workers to improve the employment prospects of older workers, and not forgetting all younger workers too, as they will all be aged eventually.

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The Mutual Rights and Duties of the Public and the Sovereignty in the Teachings of Nahj Al-balagha

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ABSTRACT

Mutual duties and rights between people and sovereignty is one of the strategic and significant issues in the contemporary world. In the Islamic teachings especially Nahjulbalaghah it is not that the right is allocated to the ruler and government and on the other hand people only have duties and responsibilities. Rather the ruler has the significant duties even if he would be innocent. Among the strategic tasks of the ruler and leader are: Benevolence, Fair distribution of wealth and management of education system. These duties are, at the same time, the rights of the people and the ruler. On the other hand, people have duties in front of the Islamic ruler. In other words, these duties are rights of Religious Governance including loyalty to sovereignty, Support and response to demands of authority and etc. It is worthy to mention, the main aim of these rights and duties has been devised to provide the felicitous life for people in the world and hereafter.

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1. Introduction

One of the important issues in the history of different societies has been the rights and duties of the governments and people. Undoubtedly, individuals cannot be considered separated from society and its complex processes. Rather, social and political changes have tangible effects on the personal manners of an individual. In fact, he needs a comprehensive strategic lifestyle rather than a limited one, and if he wants to have a comprehensive outlook, he should also pay attention to sociological issues. That is to say, in this lifestyle, both the rights and duties of an individual as well as her political and social rights and duties should be taken into account. As it was said, the religious and divine rulings regarding the socio-political sphere of life might even be more important than the rulings about the personal-individual domain. On the other hand, from the viewpoint of Nahj al-Balagha, the biggest divine right is in the socio-political domain of life, as Imam Ali (a.s.) says, "The greatest of these rights that Allah, the Glorified, has made obligatory is the right of the ruler over the ruled and the right of the ruled over the ruler. This is an obligation which Allah, the Glorified, has placed on each other. He has made it the basis of their (mutual) affection, and an honor for their religion" (Nahj al-Balagha, sermon 216). However, the question is that what are the instances of these rights and duties from the viewpoint of Nahj al-Balagha teachings? The article at hand aims at addressing the clear instances of these rights and duties based on the content of sermon 34 of Nahj al-Balagha. Definitely, in order to fulfill these rights, the government agents and people should know and put into practice their rights and duties. It is noteworthy that when rights are
discussed, the duties are also included in the discussion. In fact, the other side of the rights coin is duty and responsibility. As stated by Nahj al-Balagha, no one is endowed a right unless he is given a duty, i.e. he has a responsibility. Conversely, no one is given a duty (i.e. has a responsibility) unless she has a right over another person. (Nahj al-Balagha, sermon 216)

2. People's rights and the responsibility of a religious sovereignty
It should not be conceived that in a religious government, it is only the ruler who has rights and that people have only duties. Nonetheless, such a state could be formerly seen in the West, when the dictatorships and suppressions were at their summit and people were desperately wanted to hear that the right to rule the country actually belongs to them, this idea was put constantly forth that regarding sovereignty, people have only duties and responsibilities, not right. (Morteza Motahhari, 1997, p. 134). However, in the Islamic sovereignty, the ruler is held responsible and has important duties even if he is an Infallible.1

According to sermon 34 of Nahj al-Balagha, the rights that Imam Ali (a.s.) enumerates for people (that in turn become the duties of the ruler) are as following.

1. Counseling people: Nasihat (Arabic word for council) basically means "purity". Arabs call the pure honey "Naasih". Therefore, Nasihat is attributed to any kind of pure benevolence toward another person, one which is free from deceits. Consequently, Imam asserts that one of the rights of people over their ruler is his pure advice and benevolence toward them. An instance of Nasihat is the sincere and compassionate sympathy of the ruler with the people. For example, in letter 45, he writes, "It is not possible for me to satiate myself when there are around me people whom hunger and thirst keeps restless and agonized … Shall I be satisfied simply because people call me "Amir al-Mu'minin" (Leader of the faithful Muslims)? Shall I not sympathize with the faithful Muslims in their calamities? Shall I not be their partner in their adversities? Shall I not be their fellow-sufferer? Shall I not set an example for them to patiently, courageously and virtuously bear privation?" (Nahj al-Balagha Letter 45). As 'Allameh Ja'fari puts it, it is with this sublime feeling that a ruler can have the same benevolence toward the people of his society as he has for himself. Such a ruler considers tyranny toward people as tyranny toward himself. (Ja'fari, 1997, p. 26). In fact, the real agent of the Islamic government is one who is disturbed by the existence of the hungry in the society, not one who sets collection of assets and pleasure-seeking as his priority.

2. To pay you your dues fully: "Fi" (Arabic equivalent of Fi) in Imam Ali's words refers to all assets of the public treasury. "To pay your dues" denotes that the ruler should give the public assets fully to the needy and the owners of the rights, and improve the economic and welfare of the people. (Ibid., p. 346). Of course, with regard to the literal meaning of the word "Tufir" (i.e. pay the due), some of the commentators have taken the phrase "to pay your dues" as increasing the spoils and public treasury of the country. This means that the ruler should increase the national assets and riches as a prerequisite to improve the welfare of the people and their prosperity. (Mudarres Vahid, Anonymous, p. 262)

3. To teach you that you may not remain ignorant: another duty upon the religious sovereignty is establishment of a right education and training system for people. In other words, state and government's involvement in the right education and training domain is not only their duty but is also people's right. If the government falls short in this regard, people should ask for it. This makes more sense when we consider the fact that the governments have vast media facilities to be used in increasing the knowledge of the society and in enlightening it. If the right knowledge flow is not transferred to people, the society might make mistakes in its calculations and fall in the traps of

1 Imam Ali says in sermon 216 of Nahj al-Balagha that the only entity in the existence that has only right but has no duty is God, although as a sign of his generosity He has determined a duty for Himself.
doubts and distortions, just like the disasters that afflicted the people of the Levant during Muawiyah time. Imam Ali (a.s.) asserts that one of the tricks of Muawiyah to grab power and distort the people of the Levant was to censor the news and distort the public opinion about the right and the rightful people. Imam says that as a result of this, people exposed themselves to the disturbance arrows and were finally taken to destruction and annihilation. (Nahj al-Balagha, Sermon 51), Imam tells people that it is their right to have the government responsible for the right education of the society. The duty of the religious ruler is to fight against ignorance and lack of knowledge through the right and healthy education and to eradicate the main reason of mischiefs – ignorance and obliviousness – via promotion of the culture and perceptions of the society. (Makarem Shirazi, 2007, p. 347).

4. To instruct you in behaviors that you may act upon: Besides education, moral training of the society is another mission of the sovereignty. If a government is Islamic or religious but does not pay attention to the enhancement and evolution of the culture and moralities of the people, it is certainly betraying religion and people and has not fulfilled its responsibility. If the Islamic government does not undertake the moral training and does not preserve the moral health of the society, the system of the Devil and its agents will embark on the corrupting and distorting the society and will fill the moral gap in this way. With the sentence "To instruct you in behaviors that you may act upon", Imam deems the religious government and sovereignty responsible to work in order to enhance the theoretical and practical wisdom of the society. In fact, "education" regards the knowledge and theoretical aspect, while "moral training" concerns the practical and moral dimension of the human and society. Therefore, the Islamic government may not be reprimanded because of its involvement in the scientific and cultural aspects. Rather, in Nahj al-Balagha viewpoint, this is the duty of the government and the right of the people.

3. **The rights of the religious sovereignty and the duties of people**

On the other hand, the second part of the religious teachings regards the rights that the government and the ruler have upon people. In fact, these are the responsibilities and duties that people should fulfill for the Islamic government. These rights have been categorized into four groups.

1. Fulfillment of allegiance: the first right of Imam over people is their fulfillment of allegiance with him. This is one of the most important things and is related to the general organization of the society. Allegiance is in fact the same agreement that is held between the nation and Imam, a strong and binding agreement. According to this agreement, people should back their Imam and leader and under no circumstances stop supporting him. Moreover, no party or group has the right to break its promise through reneging and rowdiness to endanger the national security. It should be noted that pledge of allegiance to the righteous Imam and leader is in a way pledging allegiance to God. The Holy Qur’ān introduces people's allegiance to the honorable Prophet of Islam as pledging allegiance to God, "Verily those who plight their fealty to thee do no less than plight their fealty to God…", and since in Shia school of Islam, Imamat is extension of prophethood, then this pledge of allegiance to Imam is in a way pleading allegiance to God. (Ja'fari, 1997, p.38)

2. Well-wishing in presence or in absence: the meaning of Nasihat was presented earlier. As Imam and leader should be sincerely benevolent to people, they should also sincerely accompany and help the sovereignty. Ibn Maitham Bahrani has taken "Nasihat of Imam Ali in his presence and absence" to mean that people should defend him in his presence and absence and should not allow anyone to slander or destroy the character of their leader. If opponents have a point, they can express it in Imam's presence so that he can answer it. (Ibn Meytham, 1996, p. 179). But it should be said that this is only an instance and representation of Nasihat, while this word has a vast scope and definition and includes any type of benevolence and linguistic and practical cooperation. 'Allameh Ja'fari has a specific and pleasant interpretation in this regard. He writes, "Through a precise assessment of the results of the competent leaders' management during history and in the light of knowing the human
aspects of the leaders and by having the necessary and sufficient knowledge of the authoritative Islamic resources, we can liken the competent leader of a society to the keen reason and conscience of that society. Just as an individual can only supply her rational and "logical life" through sincere and benevolent treatment of her reason and conscience, a human society can have a rational and "logical life" when it shows a sincere and benevolent treatment toward its leader as its reason and conscience. (Ja'fari, 1997,p.41)

3. Response when I call you: the third right of Imam is that people should respond him firmly and quickly. When he calls them for Jihad, they should get mobilized, otherwise, the enemy will conquer them and they will lose a lot in the aftermath. This historical reality should be noted that when someone is not awakened by the shouts of his leader and does not hurry to help him, he will get awakened by the hits of his enemy and of course he will be dishonored!

4. Obedience when I order you: the fourth right of Imam over people is their obedience of his commands. It is clear that social affairs will not be organized unless the commands of the leader are observed. Imam Ali (a.s.) considers obedience of and compliance to the commands of Imam the way to organize and consolidate the society. He says, "God has set obedience of us the Lineage of the Prophet as the cause for social organization in the Muslim nation and our leadership as the factor underlying the safety from disunions." (Tabarsi, 1982, p. 258). In fact, from Imam Ali’s viewpoint, guardianship and Imamat are the organizing factors of Islam and Muslims if the nation accepts the guardianship and follows the commands of the present guardian. Moreover, guardianship and Imamat comprise the only axis of unity, security, and justice.

4. Conclusion
Before renaissance, the common belief was that rights just belong to the governments and their orders and requests are the same as the divine commands. In addition, people were just believed to have the duty of obedience. After the renaissance, on the contrary, the idea of separating religion from politics got dominant and the authority of the church in political and social affairs diminished. But in the Islamic teachings, especially those of Nahj al-Balagha, both governments and people have rights and duties, provided that the government executes the divine orders and commands, not its own incorrect readings and interpretations of religion. If the latter occurs, the duty of people is to observe the divine orders not the incorrect readings and interpretations about religion. It is only through this that people can embrace the true bliss.

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The State of Students’ Mental Health: A Case Study

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ARTICLE DETAILS

ABSTRACT

Purpose: This study is aimed to investigate the students’ mental health at a private university college in Malaysia.

Design/methodology/approach: Quantitative Research/Questionnaires distributed to 340 students.

Findings: Students’ level of stress is at an upper moderate level but they are able to manage their stress and are still happy. They prefer to consult with friends rather than meeting the college counsellors. The main stressor is their financial condition.

Research limitations/implications: The study is based on superficial feedback from the respondents and no in-depth on their psychological and behavioral aspect are conducted yet.

Practical implications: This study will be able to give some ideas in projecting possible solution for students academic performance and also well-being.

Originality/value: To enrich the existing knowledge on students’ mental health.

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Keywords: Malaysia, Students’ Mental Health, Depression, Counselling, Support

JEL Classification: I18, I19

Introduction

University as an educational unit carries out and implements higher education, functioning to develop capability and form the character and civilization of dignified nation to educate the nation, develop responsive, creative, skilled, competitive and cooperative academic society through the implementation of Tridharma Perguruan Tinggi and develop science knowledge and technology (Undang-Undang Pendidikan Tinggi: 2012). Moreover, the strategic thing that became a hot issue in higher education today is the competition of universities to be World Class University. In the meantime, to achieve this requires a change in fixing the condition of universities, and colleges must be able to act as agents of change which become the link between the source of ideas, knowledge, and technological change in accordance with the targeted community, so it can produce ideas, knowledge, and technology that is always growing and
impacting in society. Government efforts in improving the quality of education in Indonesia itself began to be done on a large scale. One of the strategic steps undertaken by the government is to establish a new public university and change the status of several private universities. Currently, there are 35 institutions that are New Public Universities (PTNB). This is done by the government in facing the demands of intense competition in the world of higher education which is expected to provide a more qualified and competent output in the face of global competition.

The change of status from private to public which the government does has had a considerable impact on the newly designated public university management system. Every element of the organization that is in a new public university must always follow the policies that have been governed and controlled by the state both in terms of financial, human resources and maintenance of assets that now fully belong to the state. Especially for the issue of human resource management as the organizational driving force of a new public university today must be committed to dealing with environmental changes to follow the rules of the game that has been issued by the government due to the original employment status of the foundation's employee is now transformed into a Government Employee with Work Agreement (PPPK) which is also included in the State Civil Apparatus (ASN).

With this change is expected to increase the lecturer's satisfaction so as to utilize his professional ability in performing his functional tasks, because the future education demands high-quality educational profession skills. The success of PTNB will depend heavily on the awareness, understanding, readiness, and ability of the lecturers in adapting to change. Changes to PTNB must always take into account and involve all existing components including lecturers. Between organizations and lecturers is a unity that has a relationship that is simultaneous and must be balanced. This means that on the one hand, lecturers should be managed within the framework of the organization's interest flow, on the other side of the organization's activities must be able to pay attention to the interests and needs expected by the lecturer.

New public universities are experiencing turmoil in the transition period of change from private to public. This change includes changes to the internal environment of the organization that requires flexible adjustment for each individual involved. This research is only conducted on lecturers and is not done on the staff of, on the grounds that the lecturer has the main duty namely Tridharma Perguruan Tinggi ie teaching, research and community service where some policies applied after the change of status deemed less accommodate the main task of lecturer, especially to conduct research and community service. Therefore, this research will discuss what factors change when a private university is transformed into public universities that will be based on environmental aspects of the organization at several universities in the island of Java. Therefore it is necessary to conduct research on the identification of organizational change factors in the higher education institution.

2. Organizational Change of Higher Education Institution

According to Winardi (2006: 65), organizational change is often stimulated by changes occurring in the environment that openly form the system by encompassing technological-economic-legal-political-demographic-ecological. While Wheelen and Hunger (2000: 8) distinguish the environment faced by organizations consisting of the external environment and internal environment. Daft (2003: 83) suggests that Elements of the internal environment are all sectors that interact directly with the organization and have a direct influence on the ability of the organization in achieving its objectives. Thus, the internal environment has characteristics in which interaction with the organization is directly so that the effect on the steps taken to achieve goals that are immediate. The same is also said by Robbins (2008: 226) that the internal environment is part of the environment that has direct relevance for the organization in achieving its objectives. The internal environment is part of the environment that concerns management, as it consists of critical constituencies that positively or negatively affect the effectiveness of the execution of an organization's tasks. The critical constituencies mentioned above are key factors that on one hand can be a resource for competitive advantage and on the other can be an organizational weakness.
According to Desplaces (2005), the changes that occur in organizations often bring after-effects which are always unprofitable. Organizational change is a process whereby the organization moves from its present state to the desired future to improve its organizational effectiveness. The goal is to find new ways or improve in using resources and capabilities with the aim of improving the ability of the organization in creating value and improve the desired results to stakeholders. Furthermore Wheelen and Hunger (2000: 10) state that the internal environment consists of structure, culture, resources. The internal environment needs to be analyzed to determine the strengths and weaknesses of the organization. The structure is how organizations are organized in terms of communication, authority, and workflow. Structures are often also called chains of command and graphically depicted using an organization chart. Culture is a pattern of beliefs, expectations, and values shared by members of the organization. Organizational norms typically come up with and define the acceptable behavior of members from top management to operative employees. Resources are assets that are the basic material for the production of goods and services of the organization. These assets may include a person's expertise, abilities, and managerial talents such as financial assets and factory facilities in functional areas. Thus, the elements of the internal environment have adaptive and communicative relationships in determining the agenda of analyzing actions of any changes as issues emerging within the organization itself.

Based on the above exposure, it can be formulated hypothesis and framework of research model that is as follows:

H1: Structure is a reflection of organizational change.
H2: Good culture is a reflection of organizational change.
H3: Resource is a reflection of organizational change.

3. Methodology
The object of research is organizational changes that occur in some institutions that exist on the island of Java. There are four college-shaped universities that undergo a transition status change from private to the public that is Siliwangi University Tasikmalaya, University of Tidar Magelang, UPN Veteran Yogyakarta and UPN Veteran East Java. The method used in this research is to use survey research method. The population in this research is the lecturers from four universities of the New Public-shaped universities studied as the object of research. While the sampling technique used is purposive sampling where the sampling is based on personal consideration of the researcher (Sugiama, 2008). In this sampling, the researcher tries to find the belief in advance that the individual chosen as the sample is the right individual that is the lecturers who have experienced institutional management when they are still private so that they can feel and identify the changes that occur.

The determination of sample size in this study is based on the opinion of Hair (1995: 444) that is the survey, the minimum sample size is 100 respondents. Therefore, to improve the accuracy of research results, the sample size is taken between 100 to 200 respondents.

Data processing techniques to determine the weighting of respondents’ answers is done by using the Likert scale with the magnitude of five (5) scale both positive and negative. While to know whether the structure, culture, and resource can reflect the organizational change, the method of analysis is Confirmatory Factor Analysis with second order approach which is part of SEM Analysis. SEM is a combination of two separate statistical methods that are factor analysis which developed in psychology and psychometrics and simultaneous equations model developed in econometrics into a comprehensive statistical method (Iman Ghozali, 2013: 4).

4. Results
Characteristics or identity of the respondent in this research can be grouped into several groups that are based on workplace (work unit), work period, and employment status with the number of respondents used in this research is 128 respondents. The respondent's characteristic of the work unit is dominated by Siliwangi University by 34%, followed by UPN Veteran Yogyakarta that is 24%, Tidar Magelang
University is 22% and the last is East Java Veteran UPN which is 20%. The working period is dominated by lecturers who have more than 20 years working period of 54% and 10-20 years working period of 39% and the last is less than 5 years of 7%. Status of employment is the most is the status of PPPK that is equal to 69% and the remaining 31% are lecturers with civil servant status.

Description of research variables conducted to explain the results of the scores on the questionnaire used to assess the significance of research variables seen from the side responses of respondents. The calculation used in obtaining the extent to which the respondents will respond to the research variables is to use the value of interval level (NJI). Variable of organizational change in this research inform by construct variable consisting of the structure, culture, and resources. The value obtained from the analysis of respondents on the structure is 2037, the culture of 2948, and the resource of 2274 which as a whole is in good classification.

To examine the significance of structure, culture, and resources as a variable construct of Organizational Change, the Confirmatory Factor Analysis (CFA) analysis tool is used. The results of full-model data processing on Organizational Change variables through the calculation of M-plus 7.0 program are as follows:

![Path Diagram Structural Modeling](image-url)

The univariate and multivariate normality of the data used in this study was tested using criteria critical ratio or CR of ± 2.58 at the 0.01 (1%) significance level. The results of this study showed that the largest CR value is ± 2.51 with said data used in this study can be said to be normally distributed. The results of the analysis in this study yield the smallest z-score is -2.903 and the largest z-score is equal to 1.985. In other words, the data used in this study is free of univariate outliers. In addition, the greatest distance Mahalanobis is 53.269 which is smaller than (14; 0.001 = 54,051), so there are no symptoms of multivariate outliers.

Overall, the Goodness of Fit is shown in the following table:

<table>
<thead>
<tr>
<th>Goodness of Fit Index</th>
<th>Cut-Off Value</th>
<th>Results of Analysis</th>
<th>Model Evaluation</th>
</tr>
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<tbody>
<tr>
<td>$X^2$ Chi-Square</td>
<td>Expected small</td>
<td>700.202</td>
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</tbody>
</table>
The table above shows that the criteria used have a value that is marginal or close to fit index, therefore this model is still acceptable. Thus, it can be stated that the suitability of the model and the data in this study result confirmation in a marginal or near-fit of factor dimensions and causality relationships between factors.

With the error rate of 5% (0.05) and Cut-off value of 2.58. The following table presents the values of regression coefficients and C.R (Critical Ratio) as the basis of acceptance of the research hypothesis. The results of the analysis can be seen in the following table:

### Tabel 2.

<table>
<thead>
<tr>
<th>Variables</th>
<th>CR</th>
<th>p-value</th>
<th>Conclusion (H₀)</th>
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<tr>
<td>Organizational Change</td>
<td>by</td>
<td></td>
<td>Signifikan</td>
</tr>
<tr>
<td>Organization by</td>
<td>Structure</td>
<td>41.679</td>
<td>0.000</td>
</tr>
<tr>
<td>Culture</td>
<td>by</td>
<td></td>
<td>Signifikan</td>
</tr>
<tr>
<td>Resource</td>
<td>by</td>
<td></td>
<td>Signifikan</td>
</tr>
<tr>
<td>Organization by</td>
<td>Resource</td>
<td>60.259</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: data of questionnaires processed with M-plus 7.0

Hypothesis 1. which states that the structure is a reflection of organizational change received. This is indicated by the value of p = 0.000 or at a significant level of 0.05 and gives an estimated value of 0.877. Thus, the structure variable can be the constructor of the organizational change variable.

Hypothesis 2. which states that culture is a reflection of organizational change received. This is indicated by the value of p = 0.000 or at a significant level of 0.05 and yields an estimated value of 0.813. Thus the culture variable can be the constructor of organizational change variable.

Hypothesis 3. which states that the resource is a reflection of organizational change received. This is indicated by the value of p = 0.000 or at a significant level of 0.05 and gives an estimated value of 0.937. Thus the resource variable can be the constructor of organizational change variable.

5. Conclusions and Implications
Structure, culture, and resources that are elements of the organization's internal environment can reflect the organizational change. Therefore, structure, culture, and resources owned by an organization will be an important factor in shaping institutional change of higher education institution when transformed from private to public. The resource becomes one of the constructs that have the greatest role in the organizational change of higher education institutions. This is due to a change in the financial resources owned by a university that initially depends on the financial capacity of the foundation, but is now funded from the state financial resources.

This research can provide some inputs for organizers of higher education institutions that have changed the status of the private sector into the public. In this study, organizational changes reflected by changes in structure, culture, and resources must always be considered by conducting regular evaluations by management to identify which factors have a positive or negative impact of changes that occur either on changes in structure, culture or resources. This research can also provide input for academics who will conduct research on organizational change. This study is limited to the proving of organizational change in the higher education institution only, the direction for further research is to test the model of this
research on other organizations. In addition, it should also be investigated the direction of causality relationship by including other variables such as job satisfaction, organizational performance, and others.

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Is Investment in Infrastructure Worth It?

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ARTICLE DETAILS

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ABSTRACT

The argument for investment in infrastructure and its implication for economic development have attracted a robust discourse. This paper adds a voice to the significance importance of the subject matter by examining the theoretical arguments for infrastructure investment. We further developed a framework, which explains the need for investment in infrastructure and its flow both as input for recycling and input for further production as a final output for consumption. The study shows that no one individual can provide infrastructure but rather all the activities of the various industries sit on a platform from which payment for its use is shared amongst all users. It concludes that Investments in infrastructure are not just one off event but planned to achieve a robust economic development.

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1. Introduction

The increased pressures and demands, driven by major factors of change in the developing countries has necessitated the need to bridge the looming “infrastructure gap”, because the productive capacity of any nation is governed by its infrastructure, with the Infrastructure systems contributing and playing a vital role in economic and social development (Sachs et al. 2004; OECD 2007; Saravanan 2008; Liu and Waibel 2010 and Afeikhena 2011). According OECD (2015), most developing and emerging economies will need to make infrastructure investment of close to USD 71 trillion by 2030, representing about 3.5% of the annual world GDP from 2007 to 2030 to meet social needs and support more rapid economic growth.

This is elucidated by Kandiero (2009) and Frimpong (2013) who reported that less than 50 percent of roads (in 33 countries) in Africa are paved, 40 percent of the population lacks access to safe water; 60 percent of the population lacks basic sanitation, only 30 percent of the rural population in Sub-Saharan Africa has access to all-season roads and electricity. In addition, Sub-Saharan Africa has the lowest telephone penetration of 14 percent and Internet penetration of 3 percent compared to the world average of 52 percent and 14 percent respectively, hence “the unprecedented need for infrastructure investment is not subject to debate” (PwC 2011, 6).
Infrastructure is a broad concept with no universally recognized or common definition. It is largely perception and subject matter driven (Nijkamp et al., 2000; Buhr, 2003; UNCTAD, 2008; Torrisi, 2009; and Morimoto, 2010). The difficulty in having a universally accepted or common definition is born out of the need to reconcile the three analytic and not necessarily compatible objectives identified by Buhr (2003) as, the formulation of a concept for the term “infrastructure”, the incorporation of theoretic approaches and the description of the reality of infrastructure provision and this has made it difficult to develop uniform policy in the field (Infrastructure Canada, 2007).

Traditionally, “infrastructure” has been applied to permanent installations required for military purposes; however modern general usage of the term is concerned with the necessary economic and organizational foundation of a highly developed economy (Drosdowski et al. 1997). This, Jimenez (1994) observed, is the foundation on which the factors of production interact in order to produce output and considered to include, “those services without which primary, secondary and tertiary production activities cannot function. In its wider sense, it includes all public services from law and order through education and public health to transportation, communications, power and water supply, as well as such agricultural overhead capital as irrigation and drainage systems” (Hirschman 1958, 83).

There is a significant literature that supports the argument that infrastructure promotes economic development and growth, attracts a significant positive effect on economic growth with increasing returns to scale, foreign direct investment (FDI), reductions in production costs in manufacturing, significantly higher growth rates and poverty reduction, etc. (Dutt and Ravallion, 1998; Elhance and Lakshamanan 1988; Sahoo and Saxena 1999; Sahoo 2006 and Udah 2011). Governments therefore seek to ensure that the stock of infrastructure is adequate because increased infrastructure spending stimulates the economy (Barandiaran 2011 and Webb 2004).

This notwithstanding, opinions differ greatly around the question of both magnitude and causality thus if investments in infrastructure are assumed to be growth enhancing, the question remains whether governments choose the right projects and the right level of investment or the appropriate means of finance, and whether public investment decisions are efficient (Bygrave and Minniti 2000; Kellermann 2007 and Torrisi 2009).

Based on the above, this study seeks to provide an alternative thought especially to the conclusion of Rodriguez (2006) whose study challenged the argument that infrastructure play a major role in growing disparity between the underdeveloped and developed economies. The rest of the paper is organized as follows. The second section explores the theoretical argument for investment in infrastructure, while the third part develops and examines the conceptual framework supporting the argument for investment in infrastructure and the last part draws a conclusion from the framework.

2. Theoretical Argument for Investment in Infrastructure

The prediction of the neo-classicalists of a convergence in economic development has become difficult to achieve and may partially be explained by the difference in key institutions among countries of the world (North, 1990; Tornell, 1993; Knack and Keefer, 1995). Age nor (2010) observed that the dearth of infrastructure continues to be a key obstacle to growth and development in many low-income countries and to alleviate these constraints to growth and poverty reduction, several observers have advocated a large increase in public investment in infrastructure, in line with the “Big Push” view of Rosenstein-Rodan (1943). He argued further that infrastructure services have a strong growth-promoting effect through their impact on production costs, the productivity of private inputs, and the rate of return on capital—particularly when, to begin with, stocks of infrastructure assets are relatively low.

Rosenstein-Rodan (1943) had proposed a state-coordinated big push to kick-start sustained growth, thus increasing economies of scale in each growing industry with spillover into growth opportunities in other
sectors, while growth falters because of a range of market failures (Morck and Nakamura, 2007). Rostow (1956) in his five basic stages of development in supporting the submissions of Rosenstein-Rodan describes economic takeoff as the transition from a low-income to a high-income growth path; and sees big push coordination as lifting countries out of a poverty trap. Kofi Annan’s UN Millennium Project in 2005 and Sachs’ (2008) shock therapy both echo Rosenstein-Rodan’s call for a big push to bring developing countries to Rostow’s economic takeoff.

Rosenstein-Rodan argument was premised on the fact that businesses in developed economies rely, usually unknowingly, on multitudinous other firms, each keeping prices near minimal costs (Matsuyama 1992). DeFontenay and Gans (2004) and DeFontenay (2004) however observed that because every firm relies not only on its own suppliers and customers, but on their suppliers’ suppliers, customers’ customers, suppliers’ other customers, customers’ other suppliers, and so on; market power, anywhere along a multi-stranded production chain can raise a firm’s costs. This network of existential externalities which Morck (2011) described as Gordian knot is absent or seriously incomplete in LDCs (Rosenstein-Rodan 1943), thus necessitating a massive state-coordinated investment in the entire network, each industry coming online and growing as needed by other industries to build a self-sustaining whole (Morck, 2011). Rosenstein-Rodan (1943) concluded that integrating all such interdependencies within a single entity is essentially a call for central planning, and calls for the state to coordinate and subsidize a massive cross-industry surge of capital investment – a big push although Hayek (1945) observed that Rosenstein-Rodan specifically, stressed that governments lack the detailed information needed to coordinate a big push.

Nurkse (1953), Scitovsky (1954), and Fleming (1955) in subsequent studies agreed that simultaneous industrialization of many sectors can be self-sustaining and provided an insight into two important elements. First, the same economy must be capable of both the backward pre-industrial and the modern industrialized state. No exogenous improvement in endowments or technological opportunities is needed to move to industrialization, only the simultaneous investment by all the sectors using the available technology. Second, industrialization is associated with a better state of affairs. The population of a country benefits from its leap into the industrial state.

The Hirschman's framework otherwise known as the “Unbalanced growth” theory while agreeing on the existence of a vicious circle, however argued that industrialization of certain “leading” sectors would pull along the rest of the economy (Hirschman 1958). The unbalanced growth theory is premised on the fact that investment by a firm can, through forward linkages, motivate investment by another firm that uses the first firm’s output as an input. Similarly, through backward linkages, one firm’s investment can motivate another firm, which provides inputs to the first firm, to invest in a form of backward integration. Instead of industrializing a large number of sectors, he argued that what was needed was the industrialization of the “leading” sectors. Then, through backward and forward linkages these sectors would spark the industrialization of the rest of the economy. Thus, growth is unbalanced, as it does not occur everywhere, only in certain sectors, which then pull others along (Krishna and Pérez, 2004; Agarwalla, 2011).

This notwithstanding, Murphy, et al (1989) and Rodrik (2003) observed that one of the most encouraging aspects of the comparative evidence on economic growth is that it often takes very little to get growth started, and virtually every country that experienced rapid growth of productivity and living standards over the last 200 years has done so by industrializing. Explaining further Murphy, et al (1989) suggested that an important component of industrialization for which pecuniary externalities can be crucial is investment in jointly used intermediate goods, e.g., infrastructure such as railroads and training facilities. To the extent that the cost of an infrastructure is largely fixed, each industrializing firm that uses it helps defray this fixed cost and so brings the building of the infrastructure closer to profitability. In this way, each user indirectly helps other users, and hence makes their industrialization more likely. As a result, infrastructure develops only when many sectors industrialize and become its users.

Infrastructure development is one of the major factors contributing to overall economic development, creating production facilities, stimulating economic activities, reducing transaction and trade costs, improving competitiveness, providing employment opportunities and positively affecting the poor directly and indirectly in multiple ways (World Bank 1994; Jones 2004; Estache 2006; Dasha and Sahoob 2010). While it has been established that there is no commonly agreed usage of the term infrastructure, the concept, can in its broadest sense, comprise the physical facilities, institutions and organizational structures of a nation (UNCTAD 2008).

Unfortunately, poor infrastructure is the most binding constraint to growth among emerging nations, impacting negatively on the profitability and performance of micro, small and medium scale enterprises, and distribution of goods and services (Lars-Hendrix and Waverman 2001; Obokoh and Goldman 2016; Olufemi, et al 2013 and Llanto 2012). Manufacturers, investors and industrialists have constantly and consistently highlighted the deplorable state and disrepair of most infrastructural facilities and lack of maintenance due mainly to the drastic reduction in government spending, vandalisation, corruption, bureaucratic delays in the construction, maintenance and repair of damaged facilities, concluding that the provision of infrastructure encourages investment in less developed areas, allowing wider movement of goods and people, facilitating information flows and help commercialize and diversify the economy (Ijaiya and Akanbi 2009 and Nwachukwu 2011).

To support development it will be necessary for government to fund the development of infrastructure. Smith (1776) in his Wealth of Nations posited that the duty of erecting and maintaining certain public works and public institutions which can never be for the interest of any individual, or small number of individuals, to erect and maintain falls to the state, because the profit could never repay the expense to any individual or small number of individuals. Thus, the cost of providing infrastructures by the government under the traditional procurement according Calitz and Fourie (2007) is ultimately borne by taxpayers, users or donors Development agencies (loans), Lenders to government or government enterprises (loans or guarantees), which is why infrastructure are often referred to as public goods.

Figure 2 - The Argument for Investment in Infrastructure

Source: Authors’ Conceptualization

Figure 1 above explains the role of infrastructure as the couch upon which industrialization efforts sits. Whichever angle the process of development is viewed, whether through Rosenstein-Rodan, Rostow and or Hirschman’s framework the need to have a network of existential externalities which infrastructure represents is key to development. Since according to Adams Smith, any one individual cannot provide
infrastructure, the framework suggests that activities of all the industries sit on this common platform from which payment is shared amongst all the users. It thus becomes a process in which output are derived from each industry using this platform. This output is either consumed directly by the final consumer or serve as input for further production. This is the circle that builds up the economy

The flow in the model in figure 1 shows that irrespective of the model for growth, a common dominant factor, which facilitates and induces rapid economic development, is infrastructure. The model depicts a typical production process in which input are fed into the industry whose output are either consumed by the final consumer or serve as input to other industries within the economic chain. This is premised on the fact that the industries are taken for granted as provision of infrastructure, which helps to support the production process.

Infrastructure provision by government enables the various participants in the economy to concentrate on production while taking for granted those production-assisting facilities, which are not directly related, or beyond the ability of the entrepreneur and or the household to provide. DeFontenay and Gans (2004) and DeFontenay (2004) best captured the scenario when they opined that provision of infrastructure by government as depicted in the figure will have taken a substantial part of the expenditure incurred by the entrepreneur but jointly borne by all as argued by Calitz and Fourie (2007).

Although expected to play an important role in the catching-up process of developing and transition countries, with a significant output contributions expectation, disappointingly infrastructure is one of the main concerns for entrepreneurs (Roller and Waverman 2001; Estache et al. 2002; vonHirschhausen, 2002; Calderon, et al 2003; Calderon and Serven 2004; Shiu and Lam 2004; World Bank; 2005; Gonzalez et al. 2007 and Rud 2012). For instance, about 40 percent of the African productivity handicap faced by firms can be eliminated with provision of infrastructure. These benefits are expected to be particularly related to those with a high level of dependence on external trade, and those where conditions require expeditious investment to upgrade their infrastructure (Zhai 2010 and Foster and Pushak 2011).

Often held as a precondition for economic development, investments in infrastructure not only attract capital, but also create the conditions under which domestic companies emerge and invest abroad. Some developing countries, have generally been successful in improving sector performance in terms of higher investment and service availability, efficiency, higher quality of life, and thus are able to attract foreign direct investment (FDI), and have been favorable to the development and implementation of new views, approaches, techniques and practices (List 2001; Smarzynska and Wei 2001; Wheeler 2001; Globerman and Shapiro 2002; Gutierrez 2003; Maiorano and Stern 2007)

However, consensus is achieved around the idea that basic infrastructure facilities are important features related to economic performance. The financial, legal, and physical infrastructure development, are all critical to an economy’s ability to support entrepreneurship and share many characteristics of network externalities. Apart from these main ideas, opinions differ greatly, with regards to both magnitude and causality as the main subjects of debate (Bygrave and Minniti 2000; Torrisi 2009)

4. Conclusion
The role of infrastructure is widely considered as very important to both households and firms considering that Infrastructure services are used as final consumption items by households and as intermediate consumption item for firms. Also the impact of infrastructure investments on country development is an important issue for strategic management and development of a country policy especially during the period of economic transition (Snieska and Simkunaite 2009). The support infrastructure provides to firms is quite enormous. It allows them to concentrate on improving process, innovation, diversification, skill development and most importantly increased productivity thus impacting positively on the economy.

In concluding, it will be safe to agree with Timmins (2005), World Bank (2005) McGovern (2011) and
Estachea and Iimi (2011) that public infrastructure investments are not random events, and are distinctly different from many other forms of investment. Planners assess the need for and direct investment to where they consider to be of the greatest need. However in emerging economies, public resources deployable for infrastructure are limited and the best way to find fiscal space for public investment is to eliminate waste and improve technical efficiency in public expenditure. Unfortunately how to use the limited public resources remains an important challenge for governments or public entities, especially under the fiscal pressure. Governments therefore must decide whether to produce infrastructure goods and services in-house (traditional Procurement) or procure them from the outside through collaboration in the form of public private partnership. The determination for the ideal financing option for infrastructure remains an issue for empirical research.

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Comparison of Conflict Management Style Between Malaysian and Thai Employees: A Case Study in Top Glove Corporation

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ARTICLE DETAILS

Objective: This study investigated the fundamental beliefs regarding cross-cultural differences in conflict styles.

Methodology: The sample consisted of 46 employees from 2 different countries between Malaysia and Thailand. T test analysis was used to investigate the effect of conflict styles on both Malaysia and Thai employees.

Results: Findings revealed that the avoiding and compromising styles are generally the most preferred by both Malaysian and Thai employees; accommodating and collaborating are the next preference, followed by competing. Competing is preferred by Malaysian workers rather than Thai workers. While, Thai employees use more collaborating style rather than Malaysian Employee. We also found that Thai employees rely more on comprising style than Malaysian employees do.

Finally, the meaning of three of the five styles is different from Malaysian and Thai employees: only avoiding and accommodating conflict styles are interpreted similarly by both groups. Therefore, we conclude that both Malaysian and Thai experience higher levels of task conflict as they use more avoiding style in their workplace. Areas for future research are considered to get a further finding of this research.

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Keywords: Conflict Styles, Rubber Company, Malaysian Employees, Thai Employees

JEL Classification: M51, M59

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1. Introduction
Malaysia and Thailand are trying to embark on a very big project "Rubber City" close to Kedah-Thai border in no distance future. As Malaysia is recognized as the largest rubber gloves producer while Thailand is recognized as the world producer of many internationally branded automobile tires. The cooperation for the development of rubber-related industries in Kedah will help companies in Malaysia and Thailand to get the competitive prices for their rubber and to make an uninterrupted supply of the raw material to these manufacturing supplies. The border area close to Prakob border checkpoint
Thailand, and Kota Putra in Kedah is known as the most comfortable place between these two countries.

When the project is finished, it will lead to increase in the demand for rubber for at least 200,000 tons per year (Thai News Service, 2013). These benefits of cooperation between both countries will lead to job opportunities with improved income, good standards of living and well-being of the people. The project will bring high revenue to both countries, mainly in the southern region of Thailand. The Royal Thai Embassy in Singapore shows that Malaysia needs 30,000 workers from southern Thailand.

1.1. The Problem Statement
According to Kinney (2001) shows that the emergence of conflict is caused by cross-cultural conflict. It usually happens when one group of people working with other groups that have different cultural identities and beliefs. There is some conflict between each other as the power of culture is strong. It is observed that, these class of people gets very hard to reach a better understanding with each other, and acceptably takes time to get used to each other conflict.

The conflict between immigrant employees among Malaysia and Thailand happens in all managerial levels of socialization in the company. When disagreement happens, the relationship becomes not stronger and indirectly will affect the output, working environment and company’s goal in totality. As both countries’ governments need the studies of the project between two countries, the study of conflict management in the workplace between employees from Malaysia and Thai will be revealed in this report.

1.2. Research Questions
1) Do we have a difference in the statistical significant of preference in the competing style between Malaysian and Thai employees?
2) Do we have a difference in the statistical significant of preference in the collaborating style between Malaysian and Thai employees?
3) Do have a difference in the statistical significant of preference in the compromising style between Malaysian and Thai employees?
4) Do we have a difference in the statistical significant of preference in avoidance of style between Malaysian and Thai employees?
5) Do we have a difference in the statistical significant of preference in the accommodating style between Malaysian and Thai employees?

1.3. Research Objectives
This research focuses on the following set objectives, to a achieving its goals, namely:
1) To examine the difference in preference of competing style between Malaysian and Thai employees.
2) To examine the difference in preference of collaborating style between Malaysian and Thai employees.
3) To examine the difference in preference of compromising style between Malaysian and Thai employees.
4) To examine the difference in preference of avoiding style between Malaysian and Thai employees.
5) To examine the difference in preference of accommodating style between Malaysian and Thai employees.

2. Literature Review
A term of conflict can be defined as an attempt by people to show their insight to their opposition that may surface because they have different needs, views, beliefs, values or goals. We clearly cannot stay away from conflict that could bring negative or positive influence in organizations (The foundation Coalition).

2.1 Styles of Managing Conflict
It is acceptable that professions such as teachers, trainers, mediators, organizational consultants, and
human resource managers use conflict style inventories in their work to assist people to see and improve their responses to conflict. Revealing of styles makes people recognize that they have choices to respond to conflict. Since each style has a particular way of interacting with others in disagreement, style awareness also can seriously help people to meet the demands of those they live and work together with. According to Hocker and Wilmot (1998), conflict management is a means of planning to avoid conflict where necessary, and organizing to settle the conflict where it is seen as quickly as possible.

Different methods have been followed in studying conflict management. In one popularly used paradigm, a person’s conflict management style is seen as representing the degree to which he or she is encouraged by two non-exclusive goals: reaching one’s own interest and getting another person’s interest (Thomas, 1992). Competing or dominating – promotes one’s own interests above the other party’s – shows a high self-interest and low other-interest. Collaborating, or negotiating to try to please both parties, shows both high self- and other-interest. Accepting the other party’s interests first, shows allow self-interest and high other-interest. Preventing from withdrawing or ignore the disagreement, leads to both low self- and other-interest. Finally, compromising to give something up in order to get something, shows a middle level of both self- and other-interest. Several current researchers have employed a number of simplified frame works depending on fewer conflict management styles.

As there are differences in these techniques, distinctions among the styles that represent a mix of self- and other-interests. For example, Oetzel and Ting-Toomey (2003) distinguishes conflict management style as dominating, avoiding, or integrating, with the latter presumably encompassing collaborating, compromising and accommodating. Tinsley (2001) related factors in making a negotiation by reference to apower, interests, or regulations. Morris et al. (1998) centered on the competing and preventing styles.

In line with that, Thomas Kilmann (1974) has begun some major ways of using people use to deal with conflict matters, which are:

1) Preventing; also referred to as LOSE-LOSE process, preventing is known as uncooperative and ignorant behaviors. People try to remain not concerned with these. These methods tend to worsen the conflict over time.

2) Accommodating; that is also known as a LOSE - WIN method. It implies submission to others’ ideas. Very often, this method leads to conflict within the individual by ignoring other people’s wishes and concerns. This is a dominating style and also known as WIN-LOSE method.

4) Compromising; also referred to as A WIN SOME-LOSE method which involves finding a middle path to settle conflicts. This method acceptably leaves both parties partially satisfied.

5) Collaborating; also known as strong, assertive and cooperative behavior. A mutual give and take approach is encouraged. Collaborating is a WIN-WIN method for settling conflict issues.

2.2 Nature of conflict
We clearly cannot prevent the conflict at work as long as you still have any link with people. The majority of us is affected by conflict in some form or another every day (Syria and Aula, 2010). It is because everybody brings different ideas, goals, values, beliefs and needs to work together, and these differences are the primary strength of teams. These same differences unavoidably lead to conflict, even when the degree of conflict is low.

Some of this disagreement affects us directly, while some we may simply be observed. But all of it affects us in one way or the other, just as it affects the organizations we belong to. Although the type of disagreement, we may notice differences from time to time, but a particular thing remains constant; conflict at work is unavoidable. It is very important for us to know how to manage it well and, perhaps, even come to recognize its possible benefits.

2.3 Background of Top Glove Company
The Malaysian rubber company “Top Glove” was established in 1991 and has come a long way from its
little beginnings. What took off as a modest business venture of 1 factory, 3 production lines and 100 staff, is now the world's largest rubber glove manufacturer, boasting 25 factories, 466 production lines and capacity estimated to be around 40.7 billion gloves annually.

It was recorded that on this day, 27th of March, 2001, Top Glove was placed on the second position board of the Malaysia bourse, Bursa Saham Kuala Lumpur, under one year, expanded to the Main Market of the Kuala Lumpur Stock Exchange. It has a shareholder fund of RM1.28 billion or USD409.7 million with an annual turnover of about RM2.31 billion or USD740.6 million as at financial year ended 31 August 2012. It is also one of the component stocks of the FTSE Bursa Malaysia ("FBM") Mid 70 Index, FBM Top 100 Index and FBM Emas Index with a market capitalization of RM3.74 billion as at 20 May 2013. These attainments are in no small part acknowledged to the good leadership quality of Tan Sri Lim Wee Chai and a dedicated board of directors, in partnership with 11,000-strong workforce, have taken Top Glove into a resounding success in today's world.

At Top Glove, customers are specially treated with an excellent service from their quality products, efficient, costing and excellent customer service, which continues to be its chief priority. With this vision, the company will continue to intensify investments in R&D, IT and automation, towards on-going improvements in product quality and production efficiency. Moving forward, the In line with its recent land acquisition, the company is also moving upstream by going into rubber plantation with the aim of reducing the instability in the latex cost. Top Glove’s remained determined in obtaining 30% of the global market share by the year 2015. At this junction, the company has started on a quick capacity enlargement and strike a balance in its capacity mix of natural rubber and synthetic rubber gloves. In line with its recent land acquisition, the company is also moving upstream by going into rubber plantation in order to mitigate the volatility in latex cost.

2.4 Culture and Personality of the Malaysians
Malaysia is a seen as a verse-racial country, consisting of about 23.27 million people (Census, 2001), with 65.1 percent of indigenous Bumiputras, 26 percent of Chinese, 7.7 percent of Indians and 1.2 percent relating to others. The Malay Archipelago is at the consensus of two dominant nations: China to the east and India to the west. Cultural and religious interaction from the Spice Route time has demonstrated a vibrant culture in this part of Asia. The seafarers from India lead to Buddhism, Islam and Hinduism and the Chinese resulting to Taoism and Confucianism and also archipelago. The colonization of the Portuguese, in the sixteen century, accompanied citizen of Dutch during the eighteenth century, followed by the colonization of the British during the nineteenth century, during this time the Christian religion and western system of Governance was introduced.

Resulting in its attainment for independence from the British in 1957, Malaysia was surrounded by the Japanese for more than three years during the Second World War. Following their independence, mass migration majorly from India and China to Malaysia, through indentured labor and people seeking economic gain, stopped. This comprehensive history gives the backdrop to understanding the cultural importance that affects management style in Malaysia. Therefore, Malaysians are categorized by these defined integrated customs orientation, unity, good understanding among seniors/elderly ones and abiding with rules and regulation of the land and living in harmony with one another (Asma, 1992). Disagreement is seen as deleterious to team spirit and harmony since Malays have traditionally been practiced among communal way of life. Service to the society is performed in unity under Malaysian contex.

2.5. Culture and Personality of the Thais
Staying in the heart of Southeast Asia, Thailand is seen as an agricultural country, having a population size of 62 million, with 80 percent of Thai, 10 percent of Chinese, 3 percent of Malay, and while others are minorities consisting of the Mon and Khmer tribes, with a high level of cultural and social unity. Relating to religion, of which 95 percent is Thai people, which are Buddhist, 4 percent are Muslim, and 1 percent represents other religion. They practice a monarchy democratic constitutional political system.
Thai is their official language, but English is understood in most of the major cities (Tourism Authority of Thailand, 2007). In line with economic advancement, the integrity of the Thais people is another important factor that brings investors from around the world. To do great exploits in doing business in Thailand, by learning about Thai values is of great paramount.

Komin (1995) conducted a nation-wide research and discovered that nine prevalent value orientations held by Thai people which make Thais different from other people’s collectivistic cultures: “ego orientation” (concept of face-saving), “grateful relationship orientation”, “smooth interpersonal relationship orientation”, “flexibility and adjustment orientation”, “religio-physical orientation” (spiritual beliefs), “education and competence orientation”, “interdependence orientation”, “fun-pleasure orientation”, and “task-achievement orientation”. As face and interpersonal relationships are the most importance values of the Thai people. According to the face negotiation theory, Thai people accept conflict styles that keep agreement more than other collectivistic cultures.

In accordance with Ting-Toomey and her companions (e.g. see Oetzel et al., 2000; Ting-Toomey, 1999, 2003), Fieg (1989) observed that Thai people finds it very difficult to save face, both for themselves and for others. Thai people value good interpersonal relationships, so they see disagreement as a negative phenomenon that can be prevented. Manifestation of anger, disagreement, and embarrassment of others are some examples of behavior not sanctioned because they cause one, as well as others, to lose face. Whereas in advanced countries such as America, children are allowed to think independently and constructively. The Thai children are discouraged from raising up contrasting views or challenging others, mainly teachers and others who are older and highly placed in the society.

2.6. Thomas-Kilmann Conflict Styles

In agreement with Thomas-Kilmann, there are 5 different ways of conflicting, which are: accommodating, avoiding, collaborating, competing and compromising. The explanations of the five conflict styles are discussed below:

1) Accommodating: this is when you agree to a high-degree, and it may be at your own disadvantage, and actually work against your own aims, objectives, and desired expectation. This method is very efficient when the other party is more experienced or has a better solution. This can also be reliable for keeping future interaction with the other party.

2) Avoiding: this is when we run away from the issue at hand. As a result, we do not help other party reach their aims and objectives, and attaining their goals in life. This is more effective when the issue is insignificance. It is also reliable when the matter at hand is difficult to handle. It is also very effective when the atmosphere is tensed and you need to allow some space to make peace to reign. Sometimes matters do settle themselves, but “hope is not a disaster”, and overall, avoidance is not a good long term method.

3) Collaborating: this is where you cooperate or team with the other parties to acquire both of your missions. This is how you solve the “win-lose” paradigm and seek the “win-win.” This can be very reliable for complex situations where you need to find a definite solution. This can also mean to re-structure the challenge in order to allow a bigger space and room for everybody’s opinion. The constraint is that it needs a high-degree of trust and getting an agreement that needs a lot of time and input to get everybody on board and to scrutinize all the various opinions.

4) Competing: this is the “win-lose” technique. You act in a very assertive way to get your goals, without seeking for an agreement with the other party, and it may be at the disadvantage of the other party. This method is suitable for emergencies when time is right, or when you need quick, decisive action, and people are notified and given support for this method.

5) Compromising: this is the “lose-lose” situation where neither party really gets what they stand. This requires a moderate level of assertiveness and support. It may be right for situation where you need an immediate solution, or where both sides have equally reasonable goals. The danger is to allow some of negotiation as a simple way out, when collaborating would result to a better solution.
3. Methodology
This part explained the research design used, sampling procedure employed, data collection procedure, and the measurement. In the section of measurements, this section details the entire operational definition of variables and reason behind choosing the instrument. The participants were asked to indicate how often they demonstrate the listed by using Thomas Kilman conflict mode instrument. Altogether there are 37 items consist of 30 items from conflict handling skills (competing, collaborating, compromising, avoiding, accommodating), and respondent’s personal background 7 items.

3.1. Research design
The research design framework comprise of 5 different conflict styles which are: competing, collaborating, compromising, avoiding, and accommodating. Examination is carried out to analyze the effect differences of culture regions (Malaysian and Thai) on each disagreement styles of management. Drawn from reviewed literatures, the dependent variable is an important variable, whereby the variance is aimed at explaining the two independent variables relating to Thai and Malaysian nationality as shown in Figure 3.1 below:

![Figure 3.1. Proposed Research Model](image)

After elaborating the network of research model describing associations among the variables, relevant hypotheses can be developed and tested. In this research, the under listed hypothesis used are:

- **H1**: There is a significant difference in preference for competing conflict style between Malaysian and Thai employees.
- **H2**: There is a significant difference in preference for collaborating conflict style between Malaysian and Thai employees.
- **H3**: There is a significant difference in preference for compromising conflict style between Malaysian and Thai employees.
- **H4**: There is a significant difference in preference for avoiding conflict style between Malaysian and Thai employees.
- **H5**: There is a significant difference in preference for accommodating conflict style between Malaysian and Thai employees.
3.2 Sampling design
The researcher has used a quantitative method since the research aims and objectives is to find out and compare the conflict styles management among Malaysian and Thai employees. For the population and sample, the population of this research relates to the upper managements, middle managements, junior managements, administrative staffs, and skilled workers who have been working in Top Glove Company. The two factories are located in Sungai Petani, Kedah in Malaysia and Sadao, Songkhla in Thailand were chosen selected with the coverage of the research. To choose the sample, suitable sampling was employed because of their suitability and easy reach to the researcher.

The data obtained started on April 4th, 2013 to May 3rd, 2013. The questionnaire design comprises of 2 sections; demographic information in closed-ended question and conflict styles, explaining related behavioral responses translated in Thai language for Thai employees.

3.3 Measurement
The Thomas-Kilmann Conflict Mode Instrument was discovered in 1974 by Kenneth Thomas and Ralph Kilmann. The instrument has 30 statements in which each statement has 2 selections which are “A” or “B”, the respondent selects the choice that best explains the action the respondent like to embark. The “A” or “B” answers correspond to 1 of 5 conflict modes which include; competing, collaborating, compromising, avoiding, and accommodating. When the respondents have finished using the instrument, the scores were added up for each of the five conflict modes. The following table (Table 3.1) explains the Thomas-Kilmann Conflict Mode Instrument scores of low, middle, and high.

<table>
<thead>
<tr>
<th>Style</th>
<th>Low</th>
<th>Middle</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competing</td>
<td>0-3</td>
<td>4-7</td>
<td>9-12</td>
</tr>
<tr>
<td>Collaborating</td>
<td>0-5</td>
<td>6-8</td>
<td>10-12</td>
</tr>
<tr>
<td>Compromising</td>
<td>0-4</td>
<td>5-7</td>
<td>11-12</td>
</tr>
<tr>
<td>Avoiding</td>
<td>0-4</td>
<td>5-6</td>
<td>8-12</td>
</tr>
<tr>
<td>Accommodating</td>
<td>0-3</td>
<td>4-5</td>
<td>7-12</td>
</tr>
</tbody>
</table>

3.4 Analysis
The analyses of data were completed using SPSS version 16 for windows. A descriptive statistical analyze using frequencies and percentages were used to describe the demographic variables. Research questions were addressed using the independent t-test. The instrument used was on the ratio measurement scale (scoring) and total scores were computed for each category under investigation. All data analysis was performed at the probability of 0.05 of significance levels.

The independent t-test was used with those variables with two subscales to test for difference in proportions in another category. The independent t-tests is one of the two t-tests most commonly used for analyzing categorical data (Fraenkel & Wallen, 2006).

3.5 Limitations
Because of these reasons, the issues were randomly selected, generalizations should be limited to the reported findings from this study and cannot be applied to any other group. It can be interpreted that there was no attempt to generalize the findings of the study to the large population of Malaysian and Thai employees.

4. Findings
This part is a presentation of the results from the analyses used to address the research questions in this study. The purpose of this study was to examine the difference in preference of conflict styles between Malaysian and Thai employees in Top Glove Company. The instrument developed by Thomas-Kilmann
Conflict was developed to collect data from the respondents. There were a total of 46 employees who participated in the study.

4.1 Demographic Characteristics
Demographic statistics were used to address the demographic characteristics of the respondents in this study. The demographic included; gender, age, education, marital status, nationality, working position, and years of working experience. The results of the analyses are presented in the Tables 4.1-4.7 that follows.

4.1.1 Gender of respondents
Table 4.1 shows the distribution of the number of respondents by sex of the respondents (n = 46), 34 (73.9%) were females.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>12</td>
<td>26.1</td>
<td>26.1</td>
<td>26.1</td>
</tr>
<tr>
<td>Female</td>
<td>34</td>
<td>73.9</td>
<td>73.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.1.2 Age of respondents
Of the respondents (n = 46), 34 (73.9%) were under 24, and 9 (19.6%) were age 25-34. Table 4.2 summarizes the results of the age distribution of the participants.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 24</td>
<td>34</td>
<td>73.9</td>
<td>73.9</td>
<td>73.9</td>
</tr>
<tr>
<td>25 to 34</td>
<td>9</td>
<td>19.6</td>
<td>19.6</td>
<td>93.5</td>
</tr>
<tr>
<td>35 to 44</td>
<td>1</td>
<td>2.2</td>
<td>2.2</td>
<td>95.7</td>
</tr>
<tr>
<td>Age 45 or older</td>
<td>2</td>
<td>4.3</td>
<td>4.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.1.3 Level of education of respondents
Table 4.3 shows the highest degree or level of school of participants. Of the respondents, 23 (54.3%) of the participants were enrolled in Bachelor’s degree.

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Bachelor's degree</td>
<td>14</td>
<td>30.4</td>
<td>30.4</td>
<td>30.4</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>25</td>
<td>54.3</td>
<td>54.3</td>
<td>84.8</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>7</td>
<td>15.2</td>
<td>15.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.1.4 Marital status of respondents
The distribution for the marital status of respondents is presented in Table 4.4. It shows that 28, which is 60.9% of single and 1 representing 2.2% are divorced.
Table 4.4 Representing the Marital Status in Frequency and in Percentage.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>28</td>
<td>60.9</td>
<td>60.9</td>
<td>60.9</td>
</tr>
<tr>
<td>Married</td>
<td>17</td>
<td>37.0</td>
<td>37.0</td>
<td>97.8</td>
</tr>
<tr>
<td>Divorced</td>
<td>1</td>
<td>2.2</td>
<td>2.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.1.5 Nationally of respondents
Table 4.5 shows the distributions for the number of participants responding to nationality. Of the respondents (n = 46), 24 (52.2) responded to Thai, and 22 (47.8) responded to Malaysian.

Table 4.5 Frequency and Percentage of Respondents by Nationality

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysian</td>
<td>22</td>
<td>47.8</td>
<td>47.8</td>
<td>47.8</td>
</tr>
<tr>
<td>Thai</td>
<td>24</td>
<td>52.2</td>
<td>52.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.1.6 Working position
The distribution of the respondents’ working position is summarized in Table 4.6. Of the 46 respondents, 21 (45.7%) responded that they were in skilled worker.

Table 4.6 Frequency and Percentage of Respondents by Working Position

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Management</td>
<td>5</td>
<td>10.9</td>
<td>12.2</td>
<td>12.2</td>
</tr>
<tr>
<td>Junior Management</td>
<td>7</td>
<td>15.2</td>
<td>17.1</td>
<td>29.3</td>
</tr>
<tr>
<td>Administrative Staff</td>
<td>8</td>
<td>17.4</td>
<td>19.5</td>
<td>48.8</td>
</tr>
<tr>
<td>Skilled Worker</td>
<td>21</td>
<td>45.7</td>
<td>51.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
<td>89.1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>999</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1.7 Year of working experiences of respondents
The distribution of the year of working experiences is summarized in Table 4.7. Of the 46 respondents, 17 (37.0%) responded that they were in 2-4 years, and 11 (23.9%) Showed that they belong to 4-6 years of age.

Table 4.7 Frequency and Percentage of Respondents by Year of Working Experiences

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2</td>
<td>12</td>
<td>26.1</td>
<td>26.7</td>
<td>26.7</td>
</tr>
<tr>
<td>2-4</td>
<td>17</td>
<td>37.0</td>
<td>37.8</td>
<td>64.4</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>66.0</td>
<td>66.0</td>
<td></td>
</tr>
</tbody>
</table>
4.2. Research Question Analysis

The research questions were addressed using an independent t-test for these variables with 2 scales. All data analyses were performed at the 0.05 significance level. Degree of freedom (df) are also reported. The results of the analysis are presented in the Table 4.8 through 4.12 that follows. Moreover, in order to understand the significant difference between Malaysian and Thai employees in terms of conflict styles, the outcome is indicated in Table 4.13.

4.2.1 Research Question One

Research question one asked: Is there a statistically significant difference in preference of competing style between Malaysian and Thai employees? It was performed using the independent t-test to evaluate the variables with a 2 subscales. Table 4.8 shows the results of the analyses that were used to address the research question based on the country where the respondents are from.

The results of the analysis is shown in Table 4.8 indicated that there was a statistically significant difference among the Malaysian and Thai employees, the Levene F value is 3.177, and it is not statistically significant (p = 0.082). Thus, it is appropriate in this case to report the equal variances assumed version of t-test. The equal variance t-test result was statistically significant, t (44) = 4.160, p = 0.000, two-tailed. Thus, using α = 0.05, two-tailed, as the criterion, the 2.659 point (not shown in the Table 4.8) difference in competing style between Malaysian and Thai employees was statistically significant. The effect size as indexed by η² (eta squared), was 0.282; this is a large effect.

Table 4.8
Determination of significance of use of competing style between Malaysian and Thai employees

<table>
<thead>
<tr>
<th>Competing</th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal variances assumed</td>
<td>3.177</td>
<td>0.082</td>
<td>4.160</td>
<td>44</td>
<td>0.000</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>4.088</td>
<td>35.859</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

42.2 Research Question Two

Research question two asked: Is there a statistically significant difference in preference of collaborating style between Malaysian and Thai employees? The results of the analysis is shown in Table 4.9 indicated that there was a statistically significant difference among the Malaysian and Thai employees, the Levene F value is 0.563, and it is not statistically significant (p = 0.457). Thus, it is appropriate in this case to report the equal variances assumed version of t-test. The equal variance t-test result was statistically significant, t (44) = -2.140, p = 0.038, two-tailed. Thus, using α = 0.05, two-tailed, as the criterion, the 0.996 point (not shown in the Table 4.9) difference in collaborating style between Malaysian and Thai employees was statistically significant. The effect size as indexed by η² (eta squared), was 0.094; this is a medium effect.

Table 4.9
Determination of significance of use of collaborating style between Malaysian and Thai employees

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboarating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>assumed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not assumed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 4-6                  | 11    | 23.9 | 24.4 | 88.9 |
| More than 10         | 5     | 10.9 | 11.1 | 100.0|
| Total                | 45    | 97.8 | 100.0|
| Missing              | 999   | 1    | 2.2  |
| Total                | 46    | 100.0|      |
4.2.3 Research Question Three
Research question two asked: Is there a statistically significant difference in preference of compromising style between Malaysian and Thai employees? The results of the analysis is shown in Table 4.10 indicated that there was a statistically significant difference among the Malaysian and Thai employees, the Levene F value is 1.247, and it is not statistically significant (p = 0.270). Thus, it is appropriate in this case to report the equal variances assumed version of t-test. The equal variance t-test result was statistically significant, t (44) = -2.671, p = 0.011, two-tailed. Thus, using α = 0.05, two-tailed, as the criterion, the 1.345 point (not shown in the Table 4.10) difference in collaborating style between Malaysian and Thai employees was statistically significant. The effect size as indexed by η² (eta squared), was 0.140; this is a large effect.

### Table 4.10
Determination of significance of use of compromising style between Malaysian and Thai employees

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compromising</td>
<td>.563</td>
<td>.457</td>
<td>-2.140</td>
<td>44</td>
<td>.038</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>.563</td>
<td>.457</td>
<td>-2.140</td>
<td>44</td>
<td>.038</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>.250</td>
<td>.162</td>
<td>-2.433</td>
<td>44</td>
<td>.017</td>
</tr>
</tbody>
</table>

4.2.4 Research Question Four
Research question two asked: Is there a statistically significant difference in preference of avoiding style between Malaysian and Thai employees? The results of the analysis is shown in Table 4.11 indicated that there was no statistically significant difference among the Malaysian and Thai employees, the Levene F value is large (18.657), and it is statistically significant (p = 0.000). Thus, it is appropriate in this case to report the equal variances not assumed version of t-test. The equal variance t-test result was statistically significant, t (29) = -0.446, p = 0.659, two-tailed. Thus, using α = 0.05, two-tailed, as the criterion, there was no statistically significant difference in avoiding style between Malaysian and Thai employees.

### Table 4.11
Determination of significance of use of avoiding style between Malaysian and Thai employees

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoiding</td>
<td>18.657</td>
<td>.000</td>
<td>-.459</td>
<td>44</td>
<td>.649</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>18.657</td>
<td>.000</td>
<td>-.459</td>
<td>44</td>
<td>.649</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>-0.446</td>
<td>.659</td>
<td>29.213</td>
<td>.659</td>
<td></td>
</tr>
</tbody>
</table>

4.2.5 Research Question Five
Research question two asked: Is there a statistically significant difference in preference of accommodating style between Malaysian and Thai employees? The results of the analysis is shown in Table 4.12 indicated that there was no statistically significant difference among the Malaysian and Thai employees, the Levene F value is 6.504, and it is statistically significant (p = 0.014). Thus, it is appropriate in this case to report the equal variances not assumed version of t-test. The equal variance t-test result was statistically significant, t (29) = -0.446, p = 0.659, two-tailed. Thus, using α = 0.05, two-tailed, as the criterion, there was no statistically significant difference in accommodating style between Malaysian and Thai employees.

### Table 4.12
Determination of significance of use of accommodating style between Malaysian and Thai employees

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodating</td>
<td>6.504</td>
<td>.014</td>
<td>-.446</td>
<td>29</td>
<td>.659</td>
</tr>
</tbody>
</table>
significant, \( t (39) = -0.149, p = 0.882 \), two-tailed. Thus, using \( \alpha = 0.05 \), two-tailed, as the criterion, there was no statistically significant difference in accommodating style between Malaysian and Thai employees.

**Table 4.12 Determination of significance of use of accommodating style between Malaysian and Thai employees**

<table>
<thead>
<tr>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodating Equal variances assumed</td>
<td>6.504</td>
<td>.014</td>
<td>-.146</td>
<td>44</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td></td>
<td></td>
<td>-.149</td>
<td>39.132</td>
</tr>
</tbody>
</table>

**Table 4.13 Analysis of cross-cultural difference in terms of conflict styles**

<table>
<thead>
<tr>
<th>Nationality</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysian</td>
<td>22</td>
<td>4.91</td>
<td>2.580</td>
<td>.550</td>
</tr>
<tr>
<td>Thai</td>
<td>24</td>
<td>2.25</td>
<td>1.700</td>
<td>.347</td>
</tr>
<tr>
<td>Collaborating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysian</td>
<td>22</td>
<td>5.55</td>
<td>1.654</td>
<td>.353</td>
</tr>
<tr>
<td>Thai</td>
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<td>1.503</td>
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<td>2.328</td>
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<td>6.17</td>
<td>2.078</td>
<td>.424</td>
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</table>

5. **Discussion**

The results of this study revealed that 24 (52.2%) of the respondents were Thai, and 22 (47.8%) were Malaysian. The 34 (73.9%) of the respondents were under 24 and 9 (19.6%) were between the ages of 25 and 34. There were 34 (73.9%) females. In addition, 25 (54.3%) of the respondents were graduated Bachelor’s degree and 14 (30.4%) were enrolled less than Bachelor’s degree. Furthermore, 28 (60.9%) of the respondents were single and 17 (37.0%) were married. The majority of 21 (45.7%) respondents reported that they were skilled worker. Of the 46 respondents, 17 (37.0%) responded the year of working experiences between 2 and 4, and 5 (10.9%) responded more than 10 years.

In sum, the result of independent t-test analysis showed a significant difference in preference for competing style, collaborating style, and compromising style. Thus, hypothesis 1, 2, and 3 were accepted. On the other hand, the result of t-test analysis showed no significant difference in preference for avoiding and accommodating styles. As a result, hypothesis 4 and 5 were rejected.

In hypothesis 1, this study found significant difference for a competing style of conflict between Malaysian and Thai employees. According to Malaysian’s culture highly value collectivism with a score of 26 is collectivistic society as well as Thai culture focuses on collectivism with a score of 20 as shown in the Appendix C. Hofstede (1991) stated that people from individualistic society are self-centered and less likely the need of dependency whereas the people from collectivistic society are likely to lesser their own interests towards the group interests to work. This study revealed that Malaysian employees were more likely to select the competing style rather than Thai employees. It is possible that Malaysians are
individualistic more Thais and causes them to favor competing style, although both of two countries are measured as collectivistic culture.

In hypothesis 2, this study found the significant difference for a collaborating style of conflict. Thai employees were more likely to select the collaborating style than Malaysian employees. This study revealed that Thai employees tend to be more collectivist than Malaysian employees. They are more likely to work with their counterparts to arrive at a mutually beneficial solution. However, it is possible that Thai people’s collectivism causes them to favor collaborating style management with members but Malaysians may perceive their Thai counterparts as part of a competing group in which they may prefer not to collaborate.

In hypothesis 3, this study found the significant difference for a compromising style of conflict. According to interpersonal relationship is the most importance in terms of the value of Thai people, they maintain harmony more than other collectivistic countries. Thais were taught to end the conflicts by allowing the opposing party to gain benefits if the finding will not lose all of their benefits, and still leave some gains for them (Promsri, 2012). Thus, this study revealed that Thai employees were more likely to select the compromising style rather than Malaysian employees.

In hypothesis 4, this study found no significant difference for avoiding style of conflict between Malaysian and Thai employees. This was inconsistent with Hofstede (see Appendix C), who claimed that Thais were able to tolerate in the unclear, unstructured, and unknown situation. Thailand scores 64 on uncertainty avoidance indicating a preference for avoiding uncertainty, tend to be more accepting of risk. They are very focus on their set goals and relationships or stay away from the issues over which the conflict is from the main point that generate disagreement taking place and from the persons. Whereas, Malaysia scores 36 on this dimension and thus has a low preference for avoiding uncertainty.

In hypothesis 5, this study found no significant difference for accommodating style of conflict between Malaysian and Thai employees. This was inconsistent with Hofstede, who claimed that Malaysians were more considered as a strong masculine compared to Thais (see Appendix C). At score 50 on masculine, Malaysia can be considered a masculine society – highly success oriented and driven. In masculine countries, people “live in order to work”, conflicts are resolved by fighting them out. On the other hand, Thailand scores 34 on this dimension and thus is considered a feminine society. Generally, the Thais people place priority on emotion and socializing, saving and giving faces than Malaysians. They think that conflict should be avoided in favor of harmony and that people cannot discuss conflicts without damaging relationships.

The issue of “Rubber City” in Malaysia and Thailand covers abroad range of issues. The cross-cultural differences in conflict styles between employees among two countries has been examined in very little of study especially in the context of rubber industry. This study demonstrated that differences exist between Malaysian and Thai employees in terms of their preferences for three out of five conflict styles that were identified (competing, collaborating and compromising). The findings from this study provide evidence of conflict styles management in rubber factory, as it seems to help explain how cultural differences relate to conflict styles management. Knowledge derived from the study could provide rubber companies an understanding of the five conflict modes and used to resolve conflict. There is a need for rubber companies to be aware of settling disagreement, resulting to the preparation for future MalaysianThai employees. Future research should identify and consider new samples.

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Public Participation in Decision-making Processes: Concepts and Tools

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ABSTRACT
Public participation is the tool of the government to gather citizens or customers’ information in order to increase performance and respond their needs and expectations. Public participation in decision-making processes enhances citizen’s income, security, and self-esteem. This paper identifies the concepts and levels of public participation in decision-making processes. In addition, this paper presents participation tools used by government to facilitate citizen involvement. Thus, increasing public participation in government decision-making has become a large component for government administration especially in early stage before major decisions are made.

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Keywords
Public Participation, Decision-Making Processes, Public Participation Tools

JEL Classification:
D70,

1. Introduction
In many developing countries, including Thailand, the public organization has been confronted by many external factors, for example, changes in the economic, social and political systems, and also changes in information and communication technology. The government has focused on a basic theme about governance which emphasizes the roles and responsibilities of the public service to respond to citizens or customers’ needs. According to Paarlberg (2007), organizational achievement depends on its capacities to constantly gather data of customers’ needs and requirements in order to increase organizational performance and establish better value for citizens. Thus, public organizations are moving toward a more public involved management approach to cope with current and future challenges and changes. The role of the citizen has become a very high importance in the involvement of decision-making. The tool of the government to gather citizens or customers’ needs and expectations is through public participation.

Public participation is the key to lead organizations to be successful. Public participation, and more recently, citizen engagement in policy improvement, has been featured importantly in public sector reform (Bourgon, 2008). Nelson and Wright (1995) emphasize the participation process as a transformative tool for social changes. Bishop and Davis (2002) noted that public participation consist of a measurement of public participation in decisions, a responsibility to searching the view of citizens who are affected by a decision, and transferring some authorities from government to citizens. Public participation is a component to create stakeholders’ networking and good relationships with the government. There are large benefits to be gained from increasing public participation. An important
outcome of public participation is to involve people in decision-making processes and gather that information in order to improve public performance. Halvorsen (2003) noted that quality participations are positively associated with expectations about the agency's responsiveness and performance. Thus, good public participation in the decision-making processes can help government obtain more accountability, responsibility, and good performance.

Concepts of Public Participation in Decision-Making Processes

Public involvement or public participation is based on the concept that people who are affected by a decision have a right to participate in the decision-making processes (IAP2, 2007). Public participation is a political principle. The form of public participation may be applied with the concept of stakeholder engagement, and also be accepted as a right to participate. Generally, public participation in decision-making searches and supports the involvement of people affected by or interested in a decision. If citizens participate actively in decision-making processes, the government that occurs from this method will become more democracy and more effectiveness. OECD (2001) presented forms of public participation in decision-making which are noted as follows:

1. Information and transaction mean the government informs information to the public;
2. In many developing countries, including Thailand, the public organization has been confronted by many external factors, for example, changes in the economic, social and political systems, and also changes in information and communication technology. The government has focused on a basic theme about governance which emphasizes the roles and responsibilities of the public service to respond to citizens or customers’ needs. According to Paarlberg (2007), organizational achievement depends on its capacities to constantly gather data of customers’ needs and requirements in order to increase organizational performance and establish better value for citizens. Thus, public organizations are moving toward a more public involved management approach to cope with current and future challenges and changes. The role of the citizen has become a very high importance in the involvement of decision-making. The tool of the government to gather citizens or customers’ needs and expectations is through public participation.

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1. Information and transaction mean the government informs information to the public.

2. Consultation means the government needs some information from the public.

3. Deliberative involvement means the government encourages citizens in the consultation process.

4. Government–led active participation means the government initiates consultation and keeps decision-making powers; and.

5. Citizen–led active participation means that citizens are enthusiastically involved in decision-making processes. Citizens’ decisions become compulsory and sharing possession and responsibility for outcomes.

Sanoff (2000) concluded that participation may be seen as a direct public involvement in decision-making processes. Citizens share in decisions that determine the way of quality of their lives. He also noted that there are five principles of participation: 1) There is no better solution to a design problem; 2) experts’ decisions are not essentially better than “laymen” decisions; 3) a planning task can be made transparent; 4) all individuals and interest groups should come together in an open debate; and 5) the process is continuous and ever changing. Thus, public participation is a process for involving the citizens in decision-making and public problem-solving. Public involvement includes a shared problem-solving by creating two-way communication in order to get the achievements and more acceptable decisions. In addition, it includes the process of the discussion between public organizations and the interest groups, affected people or organizations, and government agencies before formulating programs and policies. Cohen and Uphoff (1980) also identified participation as people’s involvement in four basic stages of development in: 1) the decision-making process; 2) implementing process; 3) sharing the benefits of development; and 4) evaluating such program. They concluded that the importance of public participation is constituted by four types of involvement which were discussed at each stage as:

1. The importance of citizen involvement in decision-making is underlined in the World Bank’s (1996) definition. It is described as a process through which stakeholders influence and allocate control over development policy and resources that affect them.

2. The importance of community participation in the implementation stage is to increase the sense of ownership of the plans and policies. It can reduce costs and provide training and employment.

3. The importance of community participation in the benefits is a motivation for people to participate. There are three types of benefits; material, social, and personal; and.

4. The importance of community participation in evaluation has been recognized but it is difficult to be analyzed and measured. In radical situations, evaluation may appear as the form of violence or protest.

The public should be involved in the early stage before major decisions are made. This creates trust among participants and government and also increases citizen ownership. Wang and Wart (2007) found that participation in the first step of decision-making processes as “identifying agency and program goals and objectives” is the most important, while participation in other steps as strategy determination, monitoring and evaluation are less than 30%. The lowest participation occurred in the budgeting process. Cohen and Uphoff (1980) also identified that public participation in the evaluation has been recognized, but it is difficult to analyze and measure. Sanoff (2000) concluded that public participation occurs when the public is involved in the administrative decision-making and citizens become the owners of government, and the co-producers of public goods and services, then, it is called genuine participation.

The benefits of public participation may increase government credibility with the public by taking the public opinions into the decision-making process and encourage citizen-focused service delivery. Thus,
improvement of public service delivery through public participation truly met public needs (OPDC, 2009). The efficient participation can bring public demands to the decision-making process and enhance effectiveness and efficiency in providing service quality to the public. Public involvement assists governments to certify that they are accountable for their actions and responsive to public interests.

The Levels of Participation
Scholars have divided the several levels of citizen participation. The ladder of citizen participation described by Arnstein (1969) shows the level of the involvement and the difference between actual optimal participation and something that might appear to be public participation. The levels of participation consist of: 1) Manipulation, 2) Therapy, 3) Informing, 4) Consultation, 5) Placation, 6) Partnership, 7) Delegated power, and 8) Citizen control. Pretty (1995) presented the ladder of participation framework which is one of the aspects of the theory of participation. It classified the different ways of participation from low intensity of participation to the high intensity of participation into seven levels of participation. The ladder of participation consists of: 1) manipulative participation, 2) passive participation, 3) consultation, 4) participation for material incentives, 5) functional participation, 6) interactive participation, and 7) self-mobilization. Betuw (2004) analyzed the participation of two case studies in the Arsenic Drinking Water Problem in Rural Bangladesh project with the Pretty’s (1995) concept, the ladder of participation framework. The research focused on the concept of participation and compared with the practical use of the concept of participation.

The opportunity for public participation can be operated in many ways. It depends on the basic needs of the people of each country and the allowance of their government for public participation. The International Association for Public Participation or IAP2 (2007), presented the five levels of public participation as;

Level 1: To inform: It is defined as to provide information and news of governments' activities to the public. It is the lowest level of participation in the participatory process. The government can use public participation mechanisms to inform the citizens such as fact sheets, website, and open houses.

Level 2: To consult: It is defined as to allow people to express their needs and opinions on administrative process. The government can use public participation mechanisms to consult with the citizens such as public comment, focus groups, surveys, and public meetings.

Level 3: To involve: It is defined as to allow the people to participate in the process of specific decisions, policy, project planning, and procedure of work. The mechanisms used to involve the public are workshops and deliberate polling.

Level 4: To collaborate: It is defined as to facilitate people to participate in the role of partnership or associate in the governments’ activities. The mechanisms used to collaborate with the public are citizen advisory, committees, and consensus-building.

Level 5: To empower: This level is the highest level that the government needs to achieve by putting the final decision-making in the hands of public. It is defined as to give opportunity to people to take full roles in decision-making and administration. It supports people to be the owners for the government sector. The mechanisms used to empower the public are delegated decisions and referendums.

IAP2 has developed public participation spectrum that transcends national and cultural boundaries. The public participation spectrum is shown in Table 1.

Public participation spectrum was ranked from the lowest to the highest level. The lowest level of participation is to inform the public about the decision-making which is called a ‘unidirectional form of participation’. The next level is to consult which is defined as to allow people to express their opinions on
the administrative process. This level is followed by “to involve” which is defined as to work directly with the public, and the next level is “to collaborate with the public” which is defined as forming partnership with the public. Finally, the highest level is “to empower” which means putting decision making in the hands of the public.
### Table 1

**IAP2 Public Participation Spectrum**

<table>
<thead>
<tr>
<th>Inform Public Participation Goal:</th>
<th>Consult Public Participation Goal:</th>
<th>Involve Public Participation Goal:</th>
<th>Collaborate Public Participation Goal:</th>
<th>Empower Public Participation Goal:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities, and/or solutions.</td>
<td>To gather public feedback, ideas, alternatives and/or decisions.</td>
<td>To work directly with the public throughout the process to ensure that public issues and requirements are constantly understood and considered.</td>
<td>To collaborate with the public in each manner of the decision including the development of alternatives and the preferred solution.</td>
<td>To put final decision-making in the hand of public.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promise to the Public:</th>
<th>Promise to the Public:</th>
<th>Promise to the Public:</th>
<th>Promise to the Public:</th>
<th>Promise to the Public:</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Journal of Business and Social Review in Emerging Economies</em></td>
<td>We will look to you for direct advices and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.</td>
<td>We will implement what you decide.</td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Example Techniques to Consider:</th>
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<th>Example Techniques to Consider:</th>
<th>Example Techniques to Consider:</th>
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</thead>
<tbody>
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<td>Fact Sheets</td>
<td>Website</td>
<td>Open houses</td>
<td>Public comment</td>
<td>Focus groups</td>
</tr>
<tr>
<td>Website</td>
<td>Focus groups</td>
<td>Surveys</td>
<td>Workshops</td>
<td>Deliberate polling</td>
</tr>
<tr>
<td>Open houses</td>
<td>Public meetings</td>
<td>Jabberery</td>
<td>Citizen Advisory Committees</td>
<td>Consensus-building</td>
</tr>
</tbody>
</table>

Participation Tools or Participation Mechanisms

Public participation can be seen through various types. There are a variety of tools that public officials can use to engage citizens in decision-making processes. Tool to inform public that means techniques that government uses to provide members of the public with the information to understand the policies and decision-making processes. Tool to generate and gain input that means techniques that government uses to obtain public input to the decision-making processes. Tool for consensus building and agreement seeking that means techniques that government uses to bring various groups of stakeholders to engage in shared learning and decision making.

According to Creighton (1981), typically a variety of mechanisms are used as part of participation processes, for example, individual interviews, workshops, advisory committees, public hearings, and customer surveys. Verba and Nie (1987) noted that there are four modes of participation: voting, campaign activity, cooperative activity, and citizen initiated contacts.

The United Nations (1998) presented UN-HABITAT’s Toolkit on Participatory Urban Decision-Making as an extensive review of mechanisms to encourage public participation in decision-making processes at the local governance. The mechanisms are summarized below:

1. Study Circles are the involvement of discussions during a sequence of stages. Participants are taken to discuss and exchange different opinions and experiences to specific topics with government administrative officials.

2. Citizen local Advisory Boards are the effective form of public participation that advisory boards created by citizens who have wide-ranging interests and expertise and want to participate in public service. The activities of an advisory board may include the study of critical subjects, taking public evidence, operating independent inquiry, and reviewing staff reports and suggestions.

3. Government Contract Committees are the administration of government contracts established by government officials and the public. It is important to institute a venue for citizen participation and oversight of the contracts.

4. Public Hearings are fundamental to public participation. Public hearing is a proceeding before making decisions by giving citizens the way to discuss with policy-makers on important local issues. It allows public officials to request comments and information from the public. The government can obtain a feel of the opposite opinions; and.

5. Public Watchdog Groups are community-based organizations or grass-roots associations. The groups monitor government issues and policies in order to assess the accountability of public officials. It is important that these groups produce visibility with public officials.

Public hearing is the most common tool of public involvement. The government gives an appearance on a planned decision to the public, and then the citizens give their opinions. Public hearing indicates all of public opinion or provides good information about how the people feel and think. Other forms of public participation, for example, focus groups help government to gather ideas and opinions from the target group of citizens. Community survey and questionnaire may help local government get data about citizens’ attitudes, problems, and issues. While, citizens’ telephone hotline and internet can help public officials get more information and feedback from citizens. And finally, community forum is a public meeting intended to gather several of community perspectives to discuss about the issues.

Cohen and Uphoff (1980) noted that different participatory means and mechanisms can be used to involve
citizens’ opinions in the development plans and activities. However, not all techniques or tools fit exclusively into one category of the level of public participation. The mechanisms of public participation range from dissemination of information through newsletters, electronic networks, and public meetings, to participatory processes (such as citizen advisory board, public meetings, focus groups, and referendums) that encourage all citizens to be active participants in decisions made for their community. In addition, various techniques to participate relate to the degree of public participation. The techniques used in low level of public participation (to inform, to consult) are fundamental mechanisms. On the other hand, the progressive techniques are used for the high level of public participation (to involve, to collaborate, to empower).

Summary
The role of public participation in decision-making process is important for government administration. It includes enhancing the capacity of citizens to encourage a sense of commitment. It is also essential for improving public participation by making public servants and political leaders accountable to their citizens. Public participation increases legitimacy, efficiency, accountability, and public services quality. Many public participation tools or mechanisms can be used to involve citizens’ opinions into decision-making processes. In addition, tools relate to the level of public participation and indicate the degree of power attributed to the public. Government should enhance opportunities to participate in policy decision-making process in order to increase the sense of citizens’ ownership.

References
Gender Based Linguistic Variations in Urdu Language and Their Role in Suppression of Females

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ABSTRACT

Sociolinguistics deals with linguistic variations such as dialect, idiolect, genderlect, register etc. It deals with ways of using particular languages and the social roles of speakers of these languages. It is the speaker-oriented approach. Genders have different characteristics in the use of language, which lead to the gender differences in language. The present study was conducted to analyze the gender-based linguistic variations (variations at discourse and communication level) in Urdu language. Deborah Tannen’s Genderlect theory is the theoretical Background of the study. She has presented six sets of language contrasts that are used as instrument to analyze male and female conversations. It is commonly believed that women language is more sophisticated, apologetic as compared to men. These differences are called gender preferential differences in a patriarchal society with their own fancies and whims. The hypothesis is that men and women have different ways of communicating, based on male and female perception of the world as they are made of different things and contrasting style. The qualitative paradigm used in this study. Direct observation, interview and tape recording are used as tools for the data collection. Recorded conversation has been transcribed and analyzed to provide data from which these issues have been discussed. The researcher has analyzed Urdu language conversation among Urdu speech community living specially in Sialkot, according to Tannen’s speech contrasts. The data was analyzed manually. The findings show that variations occur due to the use of various linguistic devices, style, topic of discussion, power etc. This study is limited to the Urdu speech community. The limitation of my research is that I observed the language of middle class Urdu speech community not the other classes. In this research, I only highlighted variations at communication level, and delimited all other variations such as morphological, syntactic, phonological variations. Future researchers can study these aspects. The study will benefit the whole society in creation of awareness about non-sexist language to give a psychological identity of females in Pakistan.

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1. Introduction

Language is most important tool of communication among the human beings. It became subject matter of Linguistics. Linguistics deals with language from different perspectives such as language in relation to mind, language in relation to brain, language in relation to society etc. The most popular field of linguistics is Sociolinguistics as its name suggests it is the study of language in relation to society. Human being is a social animal and he cannot live in isolation, he has to interact with others for his survival on this planet and for this purpose he uses language. Mckey (2005) has defined Sociolinguistics, as the study of the relation between language and social factors and how people use it in different situations. It is a link between structure, vocabulary and the ways in which a particular language is used. It studies social status of men and women who use it under the head of micro sociolinguistics, Language and gender.

Every language possesses particular characteristics which reflect the customs and traditions of its society and also the place of men and women in that particular society. With the passage of time language changes as the society goes through great changes. Old vocabulary has been replaced with modern vocabulary. In this field, many studies have been carried out over the years. Syntactical, Phonological and Morphological variations were the focal points of investigations and researches of 1970’s. But soon their directions changed, and they have now started to investigate, not only from symbol perspective, but also from interaction perspective especially cross gender interaction.

Life is full of series of conversation. These series are formed by innumerable influences such as ethnicity, religion, beliefs, class, race, age, profession, Isogloss and gender. These are all mingled with individual personality and predictions.

Sociolinguistics deals with linguistic variations such as dialect, idiolect, genolect, register etc. It deals with usage of particular languages and the social status of speakers of these languages. It is the speaker-oriented approach. Genders have different characteristics in the use of language, which lead to the gender differences in language. The present study was conducted to analyze the gender-based linguistic variations (variations at discourse and communication level) in Urdu language.

1.1 Linguistics Variations

Linguistics variations mean variations in language use. It is a characteristic of language. In our everyday communication we use different varieties of language for different purposes. A variety is a way of using a language. These variations help us to recognize different ethnic, social, culture, religious, geographical and gender groups.

1.2 Patriarchy

Patriarchy is a term which shows that our society is male dominance society. The power or headship is in male’s hand. In sociolinguistics, this term was firstly used by feminists who want to show the inequality in relationships on the daily basis. In 1969, an American feminist Kate Millett has presented the idea of patriarchy in her book Sexual Politics. She claims that in most of the societies, relationship among the male and female is based on men’s power over women. Men is the head of family, he has right to take final decision. If he is eldest in family, he is superior to others. So it is one kind of politics. This patriarchal power is maintained by practice of socialization. It is promoted by religion, education and literature.

1.3 Genderlect

Genderlect is a term originated by Deborah Tannen, in 1975 in her book YOU JUST DON’T UNDERSTAND. Genderlect simply is a particular dialect use by particular gender.
1.4 Gender
Gender and Sex are two different words having different meanings but people mostly overlap these words. Initially, gender was considered as a sociolinguistic variable, just like social groups, age, ethnicity and socioeconomic status. Sex is a biological trait whereas gender is a social attribute (Kulick, 2003 and Cameron and Kulick, 2003). Wodak (1997b, p.13) says that Gender is not related to what a person possess, but related to what a person does. Gender is something that is impossible to avoid. Gender is an integral part of identity. Men and women exhibit different ranges of verbal skills.

1.5 Statement of the Problem
It is commonly believed that women language is more sophisticated, apologetic as compared to men. These differences are called gender preferential differences in a patriarchal society with their own fancies and whims.

1.6 Hypothesis
The hypothesis is that men and women have different ways of communicating, based on male and female perception of the world as they are made of different things and contrasting style.

1.7 Objectives
The objectives of this research are
i. To highlight the conversational difference between male and female
ii. To point out the social roles of genders
iii. To give awareness about non-sexist language
iv. To give psychological identity to females of Pakistan

2. Literature Review
In mid of nineties, this view had been changed when Robin Lakoff’s wrote book “Language and Woman’s Place”. (Lakoff, 1975) .In this she has presented a list of conversational differences between men and women. In this, she has analyzed that women speak softly, use sophisticated manner, tag question. There is lack of command and linguistics behavior within women speech.
Cameron (1998b, pp. 208-1) has explained this term, male and female are members of cultures and they learn their language from their cultures in which a large amount of discourse related to gender is circulating. They learn a large vocabulary of gendered meanings, related to their own sex. They do not only learn this, they also use it in a particular in order to present their behaviors.
Language and gender was and still is most thought-provoking topic for the last decades in many respects. Much of the literature in sociolinguistics has been devoted to this field of language and gender.

In the nineties, linguistics gave different theories which shows different characteristics of conversation and how gender use language in different situations. Some have made researches on the correlation of language and gender and explained how female speech is different from male speech. Sociolinguist Robin Lakoff was the pioneer in this field. Since her publications, Language and Women Place, this topic was worthless. She gave Deficit Theory in 1975, in which she has presented features of female speech related to their vocabulary. She concluded that these features were considered inferior to male speech.

In 1980, William O’Barr and Bowman Atkins wrote a book “Women’s language or Powerless language?” In this book, they gave their remarkable study named “Dominance Theory”. Dominance Theory was contradiction to earlier studies. According to this theory, if there is any difference between male and female conversation during interaction, it is just because of dominance factor in society, males since the beginning of life on this planet are dominant at homes, at workplace even in society, which made men’s speech powerful while Females are not dominant and don’t possess power that’s why their language is weak or some extent powerless. They explained that language has nothing to do with gender, it just matter of power, status, and class. The features of Lakoff weak language are actually traits of
“Powerless Language” rather than “Female Language”. Men and women should use language in the same way in a neutral-gender area.

After this, different research explained different gender based variations in different languages. Most of the researchers claim that these differences occurred due to social and mostly cultural background. The variation among the men and women are phonological, morphological, lexical, syntactical, discourse and at communication level.

2.1 Genderlect Theory
The present study was conducted to analyze the gender-based linguistic variations (variations at discourse and communication level) in Urdu language. Deborah Tannen’s Genderlect theory is the theoretical Background of the study. She has presented six sets of language contrasts that are used as instrument to analyze male and female conversations.

In 1990, Professor Deborah Tannen, in her article in which she summarized her book “YOU JUST DON’T UNDERSTAND” has used the term genderlect, in order to explain that male and female language neither right and wrong, nor superior and inferior, their language is just different from each other. She developed Genderlect Theory, in which she clarified that men and women have different vocabulary, style, slang, pronunciation and the best means to describe conversation between the genders is in cross-cultural setups. This approach highlighted how the two genders are made of different things and how they possess contrasting conversational styles. She described that these differences occurred because male and female belong to different cultural and social background. She illustrated that difference has been started since the childhood where parents use more emotional words to the girls and less emotional words to the boys. She drew up six main variations between male and female language.

- Status vs. support
- Independence vs. intimacy
- Advice vs. understanding
- Information vs. feelings
- Orders vs. proposals
- Conflict vs. compromise

2.1.1 Status versus support
Men grow up in a world in which conversation is a source of achieving the control or to prohibit others dominance. They mostly spend their time in a competitive world. On the contrary, for women language is a source to achieve confirmation and support for their opinion and suggestions. Both genders have different perspective towards the world, for men world is a place where everybody is in a race to gain status and maintain it. While the women look at the world as “a web of connections seeking protection and consensus”. This is the most important source of difference.

2.1.2 Independence versus intimacy
Intimacy mostly referred to women’s speech and Independence to men’s speech. Women tend towards closeness and support, and always try to preserve intimacy. Through intimacy women want to minimize differences and develop a close and friendly relationship. Men have more concerned with status, and independence is the means of establishing status. So they mostly inclined more on independence.

2.1.3 Advice versus understanding
Deborah Tannen believes that, to men discontent is a challenge to find a solution: “When my mother tells my father she doesn't feel well, he invariably offers to take her to the doctor. Invariably, she is disappointed with his reaction. Like many men, he is focused on what he can do, whereas she wants sympathy.”

Men manipulate language for problem solving and women make use of it as a source of sympathy.
2.1.4 Information versus feelings
A boy makes a momentary phone call. His mother asks him about it, he answers her that he and his friends have decided to go to playground, where they will play football. A girl has a phone call - it lasts an hour. Her mother asks her about it. She tells her she was talking to her friend about “you know” “about stuff”.

Men have more interest in facts than emotions and this factor also appears in their conversations. Women like to talk about the emotions and feelings then facts.

In past years, more importance were given to the men’s concerns than those of women, but few years earlier, the situation has been reversed. Now more importance is given to the emotions and feelings than facts and information. This situation proved the viewpoint of Tannen that language is not about superior or inferior, it is all about differences.

2.1.5 Orders versus proposals
It is common observation that Women prefer to talk or present their opinion in complex manner - “let's”, “don’t you want?” or “isn’t it true?” Men mostly use direct command and prefer to do things and hear in a simple manner. Women feel comfortable in using indirect command, men feel comfortable in direct imperatives.

2.1.6 Conflict versus compromise
Professor Tannen wrote that in a situation of conflict, some females refuse to raise their voice against it. But sometime it is more beneficial for women to assert herself, even at the risk of conflict.” This situation is easily observed in agencies where a management decision seems unfavorable - men will often resist it voluntarily, at the same time, women will not resist it at that time but complain it latter. Women try to find save side while men prefer to arguments.

3. Research Methodology
The qualitative paradigm used in this study. Direct observation, interview and tape recording are used as tools for the data collection. Recorded conversation has been transcribed and analyzed to provide data from which these issues have been discussed. The researcher has analyzed Urdu language conversation among Urdu speech community living specially in Sialkot, according to Tannen’s speech contrasts.

- Status vs. support
- Independence vs. intimacy
- Advice vs. understanding
- Information vs. feelings
- Orders vs. proposals
- Conflict vs. compromise

3.1 Sample Selected for the Analysis
I have randomly selected my samples for data analysis. I have selected middle class Urdu speech community; take interviews of 15 females and 15 males. There are some interviews are transcribed.

Interviews of Females
Interview 1: Text
Question i: If you have any problem in your home, who will support you?
Respondent: Mama
Question ii: Who will take the final decision?
Respondent: Papa
Question iii: If is there an issue of ego and compromise in your family, according to you who will maintain ego and who will compromise?
Respondent: Children are egoist that’s why parents have to do compromise. In siblings, brothers are
egoistic and sister always do compromise.

Question iv: who gives suggestions and who tries to understand the thing while sibling’s conversations?
Respondent: At the beginning of communication, both tries to give suggest but in the end females understand the things. Boys always try to assert their decisions.

Question v: You are sitting in a group of male and female in home, university or anyplace. What is your observation about who expresses more emotions or information in her or his communications?
Respondent: Girls are more emotional than boys. Boys mostly talk about information.

Question vi: According to you who can easily tells about choices (use direct speech) or orders giver, and who just gives proposals (use in direct speech)?
Respondent: Girls usually use direct speech for her choice or opinion. But boys usually use such wording “btao na” in a way that other person to whom he is talking, can easily understand what he wants to say. On the other hand, brothers use direct speech. And in wife husband relationship, wife gives proposal while husband gives orders.

Question vii: what is your observation, who gives direct suggestion?
Respondent: Boys always give direct suggestion, girls don’t.

Interview 2: Text

Question i: If you have a problem, then who comes into your mind, that person will support you in solving the problem (mother/father)?
Respondent: Mama. We can easily discuss any issue with mama.

Question ii: In your home, do yours father take the final decision or yours mother?
Respondent: It depends on the issue or situation. If an issue is not sensitive then mama will take the decision and if the issue is sensitive then papa will take the decision.

Question iii: Who is more egoistic, male or female?
Respondent: Females are egoistic mostly. But sometimes they don’t show it.

Question iv: Who gives more advise and who understand the matters?
Respondent: Girls understand the matters easily because they are matured. But boys are usually stubborn.

Question v: Have you ever noticed this during male and female communication, who is more expressive in feelings and who is expert in giving information?
Respondent: Both male and female show their feelings but females are more expressive.

Question vi: Who shows the authoritative behavior?
Respondent: Girls mostly show the authoritative behavior.

Question vii: Who use indirect speech or direct speech?
Respondent: Girls use indirect speech while boys use direct speech.

Question viii: who is the cause of conflict in home?
Respondent: females

<table>
<thead>
<tr>
<th>Sr.#</th>
<th>Gender</th>
<th>Status vs. support</th>
<th>Independence vs. intimacy</th>
<th>Advice vs. understanding</th>
<th>Information vs. feelings</th>
<th>Order vs. proposal</th>
<th>Conflict vs. compromise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responder 1</td>
<td>Female</td>
<td>Father has authority, Mother plays supportive</td>
<td>Boys’ egoist, girls try to maintain relation</td>
<td>Males give advice and females show understanding behavior</td>
<td>Females talk about emotions as compared to males.</td>
<td>Depends on relationship, male(Husband/Brother) gives order, female mostly give proposal</td>
<td>Females create conflict.</td>
</tr>
<tr>
<td>Responder</td>
<td>Female</td>
<td>Father</td>
<td>Females are</td>
<td>Males are</td>
<td>Both are</td>
<td>Mostly Girls</td>
<td>Females create</td>
</tr>
<tr>
<td>Respondent</td>
<td>Female</td>
<td>Male</td>
<td>Father</td>
<td>Mother</td>
<td>Father is supportiv e and female status conscious</td>
<td>Males are egoist and females are cooperative</td>
<td>Female can easily understand the matter</td>
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<td></td>
<td>maintain the status while mother plays supportiv e role</td>
<td>stubborn , females show understandi ng behavior</td>
<td>emotional. But females are more expressive.</td>
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<tr>
<td>3</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td>Father is supportiv e and female status conscious</td>
<td>Males are egoist and females are cooperative</td>
<td>Female can easily understand the matter</td>
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<td>4</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td>Mother are supportiv e, but Father always give the final solution or decision.</td>
<td>Males are an egoist, 20 % females.</td>
<td>Males always give advise while female understand the situations</td>
</tr>
<tr>
<td>5</td>
<td>Female</td>
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<td></td>
<td></td>
<td>Father are always supportiv e and always give the final decision.</td>
<td>Females are egoist.</td>
<td>Female always understand the situation.</td>
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<tr>
<td>6</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td>Mostly Girls shows authoritative behavior and boys show proposals</td>
<td>Both are egoist and sometime it depends on situation</td>
<td>Female always understand the situation.</td>
</tr>
<tr>
<td>7</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td>Mother is supportiv e and she gives the final decision.</td>
<td>Females are egoist.</td>
<td>Female understand the situation.</td>
</tr>
<tr>
<td>Responder</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td>Father is supportiv e</td>
<td>Females are egoist.</td>
<td>Female can easily understand the matter.</td>
</tr>
<tr>
<td>Responder</td>
<td>Female</td>
<td>Status</td>
<td>Male</td>
<td>Female</td>
<td>Matter</td>
<td>Male</td>
<td>Female</td>
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<tr>
<td>9</td>
<td>Mostly Girls shows authoritative behavior and boys show proposals</td>
<td>Males are egoist</td>
<td>50% males and 50% females. It depends on situation</td>
<td>Both are emotional. But females are more expressive</td>
<td>Both give order. But mostly males</td>
<td>Men create conflict, mostly females compromise</td>
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</tr>
<tr>
<td>10</td>
<td>Father has authority Mother plays supportive role</td>
<td>Boys’ egoist, girls try to maintain relation</td>
<td>Female always understand the situation</td>
<td>Males mostly choose informative topics or politics, females choose domestic topic and emotions</td>
<td>Both use imperative sentences.</td>
<td>Females and males both create conflicts but at the end female has to compromise</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Father maintain the status while mother plays supportive role</td>
<td>Males are egoist and females are cooperative</td>
<td>Males give advice and females show understanding behavior</td>
<td>Males mostly choose informative topics or politics, females choose domestic topic and emotions</td>
<td>Mostly Girls shows authoritative behavior and boys show proposals</td>
<td>20% males create conflicts and 80% females compromise</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Father is status conscious and mother is supportive</td>
<td>Males are egoist</td>
<td>50% males and 50% females. It depends on situation</td>
<td>Both choose informative topics</td>
<td>Mostly Girls shows authoritative behavior and boys show proposals</td>
<td>Men create conflict, mostly females compromise</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Father is supportive and female status conscious</td>
<td>Boys’ egoist, girls try to maintain relation</td>
<td>Female always understand the situation</td>
<td>Males always talk about informative topics and females talks about family issues.</td>
<td>Depends on relationship, male(Husband/Brother) gives order, female mostly give proposal</td>
<td>40% males create conflicts and 60% females.</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Mostly Girls shows authoritative behavior and boys</td>
<td>80% males are egoist, 20% females.</td>
<td>Female understand the situation</td>
<td>Both are emotional. But females are more expressive.</td>
<td>Both use imperative sentences</td>
<td>Female creates conflict but at the end she has to do compromise</td>
<td></td>
</tr>
</tbody>
</table>
Interviews of Males:

**Interview 1: Text**

Question i: Who is more status conscious? Who is conscious about maintaining his/her status in a communication?

Respondent: Normally, we live in a dominant society, men are status conscious. They always try to gain upper hand. But it is also depend on education and family background. If a female is educated, then she is also status conscious.

Question ii: What do you think who is supportive (male or female)?

Respondent: I am giving you answer according to my experience. In professional life, male plays the supportive role as well as in a situation where your family, yours in laws is involved. Female plays supportive role in that matters in which you, your children and your wife involved (personal or totally internal life)

Question iii: Who is egoistic?

Respondent: My approach is different from others. So my analysis is that females are more egoistic.

Question iv: Who makes compromises?

Respondent: During conflict, male makes compromises. But these compromises are for a short time. Female make long term compromises.

Question v: Who gives the advice mostly and who mostly understands the things?

Respondent: There are two things, it is not necessary that either male or female, if he/she is educated, at the same time, he/she understands the things and gives the advice. As a whole, male gives more advice, less understand.

Question vi: Whose topics are more informative and who talks about emotions/feeling?

Respondent: According to my observation, males talk mostly on political, financial and business topics. On the other hand, females talk more about domestic issues and emotions.

Question vii: Who uses more authoritative language and who uses suggestive wording?

Respondent: Males are authoritative and females are suggestive.

Question viii: Who are more compromiser and who create and make the conflict worse?

Respondent: Females make compromises.

**Interview 2: Text**

Question i: Who solves the issues (father/mother)?

Respondent: Father solves the issues. And he is trying to maintain the status through his tone.

Question ii: Does your mother support your father’s decision?

Respondent: Mostly she supports the father.

Question iii: If your family has any issue, who is stubborn about his/her opinion and who gave up/compromise?

Respondent: Males are stubborn.

Question iv: Who shares more information or emotions?

Respondent: Males choose more informative topics or current topics for their conversation while females choose more domestic and sentimental issues.

Question v: Who gives order or suggestion?
Respondent: It depends on relations, if your relationship is friendly, you give order either you are male or female. Otherwise you just give suggestions. In husband and wife relation, husband gives orders and wife gives suggestions.

Question vi: who possess understanding speech style? Or who gives more advices in conversation?

Respondent: Males give advices while females possess understanding style.

Table 2:

<table>
<thead>
<tr>
<th>Sr#</th>
<th>Gender</th>
<th>Status vs. Support</th>
<th>Independence vs. Intimacy</th>
<th>Advice vs. Understanding</th>
<th>Information vs. Feelings</th>
<th>Order vs. Proposal</th>
<th>Conflict vs. Compromise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>80% male &amp; 20% females are status conscious</td>
<td>Females are egoist</td>
<td>Mostly males are adviser. While females understand the things.</td>
<td>Mostly males choose informative topics, &amp; females select sentimental topics.</td>
<td>Authoritarian are males, females are shy so they use proposals.</td>
<td>Females (long term compromise) Males (short term compromise) 75% conflicts are because of males.</td>
</tr>
<tr>
<td>2</td>
<td>Male</td>
<td>Status conscious and females are supportive</td>
<td>Females try to maintain the relation and males try to gain independency</td>
<td>Females understand the matter, males give advices in order to maintain their headship</td>
<td>Males are informative, females are emotional</td>
<td>Males give command while females give proposal</td>
<td>Female always compromise.</td>
</tr>
<tr>
<td>3</td>
<td>Male</td>
<td>Both are supportive, but mostly males are status conscious</td>
<td>Females are cooperative and show intimacy, males love independency</td>
<td>Males are adviser and females mostly shows understanding</td>
<td>Males are informative and definitely females are emotional</td>
<td>Both, in some situations females give order/proposal &amp; in some situation males do.</td>
<td>Females create conflicts</td>
</tr>
<tr>
<td>4</td>
<td>Male</td>
<td>Females try to gain upper hand while males are supportive</td>
<td>Males are egoist, and females are more cooperative</td>
<td>Males love to give advices, females avoid advices</td>
<td>In some situation males are emotional, but mostly females are emotional</td>
<td>Males gives direct commands and females prefer indirect commands</td>
<td>Males seldom make compromise, females are the reason of conflict and mostly they have</td>
</tr>
<tr>
<td>Responder 5</td>
<td>Male</td>
<td>Males considered himself superior, so they give final decision, females have to support him</td>
<td>Both love independence but females sacrifice their independence for their relations</td>
<td>Males don’t understand things easily, mostly females understand the matters</td>
<td>Males avoid the topics related to emotions. Females are good in expressing the feelings.</td>
<td>Definitely males give orders, and females give proposal</td>
<td>Females compromise, male’s tone are usually create conflicts</td>
</tr>
<tr>
<td>Responder 6</td>
<td>Male</td>
<td>Male dominant society, so males have to maintain the status, and females have to show supportive role</td>
<td>Males are self-centered; sometimes they don’t care about other feelings, while mostly females do care.</td>
<td>Mostly males shows comfort zone &amp; females give advice</td>
<td>Males topics are mostly about career, cricket &amp; politics; females topics are fashion designing, emotions &amp; domestic issue.</td>
<td>Males are commandin g, and females give suggestions</td>
<td>Females create conflicts; males make compromise</td>
</tr>
<tr>
<td>Responder 7</td>
<td>Male</td>
<td>Males are Status conscious and females are supportive</td>
<td>Males are egoist and females are cooperative</td>
<td>Females show understanding behavior</td>
<td>Mostly males choose informative topics, &amp; females select sentimental topics.</td>
<td>Authoritarian are males, females are shy so they use proposals.</td>
<td>Females create conflicts</td>
</tr>
<tr>
<td>Responder 8</td>
<td>Male</td>
<td>Females try to gain upper hand while males are supportive</td>
<td>Females try to maintain the relation and males try to gain independenc y</td>
<td>Females understand the matter, males give advices in order to maintain their headship</td>
<td>Males always talks about informative topics and females talks about family issues.</td>
<td>Both use imperative sentences</td>
<td>50% males create conflict and 50% females</td>
</tr>
<tr>
<td>Responder 9</td>
<td>Male</td>
<td>Father is status conscious and mother is</td>
<td>Males are egoist</td>
<td>Males give advice and females show understanding behavior</td>
<td>In some situation males are emotional, but mostly</td>
<td>Females always give proposals and males always use</td>
<td>Males seldom make compromise, females</td>
</tr>
<tr>
<td>Responder 10</td>
<td>Male</td>
<td>Both are supportive, but mostly males are status conscious</td>
<td>Females are egoist</td>
<td>Mostly males show comfort zone &amp; females give advice</td>
<td>Mostly males choose informative topics, &amp; females select sentimental topics.</td>
<td>Authoritarian are males, females are shy so they use proposals</td>
<td>30% males create conflicts and 70% females</td>
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<tr>
<td>Responder 11</td>
<td>Male</td>
<td>Father are always supportive and always give the final decision</td>
<td>Males are egoist, and females are more cooperative</td>
<td>Mostly males are adviser. While females understand the things.</td>
<td>Males mostly choose informative topics or politics, females choose domestic topic and emotions</td>
<td>Both, in some situations females give order/proposal &amp; in some situation males do.</td>
<td>Females and males both create conflicts but at the end female has to compromis e</td>
</tr>
<tr>
<td>Responder 12</td>
<td>Male</td>
<td>Both are supportive, but mostly males are status conscious</td>
<td>80% males are egoist, 20% females</td>
<td>Males give advice and females show understanding behavior</td>
<td>Both choose informative topics</td>
<td>It depends on situation, males as well as females give order as well as proposal</td>
<td>Conflict mostly created by females, males do compromise</td>
</tr>
<tr>
<td>Responder 13</td>
<td>Male</td>
<td>Females try to gain upper hand while males are supportive</td>
<td>50% male and 50% female keep relationships</td>
<td>Males don’t understand things easily, mostly females understand the matters</td>
<td>Females talk about emotions as compared to males.</td>
<td>Males are to the point while females are not</td>
<td>Sometimes male create conflict, and female create mostly conflict; compromis e are taken by females</td>
</tr>
<tr>
<td>Responder 14</td>
<td>Male</td>
<td>Females are supportive, males</td>
<td>Males are egoist and females are cooperative</td>
<td>Male gives advice, female</td>
<td>Males are informative, females are</td>
<td>Males gives direct commands and females</td>
<td>Female always compromis e</td>
</tr>
</tbody>
</table>
4. Data Analysis and Findings
The researcher has analyzed Urdu language conversation among Urdu speech community living specially in Sialkot, according to Tannen’s speech contrasts. The data was analyzed manually. The findings show that variations occur due to the use of various linguistic devices, style, topic of discussion, power etc.

I observe the people and the interviewee during the observation. People said that women are more talkative as compared to men but what I have observed during my research, men are not less talkative. They elaborate their opinion by adding new things. I share my observation of my interviewee. During the interview, he was just manipulating his answer. He gave such answers in which he said men are not status conscious, make compromises, supportive, can understand things easily, they don’t give advices. But when he told me about his experiences, his tone, his wording, his style, and his actions are contradict to his answers. At that time, he was trying to maintain his status, he was showing himself superior, not supportive and continuously advising me

4.1 Analysis of Interviews:
Table 3:

<table>
<thead>
<tr>
<th>Number of participant</th>
<th>Three Contrastive sets of Deborah Tannen</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Status</td>
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<tr>
<td></td>
<td>Support</td>
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<tr>
<td></td>
<td>Independence</td>
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<td>Intimacy</td>
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<td>Advice</td>
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<td>Understanding</td>
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Table 4:

<table>
<thead>
<tr>
<th>Number of participant</th>
<th>Three Contrastive sets of Deborah Tannen</th>
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<tbody>
<tr>
<td></td>
<td>Information</td>
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<tr>
<td></td>
<td>feelings</td>
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<tr>
<td></td>
<td>Order</td>
</tr>
<tr>
<td></td>
<td>Proposal</td>
</tr>
<tr>
<td></td>
<td>Conflict</td>
</tr>
<tr>
<td></td>
<td>Compromise</td>
</tr>
</tbody>
</table>

Chart of Table 3:
5. Conclusion
The data analysis shows that the set standards of stereotypical roles are changing now. The recorded interviews show different claims as answered to the questions asked. But when observed as silent observer, the real conduct of the opposite gender was different. We can conclude that Tannen’s Standard have undergone a change especially in Pakistan scenario.

Gender Based Variations are bringing a drastic suppression of the rights of females. Their voice is not being given a vent. They are still caps silent. But most dangerous thing is that they are accepting their suppression hegemonomically.

6. Recommendations
This study is limited to the Urdu speech community. The limitation of my research is that I observed the language of middle class Urdu speech community not the other classes. In this research, I only highlighted variations at communication level, and delimited all other variations such as morphological, syntactic, phonological variations. Future researchers can study these aspects. The study will benefit the whole society in creation of awareness about non-sexist language to give a psychological identity of females in Pakistan.

References
http://www.universalteacher.org.uk/lang/gender.htm#tannen
https://sssfenglish.wordpress.com/2013/06/03/language-and-gender-the-difference-theory/
Tannen (1990) You Just Don't Understand, Women and Men in Conversation.

Appendix

Interview (female)
Q: who solve your personal matter at your home?
A: My mother solves all the personal matters.
Q: If you have any problem to whom you share it and want to get help?
A: I will share my problems with my mother.
Q: According to you males are emotional or females?
A: females are emotional because I think they are sensitive.
Q: When you are sitting with your friends and suppose you have to give suggestion to anyone of them so are you give her or him suggestion or advice directly or indirectly?
A: If I am sitting with my friends then I will give her suggestion or advice indirectly but when we both me and my friend sitting alone I will advise him directly.
Q: According to you male is egoist or female?
A: It depends on situation sometime males are egoist and sometime females.
Q: At home who creates issues and conflicts male or female?
A: I observed that mostly female creates issues.
Q: If you have problem or issue then who will support or help you, your mother or father?
A: I am very frank with my mother and this is the reason I shares all my problems and personal matters with my mother.
Q: Your male friends give you suggestion directly or indirectly?
A: It depends on situation if your friend is your class fellow he will give you suggestion indirectly but if your friend is your brother then he will give you suggestion directly.

Interview (female)
Q: The very first question is who solve your personal matters at your home?
A: My mother solves all the matters and issue but it also depends on situation sometime my father solves the matters because I think females are sensitive and emotional and takes all the issues personal but males can handle all the issues and matters easily.
Q: According to you males are cooperative or females?
A: females are cooperative in all the issues and matters because she wants to save her relations and according to my observations, females are sincere and sensitive in her relations, these relations may includes sister, mother, wife or friend etc.
Q: Females are egoist or males?
A: Depends on situation sometime males are egoist and sometime females.

Q: Who can easily express personal feelings male are female?
A: I think male can easily express his feelings because female are mostly shy and she can’t express her feelings easily.

Q: When we talk about siblings, brother is egoist or sister and who is cooperative brother or sister?
A: Brother is egoist and I think sister always cooperates.

Q: According to you males are to the point are females?
A: Males are straight forward while females always elaborate her points and I think females are not straight forward but sometimes in some situations, they are also straight forward.

**Interview (Male)**

Q: At your home who solve your personal matters?
A: In my family, my mother and father both cooperate and easily sort out all the problems that we have. In this society education, understanding and cooperation really matters.

Q: According to you who are status conscious male or female?
A: If I talks about Pakistan, there are three classes lower, middle and upper and I think there is huge difference between the living standards. So according to these classes you can judge that males are status conscious. But it also depends on family you belong. According to observations, now-a-days both are standard conscious.

Q: what do you think males are cooperative or females?
A: If we talks about long term cooperation then definitely females are cooperative. But I think male can easily understand the problems and matters and make compromise at the spot.

Q: If you have any problem and wants to get suggestion then whom you discuss it with your male friend or female?
A: I think male can easily understand the situation and conditions. So I will discuss it with my male friend.

Q: According to you males are egoist or females?
A: I think it depends on situation, sometimes in some matters females are egoist and sometime males. But if we talks over all then I think males are egoist females always sacrifice because they always want to secure their relations and I have answered all your questions related to my personal life and my personal experience.

Q: According to you males are emotional, sentimental and elaborate his points or females?
A: Definitely females are emotional and always elaborate all the matters and all the points, I think females are not straight forward but males are straight forward and they don’t like elaborations.

Q: If we talk about families, what do u think that male creates conflicts or female?
A: females create conflicts.

**Interview (Female)**

Q: what do you think males are cooperative or females?
A: If we talks about middle class or lower then mostly observed that females are cooperative and want to secure her relations and but in upper class it is totally different in this class females compare herself with males.

Q: What is the common topic the females like to discuss?
A: If we talk about our society, married females obviously like to talk about families and personal matters but males are totally different they don’t like to discuss personal matters with their friends. Mostly, their topics of discussion are related to politics and business issues.

Q: If you have problem and want to discuss, to whom you discuss it? With yours mother or father?
A: Obviously with my mother.

Q: What do you think that females are egoist or males?
A: Males are egoist and they sometimes really don’t care about the feelings and emotions of females.

Q: What do you think either males are selfish or females?
A: Males are selfish and mostly they care about their benefits and personal objectives.

**Interview (female)**
Q: What do you think either male consider them superior or females?
A: Males considered themselves superior and they always want to obey them and follow them.

Q: What is the common topic between the males, when they sit together and discuss?
A: They usually discuss about cricket matches and politics but females discuss personal or families matters.

Q: What do you think that females give you good and suitable suggestion or males?
A: Males give good suggestion as compare to females because females are not straight forward or to the point they always exaggerate the things. So according to me males give good suggestion.

Q: Do you think that females considered them inferior?
A: Present time I don’t think so that females considered them inferior.

Q: Do you think either male is cooperative or female?
A: Females are cooperative because they really want to maintain their relations either its family’s relations or friend’s relation.

Q: Do you think either male is polite in nature or female?
A: Mostly I observed that females are polite in nature.

Q: Do you think that your male friends give you indirect suggestion?
A: Males give direct suggestions.

**Interview (Male)**

Q: Who solve personal matters at your home?
A: My father solves all the matters and problems whatever it is all the family members have to follow because I think in our society every male considered him superior and dominant.

Q: What you think men are good in express their feelings or women?
A: No doubt female is good in expressing her feelings and I think female is emotional and sensitive so she always wants to express her feeling.

Q: If you have any problem to whom you want to share male friend or female?
A: I always share my personal problems and matters with my mother, I think females understand the issues easily and give you good suggestion.

Q: According to you males are emotional or females?
A: Obviously females are emotional .And she always express her feelings and emotions.

Q: When we talks about siblings what do you think brother are egoist or sisters?
A: Brothers are egoist.

**Interview (Male)**

Q: Who solve the family problems?
A: Mostly my father solves the family problems.

Q: You and your mother obey her suggestions or not?
A: Yes, all family members have to follow him because I think in our society male is dominant and it is also in our mind to respect his opinion.

Q: What are the common topics of the discussion of males?
A: They usually discuss about the future planning and politics.

Q: According to you male is cooperative or female?
A: According to me I think 87% males are cooperative.

Q: This cooperation is long term or short?
A: It depends on the situation or matters.

Q: What do you think that men are egoist or women?
A: No doubt! Women are egoist.

Q: What do you think either female understand easily or male?
A: I think it depends either female is educated or not but if we talk as a whole then I think male can easily understand the situations and problems.
Designing Performance Assessment Instruments for Entrepreneurs in Embroidery Sector in Tasikmalaya, West Java Indonesia

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ABSTRACT
This research develops performance assessment instruments based on multiple sources 360-degree feedback and multi-dimensional to measure the performance of SMEs in embroidery sector in Tasikmalaya. The topic of study is relatively new; as it adopts an employee performance appraisal model developed to assess the performance of SMEs. Stakeholder involvement is needed in the process of assessing the performance of SMEs so that the results of the assessment are more objective, such as: Koperindag Service, banking, CSR, supplier, distributor, customer, employee and self-assessment of the entrepreneur. Performance measurement indicators include: financial perspective, productivity, quality, service, innovation, personnel and self-character. The advantages of appraisal performance 360-degree feedback instruments lie on the process of self-assessment, feedback and measurement of personal characteristics of entrepreneurs. The feedback process is given by all assessors as inputs to improve the performance of SMEs as well as to improve the quality of decision making and accountability of owners. Data collection method is done by interview, expert judgment, FGD with stakeholders then drafting the performance appraisal instrument based on multi sources 360-degree feedback.

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1. Introduction
Potential mapping of Tasikmalaya Regency identified four potency of handicraft business of pandanus, mendong(Fimbristylis umbellaris), bamboo and embroidery. (Rodhiah and Kartika, 2013) Among the four potentials, the Embroidery sector has more development potential than the other three sectors.

Embroidery entrepreneurs spread in Tasikmalaya such as: Kawalu, Sukaraja, Karangnunggal, Cikatomas and Pancatengah mostly started the business as makloon. When confident with experience and capital, MAIKLOON develops business independently. Efforts to lift the performance of makloon / embroidery entrepreneurs encourages economic growth of Tasikmalaya, such as SMEs development strategy in India (Thampy; 2010), Negeria (USAID, 2005) and World Bank assistance (Ardic, Mylenko and Saltane, 2011). This step is in accordance with the recommendation of International Labor Organiza-tion No. 189
year 1998 which is: "general condition for the promotion of job creation through small and medium-sized enterprises". (Zuriah, 2012)

The result of observation with Tasik businessman stated that the success rate of Tasik embroidery business is relatively fast, but if not careful it will be easy to face failure. Koperindag service. Kab. Tasikmalaya needs to have a performance appraisal instrument, in order to accommodate the various interests of embroidery or makloon entrepreneurs. Stakeholder involvement is needed in the process of assessing the performance of SMEs, so that the results of the assessment become more objective. Parties involved in the performance appraisal process include: Office of Koperindag, banking, CSR, suppliers, distributor, customer and valuation of related SMEs. The performance appraisal system of entrepreneurs or makloon refers to an employee-based performance appraisal model based on multiple sources 360 feedback, in which the model was in the 1990s Edwards and Ewen (1996), Antonioni (1996), Wadman, Atwater and Antonioni (1998), McCharthy and Garavan (2001) and others. At the appraisal level of the scoring system reviewed by DeNisi & Printchard (2006), Rao & Chawla (2008), Kaur (2008), Baroda et.al. (2012), Raghunadhan & Sequeira (2013), Ghutke et.al. (2014). Inspired by the objectivity of the feedback process on the model, an adoption model for the performance appraisal system of entrepreneurs and makloon embroidery in Tasikmalaya was conducted,

Performance is the result of management activities in the SME business process, so the performance measurement is done multi dimensionally. (Coda; 2010 and Bianchi et.al.) refers to the keys performance index (KPI) emphasizing on financial, productivity, quality, service, innovation and personnel perspectives. (Kristiyanti; 2012) To measure 360° based performance feedback is done by involving many parties, including self assessment assessment from a personal perspective. (Baroda et.al. (2012), Pardosi et al., 2013). Some research issues that need to be studied in this research are: 1). How to design an instrument of multi-source based performance appraisal model on entrepreneur and makloon embroidery in Tasikmalaya Regency? 2). How to develop a multi-source performance appraisal model instrument for entrepreneurs and makloon embroidery in Tasikmalaya District?

3). What is the feedback evaluation model from the performance appraisal results of entrepreneurs and maklon embroidery in Tasikmalaya Regency? .The purpose of this research is to 1) develop a model of performance appraisal instruments of entrepreneurs and multi-source embroidery makloon sources in Tasikmalaya District.2) .To develop a model of performance appraisal instruments of entrepreneurs and multi-source embroidery makloon sources in Tasikmalaya District.3). To evaluate the feedback result of performance appraisal of entrepreneur and makloon embroidery in Tasikmalaya Regency.

2. Literature Review
The development of the human resource performance appraisal theory identifies that traditional assessment models emphasize the feedback process from a single direct superior source. Along with the demands of the environment and corporate goals, the process is done in multi sources. If the assessment process involves peer & subordinate is called 1800 feedback, while involving all external & internal parties is called appraisal performance 3600 feedback. (Kaur; 2013, Ghutke et.al, 2014) Rao & Chawla's (2008) study, concludes the positive effect of implementing 360 degree feedback on the performance of Indian firms. Based on the explanation, it is concluded that the performance is the result of the activity of a person or company so that to obtain objective results, a model of assessment and feedback relevant to the performance is needed, one of them is a multi sources approach.

2.1 Performance Measurement Indicator
Many factors affect performance, such as: effectiveness, efficiency, authority, discipline and initiative. When applied to the employee performance level, employee performance indicators include: quality, quantity, timeliness, effectiveness and independence. (Robbins, 2006) Indicator measures employee performance based on 3600 feedback emphasizes the perspective of personality characteristic, job competency, general attitude. (Pardosi et al., 2013). Performance measures are broken down into several indicators: consistency, comparability, clarity, controllability, contingency, comprehensiveness,
boundedness, relevance and feasibility. Other indicators emphasize financial, productivity, quality, service, innovation and personnel perspectives. (Kristiyanti, 2012)

2.2 Performance Appraisal Model of SMEs

Approach assesses the performance of a company is done subjectively and objectively to anticipate the limitations of objective data. To suppress the subjectivity needs to involve stakeholders in the process of assessing performance. The involvement of the cooperative office, bank, CSR, supplier, distributor, customer, employee and self assessment will result in an objective assessment. Therefore, this research adopted multi sources model as a model of SME performance appraisal. Referring to Baroda et.al (2012), Kaur (2013), Improvisation of the SME performance appraisal model is:

![Diagram of Performance Appraisal Model of SMEs]

To suppress the possibility of negative effects of the implementation of the model required a key guide to successfully implement appraisal performance 360° feedback for the small business sector of embroidery in Tasikmalaya.

Development of Multi Sources Performance Measurement Indicator 360° Feedback.

Referring to Hudson et.al. (2001) identified six categories of SMEs performance to be the focus of assessment: quality, time, flexibility, finance, customer satisfaction, human resources. Identify all six categories are summarized in Figure 2.

![Figure 2 SMEs Performance Measurement Category]

In addition Coda (2010) designed a multi dimensional measurement of company performance based on competitive, financial and social dimension.

Referring to the keys performance index (KPI) with the development of Kristiyanti (2012), Pardosi et al. (2013), as well as the comparison of Hudson et.al. (2001), Coda (2010) developed a multi-dimensional 3600 feedback and multi-dimensional performance appraisal approach: Financial perspective,
productivity, quality, service, innovation and personnel and personal characteristics of the owner. The identification of indicators is clarified in the next section.

3. RESEARCH METHODS
The research combines the two methods qualitatively by interview, expert judgment and FDG, and quantitative methods using questionnaires to the entrepreneur and makloon embroidery sector in Kab. Tasikmalaya.

The objective of this research is to develop a model of performance assessment instrument of central Kawalu embroidery SME and its surroundings based on multiple sources 360° feedback. The model assesses the performance of SMEs based on stakeholder assessment including: Koperindag Service, bank / CSR, supplier, distributor, customer, embroidery business owner (self assessment). Feedback process as performance improvement. Summarize summarized activity below.

Table 3. Research methods

<table>
<thead>
<tr>
<th>Research</th>
<th>Types of activity</th>
<th>Activities</th>
<th>Activity Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>The model design of SMEs performance assessment instruments based on multiple sources 360° feedback and multidimension...</td>
<td>Observation Interview Questionnaire</td>
<td>2017 : Produce primary and secondary data for the preparation of 360° feedback SME performance assessment instruments.</td>
</tr>
<tr>
<td></td>
<td>Preparation of 360° feedback instruments and multidimensional performance assessment instruments</td>
<td>Expert judgement FGD</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Instrument testing on small-scale SMEs</td>
<td>Pilot instrument, Test reliability, Test validity</td>
<td></td>
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</tbody>
</table>

Table 4. Instrument Design Based on Stakeholder Assessment

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Financial Perspective</td>
</tr>
<tr>
<td></td>
<td>Cost</td>
</tr>
<tr>
<td>1</td>
<td>Ability to achieve cost reduction from budget</td>
</tr>
<tr>
<td>2</td>
<td>Ability to realize expenses / expenses</td>
</tr>
<tr>
<td></td>
<td>Income</td>
</tr>
<tr>
<td>1</td>
<td>Ability to achieve sales growth target</td>
</tr>
<tr>
<td>2</td>
<td>Ability to achieve market expansion effectively</td>
</tr>
<tr>
<td></td>
<td>Rate of Return and Surplus</td>
</tr>
<tr>
<td>1</td>
<td>Ability to achieve target margin contribution</td>
</tr>
<tr>
<td>2</td>
<td>Ability to reach income target</td>
</tr>
<tr>
<td>3</td>
<td>Ability to reach the target cashflow</td>
</tr>
<tr>
<td>4</td>
<td>Ability to reach ROA on target</td>
</tr>
<tr>
<td>5</td>
<td>Ability to reach a surplus after total investment</td>
</tr>
<tr>
<td>6</td>
<td>Ability to develop business capital</td>
</tr>
<tr>
<td></td>
<td>Productivity Perspectives</td>
</tr>
<tr>
<td>1</td>
<td>The number of effective hourly outputs per employee</td>
</tr>
<tr>
<td>2</td>
<td>The number of outputs per unit of raw materials</td>
</tr>
<tr>
<td>3</td>
<td>The rate of reduction / increase of the product is broken</td>
</tr>
<tr>
<td>4</td>
<td>Proportion of added value of total effective working hours</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>The proportion of unemployed time of total working hours is effective</td>
</tr>
<tr>
<td>6</td>
<td>The total amount of time produces one unit of product</td>
</tr>
</tbody>
</table>

**Quality Perspectives**

<table>
<thead>
<tr>
<th>1</th>
<th>Percentage of failed products</th>
</tr>
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<tbody>
<tr>
<td>2</td>
<td>Total cost for the replacement of failed products (liability cost)</td>
</tr>
<tr>
<td>3</td>
<td>Total cost of quality</td>
</tr>
<tr>
<td>4</td>
<td>Customer ratings of services / products</td>
</tr>
</tbody>
</table>

**Service Perspectives**

<table>
<thead>
<tr>
<th>1</th>
<th>Consumer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Third party assessment</td>
</tr>
<tr>
<td>3</td>
<td>Percentage of product preparation in a timely manner</td>
</tr>
<tr>
<td>4</td>
<td>Number of customer complaints per day /week / month</td>
</tr>
<tr>
<td>5</td>
<td>The ability to meet the product needs the community.</td>
</tr>
</tbody>
</table>

**Innovation Perspectives**

<table>
<thead>
<tr>
<th>1</th>
<th>Number of new products each period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Percentage of product supply for new markets</td>
</tr>
<tr>
<td>3</td>
<td>New product introduction time</td>
</tr>
<tr>
<td>4</td>
<td>Comparison of innovation with other companies.</td>
</tr>
</tbody>
</table>

**Personnel perspectives**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>2</td>
<td>Employee absenteeism</td>
</tr>
<tr>
<td>3</td>
<td>Employee satisfaction level</td>
</tr>
<tr>
<td>4</td>
<td>Number of employee trainings</td>
</tr>
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</table>

**Perspective of the Owner's Personal Characteristics/makloon**

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>2</td>
<td>Honesty</td>
</tr>
<tr>
<td>3</td>
<td>Adaptation</td>
</tr>
<tr>
<td>4</td>
<td>Leadership</td>
</tr>
<tr>
<td>5</td>
<td>Ability to continually improve</td>
</tr>
<tr>
<td>6</td>
<td>Ability to work together</td>
</tr>
<tr>
<td>7</td>
<td>Assertive</td>
</tr>
<tr>
<td>8</td>
<td>Confidence</td>
</tr>
</tbody>
</table>

The population consists of entrepreneurs & makloon embroidery in the District. Tasikmalaya. The technique of selecting the sample using purposive sampling with the following considerations are: (1) The selected sample is entrepreneur embroidery or makloon with assets and sales turnover refers to UU UKM No 20 th 2008. (2) Have opportunity / plan to apply for investment credit, grant, / DN, get help tool / machine / softloan. Number of samples 50 embroidery SMEs and 50 makloons. The description of research respondents as follows:
Figure 1 Description of Respondents

3.1 Data Collection Procedures
The study incorporates primary and secondary data in which the primary data collection technique is by: 1) Expert judgment with the Koperindag Office, banking, 2) FDG with distributors, suppliers, consumers, employees and entrepreneurs & maklun embroidery (5 businesses). 3) Observations and interviews with employers / makloon and stakeholders. 4) Pilot questionnaires to entrepreneurs / makloon as well as stakeholders and distribution of small sample questionnaires in Tasikmalaya district.

3.2 Testing Validity and Reliability
Testing of instruments using convergent, discriminant validity and using Lisrel-based reliability test. The convergence validity coefficients of latent variables are assessed on the basis of AVE. Analysis of the validity and reliability of performance appraisal instruments was conducted with LISREL 8.8 and SPSS 20 programs.

3.3 Research result

3.3.1 Designing Performance Appraisal Instruments
Appropriate research objectives design the assessment model by involving various appraisal perspective and the appraisers are: Koperindag, banking, employees, distributors, suppliers, consumers and businessmen / maklun. Thus, multi-source and multi-information based assessment model is used to assess the performance of embroidery business based on seven perspectives: financial, quality, service, innovation, productivity, personnel and character of embroidery businessman. Identification that has been compiled according to inputs from experts'.

3.3.2 Results of Validity and Reliability
The test results determination of valid whether or not each question is done by comparing corrected total correlation item obtained through SPSS version 20. Where From the results of the validity and reliability test mentioned above that the Corrected Item Total Correlation value for each multi dimensional financial statement, quality, service, innovation, productivity, personnel and character of embroidery entrepreneurs through various perception assessments greater than 0.2 so it is concluded that all statements are valid. Furthermore, the results of Alpha Cronbach reliability test showed the value of Alpha Cronbach each indicator greater than 0.6 so it is concluded all indicators are reliable.

3.3.3 Performance Appraisal Perception

a. Financial Perspective

<table>
<thead>
<tr>
<th>Group of Respondents</th>
<th>Number of Respondents</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers</td>
<td>50</td>
<td>5,4246</td>
</tr>
<tr>
<td>Makloon</td>
<td>50</td>
<td>5,3438</td>
</tr>
<tr>
<td>Koperindag</td>
<td>2</td>
<td>4,8350</td>
</tr>
<tr>
<td>Bank</td>
<td>2</td>
<td>4,8900</td>
</tr>
<tr>
<td>Distributor</td>
<td>4</td>
<td>5,1675</td>
</tr>
<tr>
<td>Supplier</td>
<td>5</td>
<td>4,4220</td>
</tr>
<tr>
<td>Employees</td>
<td>5</td>
<td>5,1760</td>
</tr>
<tr>
<td>Customer</td>
<td>20</td>
<td>4,3160</td>
</tr>
</tbody>
</table>

In the financial perspective, the greatest mean is in the characteristics of the entrepreneur, and the smallest mean is in the characteristics of the customer.

b. Productivity Perspectives
Table 6. of Statistical Description of Financial Perspective

<table>
<thead>
<tr>
<th>Group of Respondents</th>
<th>Number of Respondents</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers</td>
<td>50</td>
<td>5,5494</td>
</tr>
<tr>
<td>Makloon</td>
<td>50</td>
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<tr>
<td>Koperindag</td>
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<tr>
<td>Bank</td>
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<tr>
<td>Distributor</td>
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<tr>
<td>Supplier</td>
<td>5</td>
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<tr>
<td>Employees</td>
<td>5</td>
<td>5,4340</td>
</tr>
<tr>
<td>Customer</td>
<td>20</td>
<td>4,5910</td>
</tr>
</tbody>
</table>

From the above table it can be seen the mean value (\( \bar{x} \)) for each respondent's characteristic, showing that in productivity perspective, the biggest mean is on the characteristics of the entrepreneur, and the smallest mean is in the characteristics of the supplier.

c. Quality Perspective

Table 7. Statistical Description on Quality Perspective

<table>
<thead>
<tr>
<th>Group of Respondents</th>
<th>Number of Respondents</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers</td>
<td>50</td>
<td>5,5950</td>
</tr>
<tr>
<td>Makloon</td>
<td>50</td>
<td>5,5450</td>
</tr>
<tr>
<td>Koperindag</td>
<td>2</td>
<td>5,0000</td>
</tr>
<tr>
<td>Bank</td>
<td>2</td>
<td>5,0000</td>
</tr>
<tr>
<td>Distributor</td>
<td>4</td>
<td>5,5625</td>
</tr>
<tr>
<td>Supplier</td>
<td>5</td>
<td>4,6500</td>
</tr>
<tr>
<td>Employees</td>
<td>5</td>
<td>5,4000</td>
</tr>
<tr>
<td>Customer</td>
<td>20</td>
<td>4,7375</td>
</tr>
</tbody>
</table>

From the above table it is known that the mean value (\( \bar{x} \)) for each respondent's characteristic indicates that the quality perspective, the biggest mean is on the characteristics of the entrepreneur and the smallest mean is in the characteristics of the supplier.

d. Service Perspective

Table 8. Statistical Description on Service Perspective

<table>
<thead>
<tr>
<th>Group of Respondents</th>
<th>Number of Respondents</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers</td>
<td>50</td>
<td>5,2760</td>
</tr>
<tr>
<td>Makloon</td>
<td>50</td>
<td>5,1960</td>
</tr>
<tr>
<td>Koperindag</td>
<td>2</td>
<td>4,7000</td>
</tr>
<tr>
<td>Bank</td>
<td>2</td>
<td>4,9000</td>
</tr>
<tr>
<td>Distributor</td>
<td>4</td>
<td>5,0000</td>
</tr>
<tr>
<td>Supplier</td>
<td>5</td>
<td>4,2400</td>
</tr>
<tr>
<td>Employees</td>
<td>5</td>
<td>4,8400</td>
</tr>
<tr>
<td>Customer</td>
<td>20</td>
<td>4,3600</td>
</tr>
</tbody>
</table>

From the above table it can be seen the mean value (\( \bar{x} \)) for each respondent's characteristic, indicating that in terms of service perspective, the largest mean is on the characteristics of the entrepreneur, and the
smallest mean is in the characteristics of the supplier.

E. Innovation Perspective

<table>
<thead>
<tr>
<th>Tabel 9. Statistical Description on Innovation Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group of Respondents</strong></td>
</tr>
<tr>
<td>Employers</td>
</tr>
<tr>
<td>Makloon</td>
</tr>
<tr>
<td>Koperindag</td>
</tr>
<tr>
<td>Bank</td>
</tr>
<tr>
<td>Distributor</td>
</tr>
<tr>
<td>Supplier</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Customer</td>
</tr>
</tbody>
</table>

From the above table it can be seen the mean value ($x$) for each respondent's characteristic, indicating that in terms of service perspective, the largest mean is on the characteristics of the entrepreneur, and the smallest mean is in the characteristics of the supplier.

F. Personnel Perspective

<table>
<thead>
<tr>
<th>Tabel 10. Statistical Description on Personnel Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group of Respondents</strong></td>
</tr>
<tr>
<td>Employers</td>
</tr>
<tr>
<td>Makloon</td>
</tr>
<tr>
<td>Koperindag</td>
</tr>
<tr>
<td>Bank</td>
</tr>
<tr>
<td>Distributor</td>
</tr>
<tr>
<td>Supplier</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Customer</td>
</tr>
</tbody>
</table>

From the above table it can be seen the mean value ($x$) for each respondent characteristic, indicating that in terms of service perspective, the largest mean is in the characteristics of the entrepreneur, and the smallest mean is in the customer characteristics.

G. Personal Characteristics Perspective of Business Owners & Makloon

<table>
<thead>
<tr>
<th>Tabel 11. Statistical Description on Personal Characteristics Perspective of Business Owners &amp; Makloon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group of Respondents</strong></td>
</tr>
<tr>
<td>Employers</td>
</tr>
<tr>
<td>Makloon</td>
</tr>
<tr>
<td>Koperindag</td>
</tr>
<tr>
<td>Bank</td>
</tr>
<tr>
<td>Distributor</td>
</tr>
<tr>
<td>Supplier</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Customer</td>
</tr>
</tbody>
</table>
From the above table it can be seen the mean value ($x\overline{\cdot}$) for each respondent's characteristic, indicating that in terms of service perspective, the largest mean is on the characteristics of the entrepreneur, and the smallest mean is in the characteristics of the supplier.

4. Data Analysis
4.1 Normality test
The first step in the different test analysis is to determine whether the data is normally distributed or not. If the data is normally distributed, then the data analysis using the parametric test (One way Anova), but if the data is not normally distributed, then the data analysis using non-parametric test (Kruskall Wallis). In performing the normality test, One Sample Kolmogorov-Smirnov Test is given: if the sig value is greater than 0.05, then the data is normally distributed, and vice versa if the asymp value. Sig is smaller than 0.05 it can be stated that the data is not normally distributed. Here are the results of the data normality test for each variable / perspective.

<table>
<thead>
<tr>
<th>Table 12. Normality Test</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIN</strong></td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>Normal Parameters</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Std. Deviation</td>
</tr>
<tr>
<td>Most Extreme</td>
</tr>
<tr>
<td>Differences</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

Based on the above table it is known from the eight variables tested, having asymp.sig values greater than 0.05 (normal distributed) is just a productivity variable (PROD), while other variables have asymp values smaller than 0.05 (not normally distributed), so for the productivity variables use the analysis tool of One way Anova, while the other seven variables use Kruskal-Wallis.

4.2 Average Difference Test
1). One-way Anova
This test is used to determine whether there is an average difference for more than two unrelated sample groups and the data is normally distributed.

<table>
<thead>
<tr>
<th>Table 13. Difference Test - One way Anova</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
</tr>
<tr>
<td>Between Groups</td>
</tr>
<tr>
<td>Within Groups</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

From the above table it is known that the sig value for the productivity variable (PROD) is 0.000 or less than 0.05. Therefore, it can be concluded that there is a difference of perceptions about productivity among the eight characteristics of respondents (entrepreneurs, makloon, employees, cooperatives, banks, distributors, suppliers, employees and customers).

2). Kruskal-Wallis
This test is used to determine whether or not there is an average difference for more than two unrelated sample groups and the data is not normally distributed.

<table>
<thead>
<tr>
<th>Table 14. Difference Test-Kruskal-Wallis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
</tr>
<tr>
<td>70,524</td>
</tr>
<tr>
<td>Df</td>
</tr>
</tbody>
</table>
From the table above it is known that the sig value for all variables is 0.000 or less than 0.05. It is concluded that there are different perceptions of financial perception, quality, service, innovation, personnel and personal characteristics of business owners based on the opinion of the eight respondent characteristics: entrepreneurs, employees, distributors, bankers, distributors, suppliers, employees and customers.

5. Analysis of First Year Research Results

Embroidery Tasik is widely known at the national level so that research aims to appreciate the success of Tasikmalaya embroidery entrepreneurs. Craftsmen or maklun are considered resilient, skilled, easy to get the raw material (supplier) and easy to get marketing cooperation (distributor) so that performance appraisal involves direct stakeholders. To develop Tasik embroidery, Koperindag Service. facing various considerations of selecting SMEs for overseas actors or closer CSR & banking. This model is designed as an instrument to prepare entrepreneurs & followers of the event so that multi-source assessment will choose SMEs have good performance in terms of products, suppliers, distributors, suppliers, banks, employees, consumers and the entrepreneur / makloon itself.

Based on the results of one-way anova and kruskal-wallis tests, there were significant differences between perceptions of embroidery & maklun businessmen, employees, cooperatives, banks, distributors, suppliers, employees and customers in assessing the performance of embroidery sector entrepreneurs in Tasikmala. Performance measured from seven perspectives are: financial, quality, service, innovation, productivity, personnel and character of embroidery businessman. These differences indicate that each assessor gives different ratings or perceptions on the performance of the embroidery business sector in Tasikmalaya. In accordance with the first year activity, the first year target is obtained primary and secondary data for the preparation of 360° feedback SMEs performance assessment instruments. To develop the instrument of multi-source based performance appraisal model was conducted in the second year. The results of good assessment should provide the assessment tend to be the same between the assessor 1 with another so that the development needs to be done as follows: (1) Improvement of the instrument to produce the model more precisely and accurately. (2) Incorporate feedback system in the appraisal process. (3) Performed the dissemination of quisisoner with bigger respondent.

To perform the above activities is done through further research in the second year so assessment instrument as a social engineering for the performance assessment of the embroidery sector. In the realization & field process is not easy to equate perception among the assessors so that to perfect the process is done through FGD or brainstorning. The activity is to introduce the objectives and how to provide this assessment to each party so that the assessor knows the purpose of the scoring system. Problems during assessment are due to various conditions, namely: (1) Requires relatively complex time & administration of each assessor. (2) The feedback process is done carefully to fit the conditions of SMEs. (3) Need honesty & openness during the assessment process to obtain objective results. (4) Need training and hard effort of the appraiser to use model as performance appraisal method for entrepreneur of embroidery sector.

6. Conclusion

Based on the results of questionnaires distributed to 50 entrepreneurs and 50 maklun embroidery in Tasikmalaya identified the following results:
(1) Preparation of performance appraisal instruments of entrepreneurs & maklun by involving Koperindag, Banking, Distributors, Suppliers, Employees and Consumers.
(2) The results of validity and reliability are identified as follows: 9 items for financial perspectives, 6 items of productivity perspective, 4 items of quality perspective, 5 items of service perspective, 4 items of innovation perspective, 4 personnel perspective items and 8 personal perspectives of entrepreneurs / maklun. Thus there are 40 items to measure the performance of entrepreneur / maklun embroidery in
Tasikmalaya.

(3) One way anova test results known productivity sig value of 0.000 or smaller than 0.05. It is concluded that there is a difference of perception about productivity among eight respondent characteristic that is entrepreneur, makloon, employee, koperindag, bank, distributor, supplier, employee and customer.

(4) The result of kristkal wallis test is known sig value for all variables of 0.000 or less 0.05. It is concluded that there are differences of perception about financial perception, quality, service, innovation, personnel and personal characteristics of business owner based on the opinion of eight respondent characteristic of entrepreneur, maklun, employee, cooperative, bank, distributor, supplier, employee and customer.

7. Suggestion
From the above results identified there are differences in perceptions between entrepreneurs, maklun, employees, cooperatives, banks, distributors, suppliers and customers. In achieving the outcome, coordination is required with the assessors, so that each party understands the purpose and objective of the SME 3600 feedback & multi sources performance assessment system. Co-operation and coordination should be established with Koperindag, banking and CSR to create a performance appraisal simulation.

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Taman, A. (2009). Model Pengukuran Kinerja Perusahaan dengan Metode SMART System (Studi Kasus


The Role of Social Network, Social Norms and Trust Towards Board Active Participation Behavior in Cooperative Governance

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Objective: The purpose of this paper is to determine the relationship between social factors i.e. Social network, social norms and trust, and its relationship with board members active participation behavior (BAPB) in cooperative governance.

Methodology: A questionnaire survey was administered to 500 board members from cooperatives throughout Peninsular Malaysia. The hypotheses path was tested by conducting coefficient regression analysis and Structural Equation Modeling (SEM)

Results: The research found a positive correlation between social network and social norms with BAPB. However, there is no relationship between trust and BAPB.

Implication: This research presents a conceptually yet empirically supported framework to describe the role of social network, social norms and trust for an in-depth understanding on board processes. The study particularly looks into the importance of social factors and its impact towards BAPB, from the perspective of social capital development. This paper gives valuable reference to administrator of cooperative organization for a formulation of a comprehensive human capital strategic plan for cooperatives.

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1. Introduction

The board is a body established to implement governance as well as the success of the cooperative goals, vision and mission (Zeuli & Cropp, 2010). Board participation is important because boards have the obligation to create good and effective governance, thereby enhancing organizational performance (Nkundabanyanga, 2016; Nkundabanyanga, Balunywa, Tauringana, & Ntayi, 2014; Obgbechie, 2012). Despite the role of the active board, free-riding boards also exist in cooperative governance (Birchall & Simmons, 2004a; Chloupkova, Svendsen, & Svendsen, 2003; Deng & Hendrikse, 2013; Hooper, Kaplan,
& Boone, 2010; Morfi, Ollila, Nilsson, Feng, & Karantinis, 2015). Free riders are described as non-functioning, inactive or less-active board members (Adams, Hermalin & Weisbach, 2010; Minichilli, Zattoni, Nielsen, & Huse, 2012; Shropshire & Kadlec, 2012). Hence, the presence of free riding is detrimental and can weaken the cooperatives (Yamori, Harimaya, & Tomimura, 2016). It also causes cooperatives management to be more powerful and independent when board members are irresponsible (Bijman, Hendrikse, & Oijen, 2013). With the board’s abandonment of management authority, the direction of the cooperatives may also deviate from the original purpose of prioritizing the needs of the members (Bijman et al., 2013; Liang, Huang, Lu, & Wang, 2015). Hence, further research on the board’s active participation behaviour (BAPB) among board members in cooperatives governance, need to be implemented to understand board processes (Huse, Hoskisson, Zattoni, & Viganò, 2011).

Accordingly, this study looks at the importance of the BAPB, from the perspective of social capital development. By looking at the previous research, the concepts and operations of the social networks, social norms and trust are also discussed. The relationship between the study variables is explained using Social Exchange Theory (SET). Furthermore, the methodology is also explained followed by the results of the analysis and discussion of research findings. Conclusions and suggestions are also presented at the end of this paper.

2. The Cooperative Governance and Board Participation

To understand the importance of the BAPB as well as the board function in cooperative governance, it is important for us to understand cooperatives governance and the role of board members in governing the cooperatives. Governance refers to corporate responsibility, which is a structured process implemented by cooperatives, through a board to carry out its role in managing the interests of cooperatives members (Md. Salleh, Arshad, Shaarani, & Kasmuri, 2008). Good governance involves the formation of good organizational structures and well-organized work procedures. In addition, board members play their respective roles as required by the cooperatives and an orderly system of internal control, to ensure compliance of the cooperatives legislation.

The Annual General Meeting (AGM) held annually by the cooperatives is a platform for its members to evaluate, discuss and approve the board’s annual report and the audited financial statements. This means that all members have the right to speak, and decision making on the policy strategy is based on the majority vote. Unlike private companies, cooperatives members only have one vote regardless of their shareholding. In other words, members’ shares do not give them the dominant power (Md Salleh et al., 2008). Figure 1 shows the control hierarchy in cooperatives governance. Based on the figure, it can be seen that the highest power in the cooperatives is a member, through a general meeting. The Board must ensure that the implementation of the management's duties and responsibilities is in line with the decision of the general meeting.

Figure 1: Control Hierarchy in Cooperative Governance
Source : Zeuli & Cropp (2010)
2.1 Understanding Board Active Participation Behaviour (BAPB)

Previous research highlights various terms and definitions used in several studies with different contexts and scope. There are, however, some similar definitions or characteristics of participation behavior as basis of understanding the BAPB. According to Gordon, Philpot, Burt, Thompson, & Spiller (1980) which conducts studies on active participation of activists in trade unions, active participation behavior refers to the active involvement of members in organized activities. This includes attending general meetings, voting and administering the duties of union committees. In the study of the behavior of the board administering organizational governance, BAPB is characterized by the board (members) taking the necessary time in carrying out the necessary roles, namely attending meetings regularly, actively gathering information, participating actively in discussions, expressing opinions, examining the information provided by the management and acting carefully in making an analysis or evaluation before giving their views (Babic, Nikolic, & Eric, 2011; Forbes & Milliken, 1999). Active board members will always conduct an initial study of the information given to them (Forbes & Milliken, 1999). Furthermore, Nadler (2004) has added that the board needs to have a willingness attitude to ask and challenge an idea to generate a better or constructive idea. In fact, the board must always ask other members, prepare and research before the meeting, and make cautious judgment on their decision.

Petrovic (2010) outlines seven key behaviors to illustrate the BAPB. This includes conducting questioning and challenging issues, sharing thoughts of the same mission and vision, giving constructive ideas and solutions to problems, taking careful consideration of decisions, spending time on increasing knowledge and gathering information, and always showing initiatives for information to contribute to the right decision. Ong & Wan (2008), illustrates the BAPB as a business conduct in the role of taking the right time to carry out the task and gathering the right information to enable it to perform the task better. At the same time, the board is always open to voicing ideas or debating issues in the context of healthy conflicts. In a review of the effectiveness of the board's decision-making process, Garnes and Mathisen (2014) outlined some of the quality of the board's behaviour, such as reviewing the meeting documents, actively evaluating organizational issues, taking notes during meetings and actively participating in meetings whereas Gnan et. al (2015) in their review of the board of directors in the public sector, defines the behavior of board member participation as accepting or rejecting proposals (making decisions), negotiating with other institutions to enable idea generation, raising issues, questioning, advising and encouraging, expressing the idea of developing strategies for implementation, reviewing and monitoring performance reports and refining strategy content.

A review of the members active participation in cooperative governance as reported by Barraud-Didier, Heningger and Akremi (2012), outlines active participation behavior as being present at the general meeting, scrutinizing and reading annual reports and throwing votes to decide on cooperative policy. While Verhees Sergaki and Van (2015) describe active participation of members in the cooperative as meeting themselves, communicating views or criticisms on cooperative governance during meetings, and engaging in decision-making. However, these studies focus only on the participation of regular members attending the annual general meeting of the cooperative. This is different from the role played by cooperative board members who need to attend cooperative board meetings every three months and are directly involved in administering cooperative transactions in day-to-day operations and management (Cooperative College of Malaysia, 2010).

The study of board process lists some of the characteristics of BAPB, including the ability to contribute to board discussions, board monitoring, and interacting in advising (Carpenter & Westphal, 2001). In addition, in the review of corporate board institutions, the characteristics of the BAPB are categorized into functional and non-functioning board members (Gabrielsson, Huse, & Minichilli, 2007; Minichilli, Gabrielsson, & Huse, 2007; Tacheva & Huse, 2006; Van Ees, Gabrielsson, & Huse, 2009). These studies suggest that members of the board should be capable to handle conflicts of thought (Forbes & Milliken, 1999; Wan & Ong, 2005) through arguing and convincing others based on high levels of credibility, can
reach agreement on resolving issues and promoting teamwork (Babic, Nikolic, & Eric, 2011). Unlike members of the non-functioning board, board members contributions goes beyond critisizing and questioning, but have policy and action implications on the cooperative management and activities. On the contrary, opinions of non-functioning board members rarely have positive impact on the board (Babic et al., 2011). The point here is that the behavior shown is characterized by the use of science and skills and not empty or baseless views. By using knowledge and skills on strategies, board members will be able to examine, clarify or resolve issues well and these behaviour will impact the board's performance (Forbes & Milliken, 1999; Huse, Hoskisson, Zattoni, & Vigano, 2011; Minichilli, Zattoni, Nielsen, & Huse, 2012; Wan & Ong, 2005). Based on the concepts discussed, the operationalization of BAPB in this study include attendance and participation in meetings, communication efficiencies in addressing conflicts of thought and involvement in decision making.

2.2 Explaining BAPB through Social Exchange Theory
One of the theories that illustrates behavior in a collective group is the Social Exchange Theory (SET). SET interprets behavior in a community group. It is a series of interactions between individuals based on the assumption of reward or punishment in the group (Crossman, 2017). According to this theory individual behavior is determined by the reward or punishment as a countervail of acts or behaviors, so that the individual can be accepted by others (Ekeh, 1974).

According to Jussila (2012), SET was originally developed by Georhe Homans in economics and psychology, who wrote about it in an essay titled "Social Behavior as Exchange." Blau (1964) and Emerson (2017) have further developed this theory. The original formula of this theory is that someone will rationally maximize their profits by satisfying others. Social exchanges work in the norms of a group where one wants to get results in the form of social credit rather than liability. In collective groups such as cooperatives, SET can predict members' behavior and predict how far the social identity of the group members is important and becomes the source of exchange (Jussila, 2012). What is clear from the SET perspective is that individuals have diverse motives to engage in social exchange (Cropanzano & Mitchell, 2005; Ekeh, 1974). There are different motives from individualistic to collectivistic and, therefore, linked to the expectations of individual or collective value results (Flynn, 2005; Molm, 1994). The most common values are calculated as the difference between the rewards and the exchange costs. From the value of an individual, for example, the results can be enjoyed and exchanged between individuals. Collective value is a result that benefits the whole collective and / or mutual benefits. Expectations on outcomes play an important role in individual decisions to enter or leave exchange relationships (Flynn, 2005). Therefore, in the context of cooperatives, individuals seeking individual profits alone will not enter or stay in a collective partnership that only expects collective results. On the contrary, those, who seek collective rewards, will not be motivated by the expectation of individual outcomes of co-operation. This is also discussed by Jussila (1992) when he linked participation in cooperative governance in the context of SET. In fact, in SET, a cooperative expert will behave or act as liked and accepted by other members, by expressing active participation behavior (Phipps, Prieto, & Ndinguri, 2013).

2.3 Antecedent of BAPB
Previous studies report that human capital factors play an important role in determining the quality of board member participation (Brown et al., 2012; Cabrera-fernandez & Martinez-jimenez, 2016; Gnan et al., 2015; Khanna et al., 2013; Molleman & Ees, 2015). The factors of human capital are the knowledge and skills of board members measured based on education level and experience as board members (Babic et al., 2011; Gnan et al., 2015; Withers, Hillman, & Cannella, 2012). With human capital, the board will be able to carry out its role effectively and directly improve the organizational performance (Nkundabanyanga, Ahiauzu, Sejjaaka, & Ntayi, 2013; Nkundabanyanga, Balunywa, Tauriingana, & Ntayi, 2014; Sur, 2014; Walt, Ingleby, Shergill, & Townsend, 2006). However, in addition to human capital factors, social factors also play a role in determining behavior (Bandura, 1986; Molleman & Ees, 2015). In fact, a study on the corporate sector found that social factors contributed to the social capital and
increase the quality of board participation (Heemskerk, Heemskerk, & Wats, 2015; Sur, 2014).

According to Khanna et al. (2013), studies on board behavior will enable us to understand the board's processes especially in the context of human capital development. Further studies see that the behavior of the board during its role is influenced by many factors, including personal factors and environmental factors (Krishnan et al., 2016). Krishnan et al. (2016) find that the behavior of the board or their actions in carrying out functions and roles is dependent on cognitive abilities. The board thinking is influenced by environmental factors and will result in positive behavior or better performance (Bandura, 1988, 1999; Dweck & Leggett, 1988). Another study also found that the influence of socialization has an effect on cooperative performance (Deng & Hendrikse, 2013). Trust among members makes them believe that no one will neglect the responsibility and consequently affect the reputation of the cooperative community while weak social capital can lead to "free-riding" behavior. Without strong social capital, especially trust among members, cooperatives are impossible to set up, what more to achieve collective goals (Nilson, Svendsen, & Svendsen, 2012; Kadir, Idris & Omar, 2016).

Based on the literature above, it can be concluded that social factors are very important in determining the success of the cooperative. It enhances the quality of member participation and can be expected to improve the BAPB in administering the cooperative. This study examines the influence of social networks, social norms and trust towards BAPB . The same factor has been used in the study of cooperatives to see the effect of factors on member participation, cooperative performance and quality of products (Deng & Hendrikse, 2013; Hatak, Lang, & Roessl, 2015; Liang, Huang, Lu, & Wang, 2015).

2.2.1 Social Network

Social networks connect people in the community through informal networks and formal networks. This network includes groups in neighbourhoods, private associations, civic associations or alliances, and services related to public or private network policies and profit-oriented organization (Oh et al., 2014; Putnam, 1995). Social networks provide mediums for channelling information and resource exchanges. Members will gain access to the resources of other members. Through this interaction they form the same goals and norms and thus lead to shared goals and norms throughout the network (Tsai & Ghoshal, 1998). Additionally, the relationship between personnel in and out of dynamic organizations simplifies the social, physical and information transfer (Tsai & Ghoshal, 1998).

According to Westphal, Boivie, Chng, and Han (2006) internal relationships mean informal interaction or friendship among board members in an organization. They often communicate and meet, to chat, exchange information and get advice from each other. Power et al. (2012) outlines the characteristics of social networks in cooperative movements, which include establishing networks with other cooperatives, individuals, businesses and government agencies for a particular purpose, which goes beyond the core business of the cooperative. It is a complex network and can highlight the character of various stakeholders. Based on the concept of social networking described by earlier researchers, the social network operation in this study will refer to formal and informal relationships among cooperative board members and with stakeholders namely cooperative members, customers, suppliers, cooperative managers, and government officials and politicians (Chiu, Hsu, & Wang, 2006; Liang et al., 2015; Ruben & Heras, 2012).

Past studies report the relationship between the quality of participation of board members in the role of social networking (Harris & Helfat, 2007; Kim & Cannella, 2008; Stevenson & Radin, 2009). With the ability to access information and good relationships with outsiders, the collective decision-making process will be facilitated and even form a member's commitment (Ruben & Heras, 2012). Previous studies have found that boards with good social networks will contribute to their role in strategic decisions. This is because they are capable of scanning the internal and external operating environment of the organization, and identifying opportunities and threats. Moreover, the board can rely on external sources of support in the form of social networks that are business acquaintances (Brown, 2010; Harris & Helfat, 2007;
Westphal & Zajac, 2013). Even through social networks, the board can obtain information based on their experience and expertise on specific issues - for example, in relation to the challenges faced by the cooperative. As such, the board may seek advice before considering a decision to take (Nkundabanyanga et al., 2014; Stevenson & Radin, 2003, 2009).

The cooperative organization is a business association and is different from private organizations or non-profit organizations. Thus, the influence of social environment among the board is also based on the characteristics and uniqueness of the organization itself (Mustakallio et al., 2002). Previous studies have mostly touched on aspects of social networking and their relationship to decision-making processes, but not touched on the details of the behaviours highlighted in decision making, namely the BAPB in cooperative governance. This study will look at the same social networking factors that can contribute to BAPB. Accordingly, this study defines the following hypotheses:

H1: There is a positive and significant relationship between social networks and the BAPB

2.2.2 Social Norms

Most literature defines social norms as a statement of the actions deemed correct or wrong, reasonable or inappropriate by a group of individuals (Coleman, 1988; Keefer & Knack, 1998; Liang, Huang, & Wang, 2004; Woolcock, 1998). It is a rule that establishes the social relations structure in a group to describe an action that is acceptable or unacceptable (Liang et al., 2015). Norms contain values, attitudes, trust and ideologies that exist in individual perceptions and influence them towards collective action (Ruben & Heras, 2012).

Social norms in cooperative organizations is about the key values and principle of the society which are held by members toward direction and goals to achieve their common needs. These are the main objectives of establishing cooperatives (Deng & Hendrikse, 2013; Kasabov, 2015; Liang et al., 2015). The absence of clear partnership goals and integrity of the cooperative principles among the board members, is the cause of governance failure (Kasabov, 2015). In fact, sharing of vision is a social norm often associated with the success of business governance (Mustakallio, Autio, & Zahra, 2002). The social norms of cooperative members also refer to the same understanding of collective orientation and cooperative missions (Liang et al., 2015). Hence, the social norms in the cooperative can be defined as a visionary partnership: mutual understanding, values, expectations, and goals that are believed by, and carried out together by a group of members.

Liang, Huang, Lu, and Wang (2015) found that there was a positive relationship between the high levels of social norms and the active participation of members in governance. His study examined the concept of social norms in the context of co-vision and mission partnership sharing as cognitive dimensions among cooperative members. Another study found that the positive relationship between social norms and collective behaviors was also found in voluntary organizations (NGOs) (Fisher & Ackerman, 1998) and small businesses or SMEs (Mustakallio et al., 2002). Therefore, this study will see whether the social norms have significant relationships with BAPB. Ruben and Heras (2012) carried out studies that examine the relationship of social norms (collective vision and collective missions) members with active participation in economic activities, general meetings, training programs and productivity. The study did not address the aspect of participation in cooperative governance.

Most studies on board characters and participation in governance only see social network factors as the environmental factors affecting the board, but this study suggests that social norms too play an important role towards BAPB. Social norms are a dimension of thinking where cooperative members understand and practice the cooperative principles and values to achieve their vision as a collective organization. While no specific study focuses on social norms associated with board behavior, some general studies have, however, shown significant relationships among social norms shared by business people with sustainable behavior in business (Danchev, 2013). There is even a suggestion for future research to see the
social norms of the group in order to give a more in-depth picture of their impact on board members and board performance (Brown et al., 2012). Furthermore, this study will see the influence of social norms on the conduct of active participation, in institutions administering cooperative transactions. Accordingly, the following hypotheses are set:

H2: There is a positive and significant relationship between social norms and BAPB.

2.2.3 Trust
Yamagishi and Misumi (1994) define trust as perceptions of performance expectations or technical competencies of experts involved with social relations and systems. In addition, trust is also a perception that the other party is trustworthy and has the ability to carry out their role (George, George, & Kulpandaiswamy, 2013; McAllister, 1995). Trust also refers to the feeling of being confident that others will do something as expected and will always act in a pattern of mutual support (Holm & Nystedt, 2010).

Trust is also a feeling that embraces the expectations of honesty and cooperative behavior emerging within a community based on the norms held by the community (Fukuyama, 2002), thus leading to collective behavior (Holm & Nystedt, 2010). Based on this definition, it is clear that with trust, humans will be able to take risks in social relationships including collaboration (Dickson, 1996).

Trust also includes the expectation that partners in the interaction will implement rules / legislation and responsibilities and place others' interests before themselves (Lewicki & Bunker, 1996; McAllister, Lewicki, & Chaturvedi, 2006). With confidence, one will be convinced that others will act for mutual benefit (Glanville, Paxton, & Wang, 2015; Neilson & Paxton, 2010). Trust is also a perception in a person based on the trust on one another, and is persisting or persistent behind uncertainty, risk, and opportunity (Kasabov, 2015; Liang et al., 2015). If two people, or a group of believers rely on each other, mutual cooperation can be facilitated in productive and beneficial activities of the parties (Nilson et al., 2012). Instead, it will be easier for them to accept each other's weaknesses and continue to co-operate in cases of small or large conflicts (Kasabov, 2015). Trust is a social factor found to reinforce the community, realize its goals, and ensure a resilient group (Coleman, 1988; Gijselinckx & Bussels, 2014). Studies have shown that trust has a positive and significant relationship with co-operation in cooperatives organization (Ostrom, 2014). According to Ostrom (2014), people with high trust are more easily involved in collective action. They are even ready to take risks, as well as work harder and better in teams than people who have less faith in the members.

In the context of this study, the confidence factor will be examined in terms of whether it can determine the BAPB managing the cooperative's business. This is because when a member holds high trust in other members of his group, the more likely they are to carry out their responsibilities with trust. Studies show that interpersonal relationships between members have an important influence on decision making in cooperatives. Better and smooth relationships will save the cost of coordination and collective decision making. The higher the trust of members, the lower the transaction costs in the cooperative and this leads to a better economic performance (Liang et al., 2015). In fact, the study also shows that high levels of confidence will increase commitment in the role (Barraud-Didier et al., 2012; Smith, 2009; Xiao, Zheng, Pan, & Xie, 2010; Yamagishi & Misumi, 1994). Moreover, in the study of social instability governance, trust is one of the main factors seen as a source in the collective movement that needs to be stimulated and maintained through formal institutional governance (Brunie, 2009; Woolcock & Narayan, 2000). In the context of cooperatives, trust is regarded as a capital that requires institutional and governance support (Auer, 2014; Ostrom, 2014; Ostrom & Ahn, 2001), when the structure of cooperative governance, becomes a resource-gathering place (Williamson, 1996), trust is then the basis of relationships in cooperatives (Enjolras, 2009; Sabatini, Modena, & Tortia, 2014; Spear, 2000).

Additionally, studies on behavior related to trust in the organization have emphasized the benefits of establishing commitments and consequently higher performance (Bloemer, Phylaemkers, & Odekerken, 2013; Dirks & Ferrin, 2002; Lin & Huang, 2012; Nyhan, 1999). It can therefore be concluded that trust is a starting point that explains the behavior of members' participation in cooperatives (Barraud-Didier et al.,
2012; Deng & Hendrikse, 2013; Liang et al., 2015). Accordingly, this study defines the following hypotheses:
H3: There is a positive and significant relationship between trust and BAPB.

3. Methodology
This study aims to explain the phenomenon of BAPB in cooperative governance by determining its relationship with social factors i.e. social networks, social norms and trust. The research framework for this study is illustrated in Figure 2.

![Research Framework](image)

**Figure 2: Research Framework**

### 3.1 Population and Sampling
The target group as respondents in this study was board members of the cooperative society. The sample size is determined using the statistical calculator from the software of raosoft.com website. The minimum number of samples provided by the calculator is 383. The sample size 383 meets the recommendations of many researchers that the requirement to carry out Structural Equation Modeling (SEM) analysis is between 250 and 500 sample (Mooney, Olsen, & Rubin, 2012; Schumacker & Lomax, 2004). Hair, Anderson, Babin, and Black (2010) suggest that the sample size for SEM analysis should be between 100 and 500. For data collection purpose, the number of 383 has been increased by 30% to ensure the minimum number of samples needed can be collected and analyzed in case of unreturned questionnaires or questionnaires not fully answered. (Bartlett, Kotrlik, & Higgins, 2001; Naing, Winn, & Rusli, 2006). With a 30% increase from 383 minimum samples, the sample size of the sample in this study is 500.

Based on statistics reports, in 2016, the total number of board member population from active cooperative across Peninsular Malaysia amounted to 88,890 people. Due to the big population, the selection process is done by multiple random selection process. This is to ensure the serial population and strata, according to zones and states is carried out as it is more organized. This simple random selection process is made using the Research Randomizer software from website www.randomizer.org. The software will process the list of cooperatives that have been digitized by displaying the results at random according to the desired amount. As a result, 500 samples were obtained from 168 cooperatives throughout Peninsular Malaysia (42 cooperatives per zone and 3 respondents representing each of the selected cooperatives).

### 3.2 Research Instrument
The instruments were adopted and adapted from previous researches to achieve the objectives of this study. These instruments have been tested on their validity and reliability with Alpha values .05. The respondents were required to rate their perceptions based on the 7-point Likert’s scale ranging from 1 (strongly disagree) and 5 (strongly agree). The questionnaire items are shown in Table 1.

<table>
<thead>
<tr>
<th>Section</th>
<th>Variable</th>
<th>Number Items</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Demographic</td>
<td>7</td>
<td>n/a</td>
</tr>
<tr>
<td>B</td>
<td>Active Participation</td>
<td>8</td>
<td>Forbes &amp; Milliken (1999); Wan &amp;</td>
</tr>
</tbody>
</table>
4. Findings and Discussion
Of the 500 questionnaires distributed to board members, 404 were received with complete answers. Using the SEM Amos software, the results from the regression analysis is shown in Table 2.

<table>
<thead>
<tr>
<th>Hypothesis Path</th>
<th>Path estimates (β)</th>
<th>p</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Network → BAPB</td>
<td>.220</td>
<td>.000</td>
<td>H1 supported</td>
</tr>
<tr>
<td>Social Norms → BAPB</td>
<td>.160</td>
<td>.000</td>
<td>H2 supported</td>
</tr>
<tr>
<td>Trust → BAPB</td>
<td>-.041</td>
<td>.230</td>
<td>H3 rejected</td>
</tr>
</tbody>
</table>

Notes: BAPB: Board Active Participation Behavior; β: Beta Value; p: Significant level set at 0.05

4.1 Social Network and BAPB
The results of the analysis found that there was a positive and significant relationship between social network factors and BAPB (β = .220, p = .000). This decision also shows that each increase of 1 standard deviation unit of social network factor directly increases 0.220 standard deviation for active participation behavior. The findings of this study have accepted the hypothesis 1 that there is a positive and significant relationship between the social network and BAPB. This study supports previous studies that there is a positive relationship between social networks and active participation (Liang et al., 2015; Ruben & Heras, 2012). In the context of corporate governance, this study also supports past studies, where there is a positive influence between social networks and the active participation of the board (Harris & Helfat, 2007; Huggins, 2010). Social networks provide information gaps that allow board members to contribute to corporate strategic planning ideas (Zhu, Wang, & Bart, 2014). It turns out that social networks are important in affecting board behavior as suggested by Carpenter & Westphal (2001). Additionally, social networks provide a professional experience that is equitable to board members to serve (Stuart & Yim, 2010). This means that cooperative organizations should also look at the importance of social networks as an important equity of a board that enable them to carry out their roles actively.

Hence, it is concluded that identifying many stakeholders and board members with extensive social networks can be advantageous for the co-operatives. It enhances the quality of participation of board members for gaining access to information and enables the contribution of more ideas to the board. In addition, with a wide network of relationships, the board can assist in business dealings through professional relationships and gain more customers and expertise. This will indirectly improve the effectiveness and performance of cooperative governance.

4.2 Social Norms and BAPB
The results of the analysis found that there was a positive and significant relationship between the social norms and BAPB (β = .160, p = .000). This result also shows that the increase of every 1 standard deviation unit of social norm directly increases 0.160 standard deviation for BAPB. The results of the study have accepted hypothesis 2 that there is a positive and significant relationship between social norms and active participation behavior. This concurs with Ostrom (2014) that the sharing of social norms will facilitate community members' efforts in collective groups. Hence, this study has shown that when members of the board share the same social norms in determining the mission, vision and co-ordination of
cooperation, their behavior in governing the cooperative is affected. It also supported the previous study that there was a positive association between the high levels of social norms and the active participation of members in governance (Liang, Huang, Lu, and Wang, 2015).

The shared social norms facilitate action to achieve the desired outcome, and consequently affect the performance of the cooperative. In fact, studies by Ruben and Heras (2012) show that more successful cooperatives have a high social collective partnership. This finding adds value to the previous study of the cooperative movements that social norms contribute towards BAPB. Social norms are a dimension of thinking where cooperative members understand and practice the cooperative principles and common goals. By sharing social norms, the board in governance team will produce good and effective results, which will directly contribute to the success of cooperatives in the future. This study also contributes to new findings because the context of social norms is seen among members of the cooperative board as well as its relation to the behavior of participation in governance. Previous studies have found that social norms are a significant factor affecting collective behavior in voluntary organizations (Fisher & Ackerman, 1998), as well as small business entities (Mustakallio et al., 2002). The findings of this study prove the impact of social norms on decision making processes, board member practices and board performance as suggested by Brown et al. (2012).

4.3 Trust and BAPB
This study rejected hypothesis 3 which found that there was no positive and significant relationship between the trust factor and the BAPB ($\beta = -.041$, $p = .23$). In previous studies, scholars have argued that one of the factors that can shape the behavior of collective participation is trust (Fukuyama, n., 2006; Newton, 2001; Ostrom, 2014; Rousseau, Sitkin, Burt, & Camerer, 1998). However, the findings of this study is contradictory, perhaps due to the context of this research, BAPB was not explained by trust factor. This finding is contrary to the study conducted on cooperatives involving ordinary members (Deng & Hendrikse, 2013; Paldam & Svendsen, 2000). However, the finding is likely in line with Barraud-Didier et al. (2012) reported that the relationship of trust and active participation of cooperative members became inversely related as if they did not trust the management. On the contrary, if the trust exists, they are not active in governance activities (attending general meetings) and hand over the entire governance arrangement to the management. Therefore, based on the finding of this study, it is also possible to make assumptions when members of the board trust other members; they assign such responsibilities to other members deemed to be responsible.

The findings of this study are also likely to lead to different decisions because the context of the study focuses on behavior of the board members. Members of the board join the cooperative because they trust and feel confident of the organization (Liang et al., 2015; Ruben & Heras, 2012). However, the position as a board member is by appointment through the general meeting. So, the results of this study conclude that when elected as a member of the governing board of cooperatives, trust is not a factor affecting the behavior of active participation. On the other hand, there are other factors that play a role in determining the BAPB in the cooperative governance. Even trust was not shown to be associated with BAPD in these studies; researchers still agree with previous studies, that trust is an important element in controlling free riders in cooperatives. It is apparently a basic requirement for maintaining the loyalty of members with cooperatives. However, this trust factor may only apply for memberships in the cooperative and participation in economic activity (Liang et al., 2015; Ruben & Heras, 2012).

5. Conclusion and Recommendation
Social networks and social norms are important factors that influence BAPB. A good and conducive social network should be created so that information can be shared and disseminated through formal or informal programs for cooperatives. Studies show that social networking is one of the information gates and it is a valuable asset for a board member to contribute successfully to the organization (Brown, 2007, 2010; Harris & Helfat, 2007; Westphal & Zajac, 2013). Formal and informal platform for interaction should be formulated in the strategic planning of cooperative development. This agenda should be
implemented under smart partnership or collaborative program by stakeholders such as the Cooperative Commission of Malaysia, National Cooperative Alliance and international bodies such as International Cooperative Alliance (ICA). The program will be able to establish effective relationships within the cooperative itself, in the movement (between cooperatives) and in policy making processes. It is also indispensable for the provision of efficiency of cooperative services (Oh et al., 2014). At the same time, the social norms of members need to be embedded through training programs to facilitate joint efforts in collective groups (Ostrom, 2014). Hence, the formation of social norms should be emphasized as it relates to the understanding of the philosophy, values, principles, laws and shared interests that are preserved, to ensure the co-operation of the cooperative is always on the right track. It is also to ensure that the management can be controlled and supervised to implement the vision and mission of the cooperative. Although professional management has been appointed, and management tasks carried out, it does not mean that the board can be passive and behave like a free rider (Liang et al., 2015). This study also found that trust did not directly influence the behavior of active participation. However, in future studies, the trust factor can still be adopted and adapted as one of the environmental factors to see its relation to the behavior of active participation in different studies. Among others, it can be used to see the behavior of active participation of teachers in administration as well as university student participation in volunteer association and community service activities. Researchers also propose future research to explore other variable to understand more about board behavior and board processes.

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The Role of Job Embeddedness in “New Generation of Rural Migrant Workers” Turnover Intention in China

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ABSTRACT
The high voluntary turnover rates of “new generation of rural migrant workers” have been widely concerned in China. One important reason is their rural identity. The distinctive social identity has caused new generation of rural migrant workers face social identity discrimination, which further hinder the integration of values and goals between the individuals and the organizations. The values and goals gap between individuals and organizations further impact on new generation of rural migrant workers’ organizational identification, which reduce their organization embeddedness and increase turnover intention. Thus, this study seeks to explore the linkage between organization identification and turnover intention, which is mediated by organizational embeddedness. Additionally, this study also proposes the moderating effect of community embeddedness on the correlation between organization embeddedness and turnover intention. A quantitative with a survey method is proposed for this study. Data will be collected in manufacturing setting in Guizhou province of China. Multi-level sampling technique will be applied to determine the sample size.

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1. Introduction
In China, there are a special group of workers, who come from rural area but engage in non-agricultural sectors in cities. These workers who are well known as an important part of China’s labor supply (Han, 2015), are called as “rural migrant workers” (State Council, 2006) and highlighted as industrial workers (Ma & Han, 2015). However, the voluntary turnover rates of “rural migrant workers” are several times higher than other developed market economy countries (Knight & Yueh, 2004). This situation is more serious when compared between different “generation of rural migrant workers”. On average, the voluntary turnover rate of “new generation of rural migrant workers” (who are born after 1980s’) per year is 6 times higher than these “rural migrant workers” who born before 1950s’ (China Federation of Trade Union, 2010). Furthermore, the high turnover behaviors of “new generation of rural migrant workers” have evolved into short-term employment trend since the year of 2012. In terms of “new generation of
rural migrant workers”, who are born after 1980’s and 1990’s, their job duration are only 1.5 and 0.9 years respectively (Zhang, 2016).

The high voluntary turnover behaviors of “New generation of rural migrant workers” have not only cause great pressure on the employment of Chinese industries but also become a stumbling block to Chinese economy steady growth (Wang & Deng, 2017). Thus, it is of great importance to understanding the issue of “new generation of rural migrant workers” voluntary turnover behavior in China (Gan et al., 2015; Li et al., 2015).

2. LITERATURE REVIEW

2.1 TURNOVER INTENTION

Followed March and Simon’s (1958) voluntary turnover model, most of voluntary turnover studies primarily focus on the desirability of leaving one’s job (i.e., job satisfaction and organization commitment) along with the ease of movement (i.e., job alternatives) as the key mechanisms to explain why people voluntary leave their jobs (Eberly, Hall, & Lee, 2017). However, prior studies have revealed that job attitudes variables (i.e. job satisfaction and organizational commitment) play a relatively limited role in explaining only 4% to 5% of variance in voluntary turnover behavior, as well as the weaker prediction of job alternative or job search on voluntary turnover (Griffeth et al., 2000). It is obviously that other important elements may not be considered yet.

On the other hand, considering the difficult of measuring actual voluntary turnover behavior, most of turnover scholars have explicitly indicated that turnover intention is the most proximal and accurate precursor of actual turnover (Hom & Griffeth, 1991; Hom, Mitchell, Lee, & Griffeth, 2012; Steel & Ovalle, 1984). The assumption of intentions are the most immediate and accurate predictor of behavior has been demonstrated in Fishbein & Ajzen’s (1975) theory of reasoned action (TRA) and Ajzen’s (1991) theory of planned behavior (TPA). Hence, this study assumes that turnover intention is the most proximal forecaster of voluntary turnover and define turnover intention as employees’ desire to leave their organization after he/she evaluates the overall factors that influence his/her turnover decision making, but the actual turnover behavior not yet happen.

2.2 ORGANIZATIONAL IDENTIFICATION

Based on the theory of motivation, Foote (1951) has stated that individuals classifies themselves as members of the organization, and this self-categorization continues to inspire themselves to perform represent the organization. As said by Kelman (1958) and Brown (1969), organizational identification is indeed a form of the correlation between the individual and the organization. It reveals individual’s self-concept and influence individual’s belief. Furthermore, according to Hall et al. (1970) and Schneider et al. (1971), organizational identification refers to the process of the gradually integrated and congruent of organizational and individual’s values and goals. On the other hand, Tajfel (1978) indicated that individual’s social identity is the “knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership”. Thus, by combining self-categorization theory (Turner et al., 1987) and social identity theory (Tajfel & Turner, 1986), researchers indicated that people’s social identification drive from their self-categorization, their uniqueness or status of the group, their salience of out-groups, and the aspects that traditionally are associated with group formation (Ashforth & Mael, 1989). Hence, as a potentially significant social category, people develop their identification in the group of organization (Ashforth & Mael, 1989).

2.3 JOB EMBEDDEDNESS

Job embeddedness was originally conceptualized specifically as reflecting the overall factors (e.g. psychological, social, and financial influences) that make individuals stay at their current jobs. These factors exist on organization and outside the individuals’ workplace, such as community. It is well-defined as “the combined forces that keep an employee from leaving his or her job” (Yao et al.,2004, p.159). This new construct captures both organization and community forces that constrain employees from leaving their present position. It provides theoretical richness and contributions since it explicitly
includes six dimensions of organization embeddedness and community embeddedness, which reflect in fit, links and sacrifice respectively. It is the first effort to represent a comprehensive assembling of non-attitudinal and non-work related elements on employee retention (Mitchell et al., 2001).

After years of development, researchers have found that job embeddedness is indeed provided sufficient empirical evidence to demonstrate its significant effect on predicting employee turnover intention (Burton, Holtom, Sablenski, Mitchell, & Lee, 2010; Lee et al., 2004; Mitchell et al., 2001; Lee, Burch, & Mitchell, 2014; Zhang, Fried, & Griffeth, 2012; Kiazad, Holtom, Hom, & Newman, 2015). However, these outcomes are inspiring, the concept of job embeddedness still need to be addressed (Kiazad et al., 2015; Lee et al., 2014).

Firstly, almost all the prior job embeddedness studies focused on the organization component, while only limited studies investigated the community component (Lee et al., 2014). Although documented literatures have revealed the impact of both organization and community embeddedness on employee’s turnover intention, the results are inconsistent. For example, one study has stated that both organization and community embeddedness nearly identical strength of correlation with voluntary turnover (Tanova & Holtom, 2008). Other studies indicated that only organization embeddedness significantly related to both on turnover intention and turnover, while community embeddedness did not associate with both turnover intention or turnover (Tanova & Holtom, 2008; Mallol et al., 2007; Wheeler et al., 2010; Ramesh & Gelfand, 2010;). Conversely, researchers indicated that community embeddedness significantly related to voluntary turnover, whereas organization embeddedness was not (Lee et al., 2004). Thus, it is necessary to further investigate the association among organization embeddedness, community embeddedness and turnover behavior (Kiazad et al., 2015; Lee et al., 2014; Ramesh & Gelfand, 2010; Crossley, Bennet, Jex, & Burnfield, 2007; Zhang et al., 2012).

Secondly, previous empirical studies have provided sufficient evidence to confirmed the validity of organization embeddedness in predicting various of behavioral outcomes, such as turnover behaviors, in-role and extra-role performance, counterproductive work behaviors and absenteeism (Lee et al., 2014; Ng & Feldman, 2009; Mitchell et al., 2001; Pharmacy, Padjadjaran, & Java, 2015; Lee et al., 2004; Tanova & Holtom, 2008), yet limited empirical studies are conducted to explore the antecedents of organization embeddedness (Jiang, Liu, McKay, Lee, & Mitchell, 2012; Ng & Feldman, 2011; Holtom, Burton, & Crossley, 2012), and its mediating mechanism in turnover behavior (Wheeler et al., 2010; Harris, Wheeler, & Kacmar, 2011). Hence, to investigate the antecedents of organization embeddedness and its mediating effects between these antecedents and turnover behavior has gradually become the forefront of the development of job embeddedness theory (Jiang et al., 2012).

Finally, To date, in China, the study of job embeddedness is still new and most of them are conducted among the skilled employees (Li & Jun, 2009; Liu, 2011; Mai, Zou, & Mei, 2009; Xiaowei, Liao, & Zeng, 2005; Yang & Lin, 2013; Zhang, 2011). Limited studies have been carried out to investigate the association among job embeddedness and turnover intention (Liu, Ding, & Zhao, 2016; Qin & Zhao, 2014; Wang & Deng, 2017), the studies of job embeddedness are still need especially in the context of “new generation of rural migrant workers” (Yang & Lin, 2013). Additionally, the measure of job embeddedness conducted in previous studies primarily adopted from Crosley's (2007) global scale. The global measure of job embeddedness primarily focuses on organization embeddedness items, which is widely regarded as ignoring the concern of community embeddedness items. Thus, it is of great importance to explore the mechanism of both organization embeddedness and community embeddedness in the context of “new generation of rural migrant workers” turnover intention (Yang & Lin, 2013).
3. THEORITICAL FRAMEWORK DEVELOPMENT

3.1 Research Framework

![Proposed Conceptual Framework](image)

3.2 PREPOSITION DEVELOPMENT

3.2.1 Organizational Identification and Turnover Intention

Organizational identification is defined as the perception of oneness with or belongingness to an organization (Ashforth & Mael, 1989). It is a specific form of people’s social identity in the context of organization, where people define him/herself regarding his/her organizational membership (Ashforth & Mael, 1989). In general, an individual defines his/her organizational identification through the distinctiveness of the group’s values and practices, prestige of the group and salience of the out-group. The more an employee identify with his/her organization, the more organization’s values, norms, and interests are incorporated in his/her self-concept (Ashforth & Mael, 1989; van Knippenberg, 2000). Thus, employee with high identification in the organization shows psychologically intertwined with the organization, as well as value and emotional significance attached to his/her organization. Thus, organizational identification has showed its potential capacity to reduce employee turnover intention (He & Brown, 2013; Riketta, 2005; Van Dick et al., 2004). Previous individual empirical studies have widely confirmed the significant relationship between organizational identification and turnover intention in different context (Akgunduz & Bardakoglu, 2015; Cho et al., 2014; Cole & Bruch, 2006; De Moura et al., 2009; Fallatah et al., 2017; Kumar Mishra & Bhatnagar, 2010; Van Dick, Christ, et al., 2004).

“Rural migrant workers” are identified by the household registration system and land contract system, they work in non-agricultural sectors, but still hold rural resident identification (Li & Li, 2007). The rural resident household registration policy leads “new generation of rural migrant workers” to a great social gap with urban workers. One of the prominent social gap between “new generation of rural migrant workers” and urban workers is the identity discrimination (difference between farmers and urban citizens) as well as the subsequent integration and congruence of values and goals among individual and the organization. This seriously affects “new generation of rural migrant workers’” organizational membership identify by which influence their work enthusiasm and their organizational commitment and later lead to frequently job change (Gan et al., 2015).

Hence, this study proposes that:

*Preposition (1): Organizational identification is significant related to turnover intention*

3.2.2 Job Embeddedness and Turnover Intention

3.2.1 Organization Embeddedness and Turnover Intention

Western documented literatures have provided sufficiently empirical evidence demonstrating the exact
significant effect of organization embeddedness on turnover behaviors (Mallol et al., 2007; Wheeler et al., 2010; Ramesh & Gelfand, 2010; Tanova & Holtom, 2008). Empirical studies of organization embeddedness in China have showed its significant effects on voluntary turnover (Liu, 2011; Xiao, 2015; Yang & Lin, 2013; Zhang, 2011), but there are quite limited studies of organization embeddedness about “rural migrant workers” (Yang & Lin, 2013). Hence, this study proposes:

Preposition (2): Organization embeddedness is significantly related to turnover intention

3.2.2 Community Embeddedness and Turnover Intention

Previous studies have showed the exact significant influence of community embeddedness on turnover intention and voluntary turnover (Lee et al., 2004; Tanova & Holtom, 2008). However, only a handful of studies have investigated the association among community embeddedness and turnover intention in the context of Chinese “new generation of rural migrant workers” (Cheng, 2014; Yang & Lin, 2013). Additionally, there are a body of literatures have revealed that non-work related factors significantly predicted “new generation of rural migrant workers” turnover intention as important as work related factors, such as perceived job alternatives and social and cultural elements (e.g. family, responsibility and friends) (Wu & Yang, 2014), government labor security and household registration policy (Li et al., 2011), geography distance (Wang, 2012) and relatives responsibility (Linghu, 2013). However, each of these individual study is relatively limited to reflect the comprehensive understanding of “new generation of rural migrant workers” turnover intention, but the construct of community embeddedness is more extensive. Thus, this study proposes that community embeddedness will provide a more comprehensive and rich perspective of non-work related factors to understand “new generation of rural migrant workers” turnover intention (Feldman, Ng, & Vogel, 2012). Thus, this study proposes:

Preposition (3): Community embeddedness will significantly related to turnover intention.

3.2.3 Organizational Identification and Organization Embeddedness

Organizational identification arises when employee perceived oneness with or belongingness to the organization (Ashforth & Mael, 1989). Organizational identification is an extension of interactions and cohesion of members to psychological cognitive (e.g. distinctiveness and prestige of the in group). It is a consensus that interactional and interpersonal factors enhance employee organizational identification (He & Brown, 2013). Identification in the organization induces employee to engage in, to arise satisfaction, to view him/herself as a paradigm of the organization (Ashforth & Mael, 1989), and to develop cooperation and interaction among the employees (Dukerich et al., 2002). And finally it boosts individual to cultivate “links” within the organization.

In addition, identification in the organization reinforces the correlation of “socialization” and “internalization”, develops the cognitive of individuals’ organizational loyalty and commitment, and enables their internalization of values and beliefs in the organization (Ashforth & Mael, 1989). A meta-analysis from Riketta (2005) also pointed out that individuals’ identification is highly related to their fitness with organizational values, norms, beliefs, practices and emotional attachment (Riketta, 2005). Hence, we can conclude that the higher levels of organization identification, the better fit between individual and the organization.

Finally, previous study conducted in an India executives sample has showed the strong correlation of organizational identification and organization embeddedness (Ghosh, 2015). However, there are quit a handful of empirical studies are conducted to investigate this relationship. Therefore, this study proposes that:

Preposition (4): Organizational identification is significantly related to organization embeddedness.

3.2.4 Mediating Effect of Organization Embeddedness on the Relationship between Organizational Identification and Turnover Intention

Prior empirical studies have indicated that organization embeddedness is significantly related to turnover behaviors (Mallol et al., 2007; Wheeler et al., 2010; Ramesh & Gelfand, 2010; Tanova & Holtom, 2008). Scholars also noted that organization embeddedness is conceived as a key mediating construct between
specific job factors and employee attitudes and behaviors and have provided sufficient empirical studies confirming its mediating effect on the linkage between kinds of job/organizational variables and turnover behaviors (Ferreira et al., 2017; Gantor & Cordery, 2012; Harris et al., 2011). Furthermore, researchers have revealed the correlation of organizational identification and organizational embeddedness. The stronger organizational identification occurs, the higher level of organization embeddedness will promote (Ghosh, 2015). Thus, employees prefer to stay at the organization when they preserve their fit, links, and sacrifices with the organization (Kiazad et al., 2015).

Nevertheless, regardless of the evidence linking organizational identification to job embeddedness (Ghosh, 2015), and the later influence of job embeddedness on turnover intention or turnover, scholars have yet to propose that organization embeddedness is one of the mediating mechanisms whereby organizational identification is able to decrease turnover intention. Thus, this study proposes that:

**Preposition (5): Organization embeddedness will play as a mediating role among organizational identification and turnover intention.**

### 3.2.5 Moderating Effect of community Embeddedness on the Link among Organization Embeddedness and Turnover Intention

Previous empirical studies have demonstrated the exact significant effect of organization embeddedness on turnover behaviors (Wheeler et al., 2010; Ramesh & Gelfand, 2010). Conversely, other scholars revealed that organization embeddedness was not significantly related to turnover behaviors (Lee et al, 2004). These inconsistent results of the effect of organization embeddedness on turnover behaviors indicate that potential moderators might be needed to explicate the relationship of organization embeddedness and turnover behaviors (Zhang et al., 2012; Jiang et al., 2012; Purba, 2015; Ramesh & Gelfand, 2010). Additionally, researchers have confirmed the significant effects of community embeddedness on turnover behaviors (Mallol et al, 2007). Hence, this study proposes that:

**Preposition (6): Community embeddedness will play as a moderating role among organization embeddedness and turnover intention.**

### 4. RESEARCH METHODOLOGY

This study can be categorized as a predictive or hypothesis testing study since this study primarily focuses on the predictors that significantly account for variance of “new generation of rural migrant workers” turnover intention. The unit of this study is individual. A quantitative and a survey method is proposed for this study. Data will be collected in manufacturing setting in China since more than 30 percent of “rural migrant workers” in China worked in manufactories setting (China’s National Statistics Bureau, 2016). Multi-level sampling technique including judgement sampling and quota sampling will be applied to determine the sample size.

### 5. CONCLUSION AND RECOMMENDATION

The review of prior literatures indicated that organizational identification will significantly influence on turnover intention, with which relationship is mediated by organization embeddedness. The proposed research framework further posits that community embeddedness will moderates the correlation between organization embeddedness and turnover intention. This conceptual paper employs the Conservation of Resource Theory to support this framework. In future, an empirical study should be conducted to test what extend and how organizational identification, organization embeddedness, and community embeddedness are impact on turnover intention. If the framework empirically validated, the finding will offer an important insight to academics, policy makers and practitioners.

### Reference


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Witnessing Workplace Incivility towards Burnout: a Conceptual Perspective

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ARTICLE DETAILS

Objective: This paper seeks to accentuate the significance in apprehension the factor, which is witnessed workplace incivility that resulted in burnout among the housemen in Malaysia where it is affecting the overall situation in healthcare industry

Methodology: This is a proposed quantitative study that will be conducted in peninsular general hospitals in Malaysia by using self-administered questionnaire which related to workplace incivility and burnout.

Implication: The study is expected to be useful as an insights for future research and it is particularly useful for the Ministry of Health in dealing with the challenging issues related to house officers nowadays.

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1. Introduction
Looking at broad scale, the competitive pressures has taken its toll on the healthcare industry. Changes in structural events, outraging increments in public reckoning, new diseases revelation, expansion number of patient and social media intrusion have shown their remarkable impact on the healthcare service quality. The employees especially the professional backbone in the healthcare industry, doctors are among those who are facing big challenges in delivering their responsibilities daily through the emergence changes that happening nowadays.

One of the biggest challenges that encountered by the healthcare workers especially among the physician is the high level of stress (Hafiz, Ima-Nirwana & Chin, 2018) which eventually turned into burnout, the prolonged stress consequences (Czaja, Moss & Mealer). Initially, burnout has taken its toll on the physician well-being throughout the world (Shanafelt, Dyrbye & West, 2017). Physician burnout has reach its prevalence when it has been documented that more than 50% of the practicing and trainee physician (house officers) experience high level of burnout (West, Dyrbye, Erwin, & Shanafelt, 2016) and burnout influenced the physician’s professionalism, mental health, physical endurance and eventually affecting their quality of services towards patients.

Several factors have been found to be associated with the higher level of burnout among the physicians especially the house officers who are just about to begin their journey practically in the healthcare industry. The factors that have been discussed among the scholar are also include the organizational
factors, physician’s capability, environmental factors (relationship with co-workers) and also related to the areas of work life (Hafiz, Ima-Nirwana & Chin, 2018). From the numerous discussion that took place over the years, this show that it is important to address the possible factors that potentially become the factors which related to burnout since this can affect the wellbeing of the house officers, eventually lead to negative work outcome, such as burnout.

2. Literature Review

2.1 Workplace incivility from witness/observer perspective.

Workplace incivility is defined as “low intensity deviant behavior with ambiguous intent to harm the target, in violation of workplace norms for mutual respect” (p. 457). Incivility is not penetrated only by the individuals in managerial positions but it can also be executed by the coworkers or external parties such as customers or any other third parties (Schilpzand, Pater & Erez, 2016).

Over the last two decades, workplace incivility as part of the workplace negativity has been discussed as one of the focal point in the organizational behavior literature as one of the elements that able to bring significant impact towards the organizational, group and individual level (Schilpzand, Pater & Erez, 2016). Besides, workplace incivility managed to attracted the researchers’ attention from different areas where it is found that this element able to reduce the employee’s satisfaction towards the job, colleagues and superior (Cortina, Magley, Williams & Langhout, 2001), reduce the level of retention (Griffin, 2010), also affecting the physical condition and mental health of an individual (Lim, Cortina & Magley, 2008).

In understanding the diversity elements of workplace incivility, it is not just focusing on the target perspectives, but there is also a growing number of research has taken place in understanding this elements from the third party (witness/observer) view as a result from the injustice forms of behavior, by the perpetrators towards the victims (Skarlicki & Rupp, 2010; Reich & Hershcovis, 2015). Furthermore, witnessed incivility also being addressed as the stressor factors which lead to several negative workplace and individual outcomes such as towards individual’s emotional appraisal, employee’s satisfaction, turnover intention and job neglection (Miner & Eischeid, 2012).

Several reasons need to be outlined to point out that witnessing/observing incivility behaviors such as rudeness will lead to negative effect either on organization or individual’s emotional responses (Porath, & Erez, 2009). Kollock (1998) stated that human being is not just being driven solely by the self-interest, but people are also concern with the wellbeing of others. Besides, human being is also having that side of judgment that punishing people who they assumed to be unfair in treating others (Kahneman, Knetsch & Thaler, 1986; Turillo, Folger, Lavelle, Umphress & Gee, 2002). Thus, this is understood that the situation when a person receives any unfair treatment from others could lead to an inclination in negative emotional responses as anger, impatience and even hatred (De Cremer & Van Hiel, 2006). Besides, the negative effects that occur from witnessing the incivility behavior could reflecting a person evaluation upon their self-interest (Truss, 2005) as they will keep thinking if they will be the next target of the perpetrators and this situation will lead to nervousness, anxiousness which make them scared of their own wellbeing (Porath, & Erez, 2009).

2.2 Witnessing workplace incivility on burnout

In understanding the impact of the observer/witness related to workplace incivility, this will enable us in looking in depth how this element does affecting the perpetrators, victims and organization as a whole (Reich & Hershcovis, 2015). However, workplace incivility that also involves the witness able to predict the emotional appraisal of an individual which later became the stressor and increasing employee’s dissatisfaction, triggering turnover intention and caused the job neglection (Miner & Eischeid, 2012; Miner-Rubino & Cortina, 2007).

The parallel result have been found in few studies where through observing the workplace incivility or
uncivil behaviors that occurred at the workplace, this will give the negative impacts towards the employees especially affecting the creativity, performance and helpfulness, and other mentally affects as same as the target (Schilpzand, Leavitt & Lim, 2016). Additionally, Hamblin, Essenmacher, Upfal, Russell, Luborsky, Ager and Arnetz (2015) in their research has found that it 89% of the employees in the hospitals (nurses and physicians) have experienced in both types of incivility, where they have been victims and the observer throughout their working experiences. The authors further discussed that the implication from the workplace incivility is not just involving the victims, but on greater picture where the other employees who are not directly in the mistreatment accidents were experiencing feeling of fear as they are afraid they will be the next target (Yang, Caughlin,, Gazica, Truxillo, & Spector, 2014).

Since incivility involved the targets, perpetrators and witnesses, it can be concluded that it is a damage to the employees and workforce system (Lim, Cortina & Magley, 2008). Workplace incivility conducted by the supervisors or the co-workers lead to negative organizational outcomes, contradict to the norms that there should be a good role models displayed inside the organization (Estes & Wang, 2008). The observers of the uncivil conducts, as in direct or indirect way will adapting the similar approach and interaction style from how they witness in every single day (Pearson, Andersson & Porath, 2000), thus contributed to more counterproductive work behavior (Andersson & Pearson, 1999) and harming the organization as a whole (Meier & Semmer, 2013).

3.0 Proposed Framework

Based on the above reviewed literature, there would be two (2) variables involved in this research which are witnessing workplace incivility (independent variable) and burnout as the dependent variable. The proposed framework will be as follows:

![Diagram of Witnessing Workplace Incivility to Burnout]

4.0 Proposition

Accordingly, understanding on several factors related to workplace incivility has enable researcher in exploring their impact towards workplace behavior or outcomes. So, it is presumed witnessed workplace incivility can be associated to burnout especially among those in professional industry such as house officers (HO) in Malaysia’s public hospitals. Therefore, this paper advocated that:

H1: Witnessed incivility can be associated with burnout among the HO in Malaysia.

5.0 Conclusion

Referring to the previous exploration and established propositions, it is aimed that the future direction of this research will be able to investigate in depth the connection between witnessing workplace incivility and burnout.

REFERENCES


